

Appointments Clause Issues at the USPTO

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Patents and the U.S. Constitution

- "The Congress shall have the power to promote the progress of Science and useful Arts, but Securing for a limited Time to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." *Article I, Section 8, clause 8*
- Arguably, the Copyright and Patent Clause has little ongoing practical effect nowadays.
- In *Eldred v. Ashcroft*, 537 U.S. 186 (2003), the Supreme Court held the Copyright and Patent Clause did not prohibit Congress from extending the term of copyrights by 20 years. Current copyright law now provides:
  - For works created by identified natural persons, the term now lasts from creation until 70 years after the author's death
  - For anonymous works, pseudonymous works, and works made for hire, the term is 95 years from publication or 120 years from creation, whichever expires first

The Appointments Clause

- The Appointments Clause of the U.S. Constitution (art. II, § 2, cl. 2) provides:
- [The President] by and with the Advice and Consent of the Senate, shall appoint. . . all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.
- In 2007, Professor John F. Duffy of GW law school discovered that since 2000, Administrative Patent Judges (APJs) may have been improperly appointed under the Appointments Clause.

The Continuum of Executive Power

- 1. Elected Officials
  - The President & The Vice President
- 2. [Superior] Officers; established by Congress
  - Appointed by the President with Senate confirmation
- 3. Inferior Officers; established by Congress, which may decide that they are
  - Appointed by the President with Senate confirmation
  - Appointed by the President alone
  - Appointed by the Courts of Law
  - Appointed by the Head of a Department
- 4. Non-officers; established by Congress, appointed by any lawful means

Principles of the Appointments Clause

- Separation of powers: Members of Congress cannot appoint executive officers.
- Importance of tying responsibility of appointing officers to elected officials (the President with Senate confirmation or the President alone) or those directly appointed by the President with Senate confirmation (courts of law or heads of departments).

Importance of the Appointments Clause

- The Supreme Court states that this reflects more than a "frivolous" concern for "etiquette or protocol." *Buckley v. Valeo*, 424 U.S. 1, 125 (1976).
- The Federal Election Commission (FEC) in *Buckley* was struck down under the Appointments Clause because the FEC exercised executive power.
- The FEC was composed of 6 voting members: 2 appointed by the President; 2 by the President *pro tem* of the Senate; 2 by the Speak of the House. All 6 required approval by the House and Senate.

Importance of the Appointments Clause

- A recent opinion of the Office of Legal Counsel within the DOJ emphasizes the importance of the Appointments Clause:
  - This Office also has long taken the same view of the force of the Appointments Clause. We have concluded, for example, that it is not "within Congress's power to exempt federal instrumentalities from the Constitution's structural requirements, such as the Appointments Clause"; that Congress may not, for example, resort to the corporate form as an "artifice" to "evade the 'solemn obligations' of the doctrine of separation of powers," and that the "methods of appointment" the Appointments Clause specifies "are exclusive, . . .[citations omitted]
  - Officers of the United States Within the Meaning of the Appointments Clause, USDOJ OLC Op., April 16, 2007.

Appointment of APJs – 35 U.S.C. § 6

- **Current version, effective March 29, 2000, part of the** "Intellectual Property and Communications Omnibus Reform Act of 1999"

  (a) Establishment and Composition.— There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.

  Repealed version of 35 U.S.C. § 3(a):

  "The Secretary of Commerce, upon nomination of the Commissioner, in accordance with law shall appoint all other* officers and employees."

  *Other than the Commissioner, the Deputy Commissioner and the Assistant Commissioners, who were appointed by the President and confirmed by the Senate.

Question #1

- Are APJs “Inferior Officers” under the Appointments Clause?

Inferior Officers – the upper limit?

- In *Morrison v. Olson*, 487 U.S. 654 (1988), the Court concluded that the Independent Counsel (IC), who was appointed by the Special Panel of the D.C. Circuit upon request of the Attorney General (AG) was an inferior because:
  - The IC can be removed by the AG for cause
  - The IC can only perform limited duties and must comply with the policies of the DOJ
  - The IC is limited in jurisdiction and term is limited
- Justice Scalia in dissent: "The independent counsel is not even subordinate to the President. The Court essentially admits as much, noting that "appellant may not be `subordinate' to the Attorney General (and the President) insofar as she possesses a degree of independent discretion to exercise the powers delegated to her under the Act.""

Inferior Officers – the lower limit?

- In *Freytag v. Commissioner*, 501 U.S. 868 (1991), the Court concluded that "special tax judges" of the U.S. Tax Court are inferior officers subject to the Appointments Clause, and not merely employees of the Tax Court, because:
  - (1) their office is established by law, with their duties, salary, and means of appointment specified by statute;
  - (2) they perform "more than ministerial tasks;"
  - (3) they "take testimony, conduct trials, rule on the admissibility of evidence, and have the power to enforce compliance with discovery orders;" and
  - (4) they "exercise significant discretion." *Id.* at 881-82.
- The Court reached this conclusion even though special tax judges in some cases are authorized "only to hear the case and prepare proposed findings and an opinion," with the "actual decision then . . .rendered by a regular judge." *Id.* at 873.

Nature of the BPAI
In re Alappat, 33 F.3d 1326 (1994)

- The Director has the "upper hand" over the BPAI:
  - The Director can "pack" the BPAI for rehearing
  - The Director can refuse to issue a patent even if the BPAI grants an appeal
  - The Director can instruct the Solicitor not to defend a position of the BPAI in Court
- The BPAI has the "upper hand" over the Director
  - The Director is only one member of the BPAI
  - Although the Director can "pack" the BPAI for a rehearing, the BPAI may still go against the Director's wishes
  - The BPAI's adjudicatory authority is an independent grant of statutory power
  - A decision of the BPAI is appealable to an Article III Court

Question #2

- Is the Director of the USPTO a “Head of a Department”?
  - The Director is an ***Under*** Secretary of Commerce
  - Under the majority reasoning in *Freytag*, “Heads of Departments” for purposes of the Appointments Clause are confined “to executive divisions like the Cabinet-level departments,” which the Court held to be “limited in number and easily identified.” 501 U.S. at 886.

Translogic v. Dudas

- On October 26, 2007, Translogic raised the Appointments Clause issue in its rehearing petition before the Federal Circuit.
- On December 27, 2007, the PTO responded to Translogic's filing and did not address the Appointment Clause issue on the merits. Instead, the government's filing concluded with a footnote stating that the "Patent and Trademark Office and the Department of Commerce, in consultation with the Department of Justice, are presently considering a legislative proposal that would address any Appointments Clause issue."
- The Federal Circuit denied rehearing on January 24, 2008 and Translogic filed a petition for certiorari on April 16, 2008. The government's response is due on June 16, 2008.