Nos. 19-1434, 19-1452, and 19-1458

IN THE

Supreme Court of the United States

UNITED STATES OF AMERICA,
Petitioner,
v.
ARTHREX, INC., ET AL.,
Respondents.

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

BRIEF FOR ARTHREX, INC.

ANTHONY P. CHO
DAVID J. GASKEY
JESSICA E. FLEETHAM
DAVID L. ATALLAH
CARLSON, GASKEY & OLDS, P.C.
400 West Maple Road, Suite 350
Birmingham, MI 48009
(248) 988-8360

CHARLES W. SABER
SALVATORE P. TAMBURO
BLANK ROME LLP
1825 Eye Street, N.W.
Washington, D.C. 20006
(202) 420-2200

JOHN W. SCHMIEDING
TREVOR ARNOLD
ARTHREX, INC.
1370 Creekside Blvd.
Naples, FL 34108
(239) 643-5553

JEFFREY A. LAMKEN
Counsel of Record
ROBERT K. KRY
JAMES A. BARTA
MOLOLAMKEN LLP
The Watergate, Suite 500
600 New Hampshire Ave., N.W.
Washington, D.C. 20037
(202) 556-2000
jlamken@mololamken.com

JORDAN A. RICE
MOLOLAMKEN LLP
300 North LaSalle Street
Chicago, IL 60654
(312) 450-6700

Counsel for Arthrex, Inc.

(additional captions on inside cover)

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D.C. 20002

SMITH & NEPHEW, INC., ET AL.,
Petitioners,
v.
ARTHREX, INC., ET AL.,
Respondents.

ARTHREX, INC.,
Petitioner,
v.
SMITH & NEPHEW, INC., ET AL.,
Respondents.

QUESTIONS PRESENTED

1. Whether, for purposes of the Appointments Clause, U.S. Const. art. II, § 2, cl. 2, administrative patent judges of the U.S. Patent and Trademark Office are principal officers who must be appointed by the President with the Senate's advice and consent, or "inferior Officers" whose appointment Congress has permissibly vested in a department head.

2. Whether, if administrative patent judges are principal officers, the court of appeals properly cured any Appointments Clause defect in the current statutory scheme prospectively by severing the application of 5 U.S.C. § 7513(a) to those judges.

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, Arthrex, Inc. states that it has no parent corporation and that no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

TABLE OF CONTENTS—Continued

TABLE OF CONTENTS—Continued

TABLE OF AUTHORITIES

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

LEGISLATIVE MATERIALS

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

IN THE

Supreme Court of the United States

NO. 19-1434

UNITED STATES OF AMERICA,

Petitioner,

v.

ARTHREX, INC., ET AL.,

Respondents.

NO. 19-1452

SMITH & NEPHEW, INC., ET AL.,

Petitioners,

v.

ARTHREX, INC., ET AL.,

Respondents.

NO. 19-1458

ARTHREX, INC.,

Petitioner,

v.

SMITH & NEPHEW, INC., ET AL.,

Respondents.

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

BRIEF FOR ARTHREX, INC.

PRELIMINARY STATEMENT

Under the America Invents Act, administrative patent judges ("APJs") are the final word of the Executive Branch. No superior officer has authority to review their decisions. APJs thus do not merely decide disputes

worth billions of dollars. They speak for the Executive Branch and deliver that branch's final decree. Neither Smith & Nephew nor the government cites a single case where this Court has ever held an administrative judge to be an inferior officer even though his decisions were totally unreviewable by any superior executive officer.

While the court of appeals correctly found a constitutional violation, its remedy—eliminating APJs' tenure protections—was both inadequate and contrary to statutory design. Even without tenure protections, APJs still have the final word for the Executive Branch. That power alone makes them principal officers. The court of appeals' remedy was thus insufficient to cure the violation.

The court's remedy also produced a regime that is foreign to agency adjudication. Congress has long considered tenure protections essential to the impartiality and independence of administrative judges. Congress has provided for *review of their decisions* by presidentially appointed, Senate-confirmed agency heads—a transparent process in which agency heads must accept responsibility for their actions. But Congress has insisted on tenure protections to shield administrative judges from unseen political pressure and subtle influence. Congress would not have created an administrative scheme for revoking valuable property rights that has *neither* an impartial adjudicator *nor* transparent review by an accountable agency head.

