

No. 19-1994, 19-2238

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**In the United States Court of Appeals  
for the Federal Circuit**

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**ALAN STUART, Trustee for the Cecil G. Stuart and Donna M. Stuart  
Revocable Living Trust Agreement, CDS DEVELOPMENT LLC,**

Appellants,

v.

**RPM INTERNATIONAL, INC., RUST-OLEUM CORPORATION,**

Cross-Appellants.

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Appeals from the United States Patent and Trademark Office, Patent Trial and  
Appeal Board in No. IPR2017-02158

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**CROSS-APPELLANTS' COMBINED PETITION FOR PANEL  
REHEARING AND REHEARING EN BANC**

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February 20, 2020

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**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

Stuart v. Rust-Oleum Corporation

Case No. 19-1994, 19-2238

**CERTIFICATE OF INTEREST**

Counsel for Cross-Appellants certifies the following:

| <b>1. Full Name of Party Represented by me</b> | <b>2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:</b> | <b>3. Parent corporations and publicly held companies that own 10% or more of stock in the party</b> |
|--|--|--|
| RUST-OLEUM CORPORATION                         | RUST-OLEUM CORPORATION   | RPM INTERNATIONAL, INC.  |
| RPM INTERNATIONAL, INC.                        | RPM INTERNATIONAL, INC.  | None.  |

**4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:**

Ann C. Palma formerly of McDonnell Boehnen Hulbert & Berghoff

**5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by**

**this court's decision in the pending appeal. See Fed. Cir. R. 47. 4(a)(5) and 47.5(b).**

*Alan K. Stuart et al. v. Rust-Oleum Corporation et al.*, 16-cv-00622-EAS-CMV,  
U.S. District Court for the Southern District of Ohio

February 20, 2020

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**STATEMENT OF COUNSEL UNDER FEDERAL CIRCUIT RULE 35(b)(2)**

Based on my professional judgment, I believe the panel decision is contrary to the following decision(s) of the United States Supreme Court or of this court: *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008); *Wood v. Milyard*, 566 U.S. 463 (2012); *Trading Techs. Int. 'l, Inc. v. IBG LLC*, 921 F.3d 1378 (Fed. Cir. 2019); *United States v. Great Am. Ins. Co. of New York*, 738 F.3d 1320 (Fed. Cir. 2013); *Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868 (1991); *Edmond v. United States*, 520 U.S. 651 (1997); *Harper v. Va. Dep't of Taxation*, 509 U.S. 86 (1993).

Based on my professional judgment, I believe this appeal requires answers to precedent-setting questions of exceptional importance:

- (1) Whether this Court erred by vacating and remanding this case based on an Appointments Clause challenges raised for the first time in a single pre-briefing motion before this Court;
- (2) Whether this Court erred by holding that APJs are principal officers under the Appointments Clause; and
- (3) Whether this Court erred by holding that the appropriate remedy in a case like this one is to vacate and remand the PTAB's Final Written Decision.

Respectfully submitted,

/s/ Grantland G. Drutchas  
Grantland G. Drutchas  
*Counsel for Cross-Appellants*

**CROSS-APPELLANTS' COMBINED PETITION FOR PANEL  
REHEARING AND REHEARING EN BANC**

Cross-Appellants/Appellees Rust-Oleum Corp. and RPM International, Inc. (collectively, “Rust-Oleum”) submit this combined petition for panel rehearing and rehearing en banc in the above-captioned appeals, concerning this Court’s grant of Appellants Alan Stuart’s and CDS Development’s (collectively, “Stuart”) motion to vacate and remand, particularly in light of this Court’s pending resolution of the rehearing en banc request in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 2018-2140.

**I. INTRODUCTION**

On January 21, 2020, this Court entered an order remanding this case back to the Patent Trial and Appeal Board (“PTAB”) in light of the panel decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. October 31, 2019) (“*Arthrex*”), which held that the appointment of Administrative Patent Judges (“APJs”) to the PTAB violates the Appointments Clause of the U.S. Constitution (“Appointments Clause”). *See* ECF No. 50.

Like the appellant in *Arthrex*, Stuart did not raise an Appointments Clause challenge before the Board. But unlike the appellant in *Arthrex*, Stuart also did not raise its Appointments Clause challenge in its Notice of Appeal before this Court, nor did it raise this in any briefing before this Court, nor has it presented any oral argument on this issue before this Court. Instead, Stuart has merely submitted one

pre-briefing motion to vacate and remand, which, for the first time, raised an Appointments Clause challenge to the Board.