The parties and amici have now proposed at least *ten different options* to address the constitutional defect. Selecting among them is precisely the sort of policy decision that Congress, not courts, should make.

STATEMENT

I. STATUTORY BACKGROUND

Under the Appointments Clause, the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint * * * Officers of the United States." U.S. Const. art. II, §2. Congress, however, can "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." *Ibid.* The Appointments Clause thus divides federal officers into two categories: "principal officers" who must be nominated by the President and confirmed by the Senate, and "inferior officers" who may be appointed by department heads. *Edmond* v. *United States*, 520 U.S. 651, 658-661 (1997).

A. Administrative Patent Judges

1. Congress created the Patent Office in 1836 along with a presidentially appointed, Senate-confirmed officer, the Commissioner of Patents, to manage its operations. Act of July 4, 1836, ch. 357, §1, 5 Stat. 117, 117-118. In 1861, Congress created the Patent Office's first administrative patent judges, known then as "examiners-in-chief." Act of Mar. 2, 1861, ch. 88, §2, 12 Stat. 246, 246. They too were appointed "by the President, by and with the advice and consent of the Senate." *Ibid.*

Examiners-in-chief heard appeals from examiners' denials of patent applications. Act of Mar. 2, 1861, ch. 88, §2, 12 Stat. at 246. They also heard appeals from interference proceedings resolving disputes over priority to an invention. *Ibid.* Parties dissatisfied with their decisions could appeal to the Commissioner—the presidentially appointed, Senate-confirmed head of the Patent Office. *Ibid.*

In 1927, Congress created a Board of Appeals composed of the Commissioner, two assistants, and the examiners-in-chief to hear appeals from denials of patent applications and interferences. Pub. L. No. 690, § 3, 44 Stat. 1335, 1335-1336 (1927). Rather than allow appeals from the Board to the Commissioner, Congress provided for judicial review. *Id.* § 8, 44 Stat. at 1336. The Board members themselves, however, were all still appointed in the manner required for principal officers—by the President with the advice and consent of the Senate. Pub. L. No. 16, § 1, 39 Stat. 8, 8 (1916).

Throughout that era, examiners-in-chief had no general authority to reexamine the validity of previously issued patents. Except in the narrow context of priority disputes in interference proceedings, the power to reconsider a previously issued patent was reserved exclusively to the courts. See, *e.g.*, Pub. L. No. 82-593, sec. 1, §§ 135, 282, 66 Stat. 792, 801-802, 812 (1952).

2. In 1975, Congress transferred authority to appoint examiners-in-chief to the Secretary of Commerce. Pub. L. No. 93-601, sec. 1, § 3(a), 88 Stat. 1956, 1956 (1975). There is no indication that Congress considered the constitutionality of that approach; the Department of Commerce urged simply that "examiners-in-chief who perform duties requiring legal and technical qualifications and experience should be appointed without the burden of the present procedures." S. Rep. No. 93-1401, at 2 (1974). Congress also directed that examiners-in-chief be "appointed under the classified civil service," granting them the same tenure protections held by other civil servants. Pub. L. No. 93-601, § 2, 88 Stat. at 1956; see 5 U.S.C. § 7513.

In 1980, Congress created an administrative procedure known as ex parte reexamination for revoking

previously issued patents. Pub. L. No. 96-517, §1, 94 Stat. 3015, 3015 (1980). Congress granted the Board of Appeals power to review examiners' decisions in those proceedings. *Id.* sec. 1, §306, 94 Stat. at 3016 (citing 35 U.S.C. §134). In 1984, Congress renamed that entity the Board of Patent Appeals and Interferences and directed it to conduct interferences as well. Pub. L. No. 98-622, §§201-202, 98 Stat. 3383, 3386-3387 (1984).

In 1999, Congress created inter partes reexamination, another administrative process for revoking previously issued patents, but with slightly more third-party participation. Pub. L. No. 106-113, app. I, §4604(a), 113 Stat. 1501A-521, 1501A-567 (1999). Congress empowered the Board to hear appeals from those decisions too. *Id.* sec. 4604(a), §315, 113 Stat. at 1501A-569.

In the same statute, Congress renamed examiners-in-chief "administrative patent judges" and transferred appointment authority to the Patent Office's Director—someone who is not a department head and thus not capable of appointing even *inferior* officers. Pub. L. No. 106-113, app. I, sec. 4717, §6(a), 113 Stat. at 1501A-580 to -581. Congress continued to provide tenure protections by making APJs "subject to the provisions of title 5 * * * relating to Federal employees." *Id.* sec. 4713, §3(c), 113 Stat. at 1501A-577. Those protections were meant to "insulate these quasi-judicial officers from outside pressures and preserve integrity within the application examination system." H.R. Rep. No. 104-784, at 32 (1996).

In 2008, after a law professor pointed out that the new appointment method was "almost certainly unconstitutional," John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 2007 Patently-O Patent L.J. 21, 21, Congress transferred appointment authority back to the Secretary, Pub. L. No. 110-313, §1(a), 122 Stat. 3014, 3014

(2008) (codified at 35 U.S.C. § 6(a)). APJs remained subject to Title 5's civil service protections. 35 U.S.C. § 3(c). Those protections permit removal only "for such cause as will promote the efficiency of the service," 5 U.S.C. § 7513(a), a standard that normally requires "misconduct * * * likely to have an adverse impact on the agency's performance of its functions," *Brown* v. *Dep't of Navy*, 229 F.3d 1356, 1358 (Fed. Cir. 2000), cert. denied, 533 U.S. 949 (2001). Title 5 also provides broad procedural protections, including an appeal to the Merit Systems Protection Board. 5 U.S.C. § 7513(b)-(d).

B. The America Invents Act

This case concerns Congress's latest and most substantial augmentation of APJ authority: the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011). The AIA created three new *adjudicative* schemes for revoking previously issued patents.

The reexamination regimes that predated the AIA were "examinational" proceedings in which patent examiners applied the same procedures that govern initial consideration of patent applications. See 35 U.S.C. § 305; 35 U.S.C. § 314(a) (2006). In the AIA, Congress sought to "convert[ ] inter partes reexamination from an examinational to an adjudicative proceeding." H.R. Rep. No. 112-98, pt. 1, at 46 (2011). It wanted a process that was "objective, transparent, clear, and fair to all parties." 157 Cong. Rec. 3433 (Mar. 8, 2011) (Sen. Kyl). Congress therefore replaced inter partes reexamination with three new adjudicative procedures: inter partes review, post-grant review, and covered business method review. Pub. L. No. 112-29, §§ 6(a), 6(d), 18, 125 Stat. at 299, 305, 329.

Those proceedings are conducted by the Patent Trial and Appeal Board, which consists of about 220 APJs as well as the Patent Office's Director, Deputy Director, and

two Commissioners. 35 U.S.C. §6(a)-(b); U.S. Patent & Trademark Office, *FY 2020 Performance and Accountability Report* 17 (Nov. 2020) (reporting 221 APJs). The Board also decides appeals from denials of patent applications and ex parte reexaminations. 35 U.S.C. §6(b)(1)-(2). And it conducts derivation proceedings, a new procedure that replaced interferences. *Id.* §§6(b)(3), 135. The Board presides over all cases in panels, which must include "at least 3 members * * * who shall be designated by the Director." *Id.* §6(c). The Director is the only Board member appointed by the President and confirmed by the Senate. *Id.* §§3(a)-(b), 6(a).

This case involves an inter partes review. Any person can petition for inter partes review of a previously issued patent on the ground that the invention was anticipated or obvious in light of a prior-art patent or printed publication. 35 U.S.C. §311. The Director may institute review if he finds a "reasonable likelihood" the petitioner will prevail. *Id.* §314(a). The Director has delegated that institution authority to the Board. 37 C.F.R. §42.4(a).

The statute then calls for a fully adversarial proceeding in which both sides can take discovery, submit evidence and briefs, and present oral argument. 35 U.S.C. §316(a). Inter partes review is a "party-directed, adversarial" process that "mimics civil litigation." *SAS Inst. Inc.* v. *Iancu*, 138 S. Ct. 1348, 1352, 1355 (2018). The Patent Office refers to the proceedings as "trial[s]." 37 C.F.R. §42.100(a).

At the end of the proceeding, the Board issues a final written decision. 35 U.S.C. §318(a). The Director cannot review that decision; it is appealable only to the Federal Circuit. *Id.* §319 (citing 35 U.S.C. §141). Nor can the Director grant rehearing. "Only the Patent Trial and Appeal Board may grant rehearings." *Id.* §6(c).