This petition presents, at least, three separate issues of exceptional importance in light of this Court's grant of Stuart's motion:

- (1) whether this Court erred by vacating and remanding this case based on an Appointments Clause challenges raised for the first time in a pre-briefing motion before this Court;
- (2) whether this Court erred by holding that APJs are principal officers under the Appointments Clause; and
- (3) whether this Court erred by holding that the appropriate remedy in a case like this one is to vacate and remand the PTAB's Final Written Decision.

Rehearing is required for, at least, the issues presented in this petition (as well as in the litany of petitions that have been filed by the United States and others effected by this Court's ruling in *Arthrex*). At minimum, to the extent rehearing petitions are eventually granted in *Arthrex* (and other similarly situated cases), this petition should be granted for full consideration alongside such cases—or at least defer resolution of this petition so that the mandate does not issue prior to any further guidance from this Court on the issues presented by *Arthrex*.



## II. STATEMENT OF THE CASE

These appeals arise from a final written decision of the Board in *inter partes* review of U.S. Patent No. 6,669,991 (the “’991 Patent”). Stuart sued Rust-Oleum for infringement of the ’991 Patent in the U.S. District Court for the Southern District of Ohio. *Alan K. Stuart et al. v. Rust-Oleum Corporation et al.*, 16-cv-622-EAS-CMV (S.D. Ohio). The court stayed the litigation pending a decision by the Board in the IPR. 16-cv-622, ECF No. 99.

On November 20, 2019, Stuart filed its motion to vacate and remand the final written decision based on, at least, *Arthrex*. ECF No. 38. Stuart’s motion is the first time that it raised an Appointments Clause challenge in the IPR. Stuart failed to argue any Appointments Clause challenge to the Board.

On November 21, 2019, the Court certified Stuart’s constitutional challenge to the Attorney General. ECF No. 39. The PTO responded to Stuart’s motion to vacate and remand on December 27, 2019. ECF No. 43. Stuart did not reply to the PTO’s response.

On December 27, 2019, Rust-Oleum also filed a response to Appellant’s motion to vacate and remand and a motion to stay these appeals pending the resolution of *Arthrex*. ECF No. 47. Stuart responded to Rust-Oleum’s motion to stay, ECF No. 48, and Rust-Oleum replied to that response, ECF No. 49.

On January 21, 2020, without the benefit of briefing or argument on why *Arthrex* should not be extended to this case, this Court entered an order remanding this case back to the PTAB based on *Arthrex*. ECF No. 50.

### III. REASONS FOR GRANTING THE PETITION

There are several procedural-, merits-, and remedy-based issues presented by this Court's holding in *Arthrex* that: (1) indisputably affect this case and many others; (2) are of exceptional importance; and (3) should be reviewed and resolved by this panel once again or this Court sitting en banc. Thus, this petition should be granted for, at least, the issues presented in further detail below (or, at a minimum, this Court should not deny this petition until *Arthrex* is final).

***a. Stuart forfeited its Appointment Clause challenge by failing to raise it with the Board.***

First, similar to *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008), Stuart waived its right to challenge to the appointment of the APJs. And, even if *Arthrex* compels a similar result for similarly-situated cases, this case is not that. Instead, unlike the appellant in *Arthrex*, Stuart also did not raise its Appointments Clause challenge in its Notice of Appeal before this Court, nor has it submitted any briefing on this issue before this Court, nor has it presented any oral argument on this issue before this Court.

Stuart has failed to articulate why there was any justification to further extend that rarely-exercised discretion to every single case “where litigants present

an Appointments Clause challenge on appeal” like that in *Arthrex* (e.g., in a Notice of Appeal and/or an opening brief), much less in cases where litigants (like Stuart) do far, far less. 941 F.3d at 1340; *see also Wood v. Milyard*, 566 U.S. 463, 473 (2012) (“Due regard for the trial court’s processes and time investment is also a consideration appellate courts should not overlook.”); *Trading Techs. Int. ’l, Inc. v. IBG LLC*, 921 F.3d 1378, 1385 (Fed. Cir. 2019) (“In a total of four sentences in its opening brief, TT raises challenges based on a right to a jury under the Seventh Amendment, separation of powers under Article III, the Due Process Clause, and the Taking Clause. Such a conclusory assertion with no analysis is insufficient to preserve the issue for appeal.”); *United States v. Great Am. Ins. Co. of New York*, 738 F.3d 1320, 1328 (Fed. Cir. 2013) (“It is well established that arguments that are not appropriately developed in a party’s briefing may be deemed waived.”).

Thus, this Court should not excuse Stuart’s failure to timely raise an Appointment Clause challenge and grant this petition for this reason alone.