The Patent Office has received over 11,000 petitions for inter partes review. Patent Trial & Appeal Board, *Trial Statistics* 3 (Sept. 2020). The Board has invalidated some or all claims in 80% of cases that reached final written decisions. *Id.* at 11.

II. Proceedings Below

A. Arthrex's '907 Patent

Arthrex is a pioneer in the field of arthroscopy and a leading developer of medical devices and procedures for orthopedic surgery. This case concerns Arthrex's U.S. Patent No. 9,179,907 (the "'907 patent"), which covers a novel surgical device for reattaching soft tissue to bone. Pet. App. 86a.[1] Early suture anchors required surgeons to tie knots to secure the tissue. *Ibid.* The '907 patent discloses a device for securing tissue without knots, reducing surgery times and attendant complications:

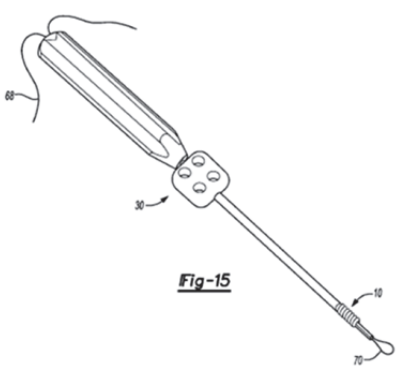

Fig-15

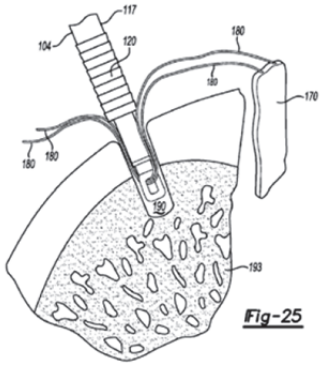

Fig-25

Pet. App. 86a-90a.

[1] Citations to "Pet. App." are to the government's petition appendix in No. 19-1434.

In 2015, Arthrex sued Smith & Nephew, Inc., and its subsidiary ArthroCare Corp., for infringing the '907 patent. Pet. App. 85a. The jury returned a verdict for Arthrex, finding the patent claims valid and infringed. *Ibid.* The parties then settled the litigation. *Ibid.*

B. The Inter Partes Review

Smith & Nephew responded to Arthrex's suit by seeking inter partes review. Pet. App. 83a. Relying on many of the same arguments it unsuccessfully advanced in the litigation, Smith & Nephew urged that the Patent Office's publication of *the inventors' own original application* was prior art that anticipated the '907 patent. *Id.* at 93a-94a, 102a n.7; Pet. in No. 19-1458, at 9.

The Patent Trial and Appeal Board agreed. The Board made credibility findings about expert testimony and evaluated testimony from the prior litigation. Pet. App. 106a-111a, 114a, 125a. It also ruled on a motion to exclude evidence. *Id.* at 126a-128a. Ultimately, it held every disputed claim invalid. *Id.* at 128a.

C. The Federal Circuit's Decision

The court of appeals vacated and remanded. Pet. App. 1a-33a. The court did not address Arthrex's challenge to the Board's patentability ruling. Instead, it held that the APJs who decided Arthrex's case were appointed in violation of the Appointments Clause.

1. The court explained that the Appointments Clause requires principal officers to be appointed by the President and confirmed by the Senate, but permits inferior officers to be appointed by department heads. Pet. App. 6a. Under *Edmond* v. *United States*, 520 U.S. 651 (1997), "'inferior officers' are officers whose work is directed and supervised at some level by others who were appointed by Presidential nomination with the advice and consent of

the Senate." Pet. App. 9a (quoting 520 U.S. at 663). *Edmond*, the court explained, emphasizes three factors that distinguish principal from inferior officers: "(1) whether [a presidentially] appointed official has the power to review and reverse the officers' decision; (2) the level of supervision and oversight an appointed official has over the officers; and (3) the appointed official's power to remove the officers." *Ibid.*

The first factor, review authority, pointed to principal officer status. No principal executive officer has authority to review APJ decisions—parties can only appeal to the Federal Circuit or seek rehearing by the Board itself. Pet. App. 9a-10a. Although the Patent Office's Director is appointed by the President and confirmed by the Senate, all Board panels must include at least three members. *Id.* at 10a. As a result, the Director cannot "single-handedly review, nullify or reverse a final written decision." *Ibid.*

The court rejected the government's argument that the Director has other powers tantamount to review. While the Director can intervene on appeal in the Federal Circuit, he can only ask the *court* to find error, not vacate the decision himself. Pet. App. 10a-11a. The Director's power to designate a Precedential Opinion Panel to decide whether to rehear a case is not review authority either: The Board, not the Director, decides whether to rehear a case, and the Director is only one member of any panel. *Id.* at 11a-12a. Finally, the Director's authority to decide whether to institute an inter partes review is not review of the decision the Board ultimately renders. *Id.* at 12a-13a.

On the second factor, supervision and oversight, the court explained that the Director can promulgate regulations and issue policy guidance. Pet. App. 14a. He can

also decide whether to institute review and designate panels. *Id.* at 14a-15a. In the court's view, that authority favored inferior officer status. *Id.* at 15a.

As to the third factor, removal power, the government argued that the Director has unrestricted authority to refuse to assign an APJ to any panels or to remove him from a panel to which he was assigned. Pet. App. 16a. The court doubted the Director had the latter power, observing that it "could create a Due Process problem." *Id.* at 16a-17a & n.3. In any case, designation authority was "not nearly as powerful as the power to remove from office without cause." *Id.* at 17a.

The Secretary could remove an APJ from office "only for such cause as will promote the efficiency of the service." Pet. App. 18a (quoting 5 U.S.C. § 7513(a)). That for-cause standard requires "misconduct [that] is likely to have an adverse impact on the agency's performance of its functions." *Ibid.* (quoting *Brown*, 229 F.3d at 1358). The statute also provides robust procedural protections that further curtail removal. *Ibid.*

The court considered additional factors, such as APJs' indefinite tenure and broad jurisdiction. Pet. App. 21a. After weighing all the factors, the court held that APJs were principal officers. *Id.* at 22a. As a result, the Secretary could not appoint them. *Ibid.*

2. The court then sought to remedy the defect by severing a portion of the statute.

The court rejected the government's proposal to sever the requirement that at least three Board members sit on every panel, which would allow the Director unilaterally to rehear any decision. Pet. App. 24a. That proposal, the court held, would result in "a significant diminution in the procedural protections afforded to patent owners." *Ibid.*

The court "d[id] not believe that Congress would have created such a system." *Ibid.*

Instead, the court severed the for-cause removal protections as applied to APJs. Pet. App. 25a-29a. The court opined that Congress "intended for the *inter partes* review system to function" and "would have preferred a Board whose members are removable at will rather than no Board at all." *Id.* at 27a. The court deemed its approach sufficient to remedy the violation: "[S]evering the restriction on removal of APJs renders them inferior rather than principal officers," even though "the Director still does not have independent authority to review decisions rendered by APJs." *Id.* at 28a.

Because Arthrex's case was heard by APJs who were not properly appointed when they issued their decision, the court ordered a new hearing before a different panel of APJs under *Lucia* v. *SEC*, 138 S. Ct. 2044 (2018). Pet. App. 29a-33a. The court rejected the argument that Arthrex was not entitled to a new hearing because it did not raise its claim before the Board. Arthrex "properly and timely raised [the claim] before the first body capable of providing it with the relief sought." *Id.* at 31a.

3. All parties sought rehearing en banc. The court of appeals denied the petitions, over multiple dissents. Pet. App. 229a-295a.

The dissenting judges disagreed with the panel's remedy. "By eliminating Title 5 removal protections for APJs," they urged, "the panel is performing major surgery to the statute that Congress could not possibly have foreseen or intended." Pet. App. 250a-251a (Dyk, J., joined by Newman, Wallach, and Hughes, JJ., dissenting). "Removal protections for administrative judges have been an important and longstanding feature of Congres-

sional legislation, and this protection continued to be an important feature of the AIA enacted in 2011 * * * ." *Id.* at 251a. "[R]emoval protections were seen as essential to fair performance of the APJs' quasi-judicial role." *Id.* at 254a. Another dissent agreed: "Given the federal employment protections APJs and their predecessors have enjoyed for more than three decades, * * * I do not think Congress would have divested APJs of their Title 5 removal protections to cure any alleged constitutional defect in their appointment." *Id.* at 277a (Hughes, J., joined by Wallach, J., dissenting).

4. All parties sought this Court's review. The Court granted review of the constitutional question and the severance remedy. No. 19-1434, 2020 WL 6037206 (Oct. 13, 2020). Although the government also sought review of whether Arthrex had forfeited its claim by raising it too late, the Court denied review on that question. *Ibid.*

SUMMARY OF ARGUMENT

I. The court of appeals correctly held that administrative patent judges are principal officers who cannot be appointed by department heads.