***b. The APJs in this case were inferior officers.***

Second, similar to *Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868 (1991), and *Edmond v. United States*, 520 U.S. 651 (1997), the APJs in this case were inferior officers. *See, e.g., Polaris Innovations Limited v. Kingston Tech. Co.*, 2020 WL 504974, at \*4 (Jan. 31, 2020) (discussing *Freytag* and

*Edmond* and noting that APJs are inferior officers under both precedents) (Hughes, J., concurring).

The Director of the PTO, a principle officer, directs and supervises the work of APJs. The Director, for example, has unlimited authority under 35 U.S.C. § 314(a) to institute IPRs at all, and unlimited authority under 35 U.S.C. § 6(c) to designate APJs to a PTAB panel, which includes the authority to remove APJs from panels.

The Director has adequate means of control over the substance of Board decisions, even though the Director does not have unilateral authority to remove APJs from judicial service. 2018-2140, ECF No. 77, pp. 6-11. The APJs were inferior officers in this case, the panel in *Arthrex* incorrectly decided this key issue (which will very likely be reexamined by this Court sitting en banc and/or the Supreme Court), and this Court should grant this petition for this reason as well.

***c. Even if the APJ's were not inferior officers, a remand to the Board for a new hearing is not an appropriate remedy.***

Third, the remedy presented in *Arthrex* (i.e., severance of the limits of removal of APJs, both prospectively and retroactively) is also legal error. *See, e.g., Harper v. Virginia Dep't of Taxation*, 509 U.S. 86, 94 (1993). Instead, “when the PTAB judges decided cases in the past, they did not act improperly.” *Bedgear, LLC v. Fredman Bros. Furniture Co.*, 783 Fed. App'x 1029, 1032 (Fed. Cir. 2019) (Dyk, J., concurring). Thus, this Court should grant this petition for this reason.

Further, other saving constructions of the statute are available, including providing the Director with unilateral authority over rehearing or vacatur of institution after a final written decision has been issued—particularly if such constructions can avoid this Court proceeding with the “unwise invasion of the legislative domain” exhibited in the remedy proposed in *Arthrex*. See, e.g., *Polaris Innovations Limited*, 2020 WL 504974, at \*9 (Hughes, J., concurring).

#### IV. CONCLUSION

Thus, for the reasons set forth above, Rust-Oleum respectfully requests grant panel rehearing and/or rehearing en banc in this matter or, at a minimum, defer resolution of this motion pending this Court’s resolution of any rehearing en banc in *Arthrex*.

February 20, 2020

Respectfully submitted,

/s/ Grantland G. Drutchas

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**CERTIFICATE OF COMPLIANCE**

This petition complies with the requirements of Fed. R. App. P. 35(b)(2). According to the word processing system used to prepare it, the motion contains 1,868 words, excluding the parts of the motion exempted by Fed. Cir. R. 35(c)(2). The motion complies with the typeface requirements of Fed. R. App. P. 35(a)(5)-(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2013 in 14 point Times New Roman.

February 20, 2020

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**ADDENDUM**

NOTE: This order is nonprecedential.

**United States Court of Appeals  
for the Federal Circuit**

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**ALAN STUART, Trustee for the Cecil G. Stuart and  
Donna M. Stuart Revocable Living Trust Agree-  
ment, CDS DEVELOPMENT LLC,**  
*Appellants*

v.

**RPM INTERNATIONAL, INC., RUST-OLEUM  
CORPORATION,**  
*Cross-Appellants*

**ANDREI IANCU, Director, U.S. Patent and Trade-  
mark Office,**  
*Intervenor*

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2019-1994, -2238

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Appeals from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. IPR2017-  
02158.

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**ON MOTION**

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Before MOORE, O'MALLEY, and STOLL, *Circuit Judges*.  
O'MALLEY, *Circuit Judge*.



**O R D E R**

Appellants move to vacate the final written decision of the Patent Trial and Appeal Board and remand for further proceedings in light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). Cross-Appellants oppose the motion and move for a stay. The Director of the United States Patent and Trademark Office intervenes and requests that the court hold any decision on the motion in abeyance pending en banc consideration of *Arthrex*.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) The Director of the United States Patent and Trademark Office is added as an intervenor. The revised official caption is reflected above.

(2) Appellants' motion to vacate and remand is granted. The Patent Trial and Appeal Board's decision is vacated, and the case is remanded to the Board for proceedings consistent with this court's decision in *Arthrex*.

(3) The motion to stay is denied.

(4) Each side shall bear its own costs.

FOR THE COURT

January 21, 2020  
Date

/s/ Peter R. Marksteiner  
Peter R. Marksteiner  
Clerk of Court

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 20th day of February, 2020, I caused the foregoing to be electronically filed with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

February 20, 2020

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