A. To ensure accountability for the appointment of principal officers, the Appointments Clause requires the President's personal involvement in their selection. The Clause further protects accountability by limiting the officers who may be appointed without presidential involvement to those who are truly "inferior"—*i.e.*, those genuinely directed and supervised by presidentially appointed superiors.

B. This Court's precedents make clear that, for administrative judges, review of decisions is an essential element of that supervision and control.

In *Edmond* v. *United States*, 520 U.S. 651 (1997), the Court held that Coast Guard judges were inferior officers. An indispensable basis for that holding was that superior officers could review the judges' decisions. The Judge Advocate General's removal and oversight powers were "not complete" because he "ha[d] no power to reverse decisions." *Id.* at 664. The Court upheld the arrangement only because *other* officers had that power: "What is significant is that the judges * * * have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Id.* at 665; see also *Free Enter. Fund* v. *Pub. Co. Acct. Oversight Bd.*, 561 U.S. 477, 486, 510 (2010) (relying on SEC review of decisions); *Dep't of Transp.* v. *Ass'n of Am. R.Rs.*, 575 U.S. 43, 64 (2015) (Alito, J., concurring) ("Inferior officers can do many things, but nothing final should appear in the Federal Register unless a Presidential appointee has at least signed off on it.").

That focus on review makes sense. Deciding cases is what administrative judges do. They speak for the United States by resolving controversies through their decisions. Oversight that does not include any power to correct or modify their decisions allows them to speak for the agency and take positions free from agency control.

By insulating APJ decisions from agency review, Congress departed sharply from traditional structures. "Despite th[e] great diversity in adjudication across the modern administrative state, the 'standard federal model' continues to vest final decision-making authority in the agency head." Christopher J. Walker & Melissa F. Wasserman, *The New World of Agency Adjudication*, 107 Calif. L. Rev. 141, 143-144 (2019). The AIA is a clear break from tradition.

C. Even if removal power could theoretically make up for the absence of review, the restrictions on removal here only exacerbate the problem. The Secretary can remove APJs only under strict civil-service standards. And the Director's authority over panel assignments is no substitute for removal from office.

D. The government cannot overcome those deficiencies by contriving schemes through which the Director could supposedly engineer preferred outcomes using other oversight powers. Those schemes violate the AIA's statutory structure, due process, or both. And they are not adequate substitutes for review regardless.

II. While the court of appeals correctly found a constitutional violation, it erred by attempting to remedy that defect by severing APJs' tenure protections.

A. The court's remedy was insufficient to cure the problem. APJs are principal officers because no superior officer can review their decisions. Eliminating tenure protections does not fix that defect. APJs are still the Executive Branch's final word in every case they decide.

B. The court's remedy is also inconsistent with the statute's basic structure. Congress has long considered tenure protections essential to secure the independence and impartiality of administrative judges. Those protections are particularly important under the AIA, which made APJs even more like typical administrative judges.

The court's remedy, moreover, does nothing to ensure public accountability. APJs still decide cases without the transparent review by superior officers that Congress traditionally requires to ensure accountability. And APJs now decide cases subject to the unseen influence of threatened removal. The court thus produced a regime that is neither impartial *nor* accountable.

C. Severance is especially inappropriate because there are many ways Congress could fix the problem. This Court ordinarily severs invalid provisions to avoid judicial policymaking. But where the Court must speculate over which of many options Congress would prefer, severance has precisely the opposite effect.

D. Neither *Seila Law LLC* v. *Consumer Financial Protection Bureau*, 140 S. Ct. 2183 (2020), nor *Free Enterprise Fund* v. *Public Company Accounting Oversight Board*, 561 U.S. 477 (2010), can justify a severance remedy that is insufficient to cure the violation. Those cases, moreover, did not involve administrative judges—they concerned agency heads with broad policymaking and enforcement authority. Finally, those cases did not involve multiple ways to fix a problem that left the Court to speculate about Congress's preferences.

E. The canon of constitutional avoidance also counsels against the court of appeals' remedy. At the very least, there are serious doubts over whether eliminating tenure protections solves the Appointments Clause problem and complies with due process. The Court should not presume that Congress would want to adopt a remedy that tacks so close to those constitutional shoals.

ARGUMENT

I. Administrative Patent Judges Are Principal Officers

The court of appeals correctly held that administrative patent judges are principal officers. In a drastic departure from traditional agency structure, Congress authorized APJs to issue final decisions resolving disputes over billions of dollars of intellectual property subject to no review by any superior officer. APJs speak for the Executive Branch and deliver that branch's final word.

This Court has never upheld a regime that gives inferior officers that sort of unreviewable authority. The Court has never even *encountered* such a regime. The AIA is anomalous precisely because only principal officers traditionally exercise those powers.

A. The Appointments Clause's Careful Structure Ensures Accountability for Executive Officers

1. The Appointments Clause provides that the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint * * * Officers of the United States." U.S. Const. art. II, §2. Congress, however, may "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." *Ibid.*

Both portions of that Clause promote accountability. By requiring the President's personal involvement in the selection of principal officers, the Clause enables the public to place "[t]he blame of a bad nomination * * * upon the President singly and absolutely." *The Federalist* No. 77, at 461 (Hamilton) (Clinton Rossiter ed., 1961); see also James Wilson, *Lectures on Law*, in 1 *The Works of James Wilson* 402 (Bird Wilson ed., 1804) ("The person who nominates or makes appointments to offices, should be known. His own office, his own character, his own fortune should be responsible."). That accountability increases the quality of appointments: "The sole and undivided responsibility of one man will naturally beget a livelier sense of duty and a more exact regard to reputation." *The Federalist* No. 76, at 455 (Hamilton).

The provision for inferior officers reinforces that accountability. While the Framers added that provision as an "administrative convenience," "that convenience was deemed to outweigh the benefits of the more cumbersome procedure *only* with respect to the appointment of

'inferior Officers.'" *Edmond* v. *United States*, 520 U.S. 651, 660 (1997) (emphasis added). The provision thus preserves accountability by limiting the class of officers who may be appointed without presidential involvement to those who are genuinely subordinate to—supervised and controlled by—other officers who were nominated by the President himself.

"[T]he term 'inferior officer' connotes a relationship with some higher ranking officer or officers below the President: Whether one is an 'inferior' officer depends on whether he has a superior." *Edmond*, 520 U.S. at 662. "[I]n the context of a Clause designed to preserve political accountability relative to important Government assignments, * * * 'inferior officers' are officers whose work is directed and supervised at some level by others who were appointed by Presidential nomination with the advice and consent of the Senate." *Id.* at 663.

The Appointments Clause's dual structure ensures that only principal officers appointed by the President have the final word for the Executive Branch. "What is significant is that [inferior officers] have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Edmond*, 520 U.S. at 665; see also *Dep't of Transp.* v. *Ass'n of Am. R.Rs.*, 575 U.S. 43, 64 (2015) (Alito, J., concurring) ("Inferior officers can do many things, but nothing final should appear in the Federal Register unless a Presidential appointee has at least signed off on it.").

2. The Appointments Clause's focus on accountability reflects Article II's broader structure. Article II vests the "executive Power" in the President alone. U.S. Const. art. II, § 1. That unitary structure promotes an energetic executive. See *The Federalist* No. 70, at 427 (Hamilton) (contrasting "energy" of unitary executive with "habitual

feebleness and dilatoriness" of multimember bodies). "The Framers deemed an energetic executive essential to 'the protection of the community against foreign attacks,' 'the steady administration of the laws,' 'the protection of property,' and 'the security of liberty.'" *Seila Law LLC* v. *Consumer Fin. Prot. Bureau*, 140 S. Ct. 2183, 2203 (2020) (quoting *The Federalist* No. 70).

To "justify and check" that authority, "the Framers made the President the most democratic and politically accountable official in Government," chosen by the "entire Nation" through "regular elections." *Seila Law*, 140 S. Ct. at 2203. The public would know "on whom the blame or the punishment of a pernicious measure * * * ought really to fall." *Free Enter. Fund* v. *Pub. Co. Acct. Oversight Bd.*, 561 U.S. 477, 498 (2010) (quoting *The Federalist* No. 70)); see also *Clinton* v. *Jones*, 520 U.S. 681, 712 (1997) (Breyer, J., concurring). As James Wilson put it:

> To [the President] the provident or improvident use of [executive authority] is to be ascribed. For the first, he will have and deserve undivided applause. For the last, he will be subjected to censure; if necessary, to punishment. He is the dignified, but accountable magistrate of a free and great people.

Wilson, *supra*, at 443. Consistent with that design, the Appointments Clause makes the President and the principal officers he personally selects accountable for executive action, so that the public may hold the President responsible for any success or failure.

B. Administrative Patent Judges Are Principal Officers Because Their Decisions Are Not Reviewable by Any Superior Executive Officer

Although the Appointments Clause ensures accountability by requiring that all inferior officers be directed

and supervised by their superiors, the nature of the superior's direction and supervision may depend on context. For administrative judges—executive officers whose sole function is to adjudicate cases—the power to review and modify decisions is an indispensable element of supervision. Supervision that leaves those officers free to speak for the agency and render the agency's final word is necessarily incomplete.

1. *This Court's Precedents Require Principal Officer Review of Decisions*

a. This Court's decision in *Edmond* directly addresses the standard for distinguishing principal from inferior officers in the specific context of administrative judges. *Edmond* leaves no doubt that administrative judges cannot be inferior officers absent a superior who can review and modify their decisions.

Edmond held that judges on the Coast Guard's Court of Criminal Appeals were inferior officers. 520 U.S. at 664-666. The Coast Guard's Judge Advocate General "exercise[d] administrative oversight" and could "remove [the judges] from [their] judicial assignment without cause." *Id.* at 664. This Court, however, described that control as "not complete" because the Judge Advocate General "ha[d] no power to reverse decisions." *Ibid.* The Court therefore relied on the authority of the Court of Appeals for the Armed Forces—a superior Executive Branch tribunal composed of principal officers, 10 U.S.C. § 942(b)(1)—to review the Coast Guard judges' decisions. *Edmond*, 520 U.S. at 664-665 & n.2.

That principal officer review was critical: It denied the Coast Guard judges power to speak for the Executive Branch without any opportunity for review by superior officers. "What is significant," the Court explained, "is that the judges of the Court of Criminal Appeals have no

power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Edmond*, 520 U.S. at 665. The Court contrasted the Coast Guard judges with Tax Court judges, whose "decisions are appealable only to courts of the Third Branch." *Id.* at 665-666.

Similarly, in *Free Enterprise Fund*, the Court invoked the SEC's power to review PCAOB decisions in holding that PCAOB board members were inferior officers. The Court had already severed board members' tenure protections to remedy a separation-of-powers problem. 561 U.S. at 508-510. But it did not rely on removal authority alone to find board members inferior. Instead, it looked to the SEC's "other oversight authority," which included power to "approv[e] and alter[]" board members' decisions. *Id.* at 486, 510 (citing 15 U.S.C. § 7217(c)).

In *Association of American Railroads*, Justice Alito identified "serious questions under the Appointments Clause" for an agency-appointed arbitrator who adjudicated disputes with no principal officer review. 575 U.S. at 59-60, 63 (Alito, J., concurring). He asked: "As to [the arbitrator's] 'binding' decision, who is the supervisor? Inferior officers can do many things, but nothing final should appear in the Federal Register unless a Presidential appointee has at least signed off on it." *Id.* at 64. On remand, the D.C. Circuit held that the arbitrators were principal officers because there was no "procedure by which [an] arbitrator's decision is reviewable by the [agency head]." *Ass'n of Am. R.Rs.* v. *U.S. Dep't of Transp.*, 821 F.3d 19, 39 (D.C. Cir. 2016).

b. This Court's focus on review of decisions makes sense. Administrative judges decide cases—that is how they exercise executive power. Oversight that does not include any power to review those decisions is necessarily

"not complete." *Edmond*, 520 U.S. at 664. Without review, administrative judges could purport to speak for the Executive Branch and deliver that branch's final word—a hallmark of principal officer status. See *Ass'n of Am. R.Rs.*, 575 U.S. at 63-64 (Alito, J., concurring). That is why "[w]hat is significant" for administrative judges is whether they can "render a final decision on behalf of the United States" without any opportunity for review by superior officers. *Edmond*, 520 U.S. at 665.

Removal, of course, is a powerful tool for control, particularly for officers with policymaking or enforcement functions. See, *e.g.*, *Seila Law*, 140 S. Ct. at 2197-2198; *Free Enter. Fund*, 561 U.S. at 503-504. Removing such officers enables superiors to undo their policies or enforcement actions. For administrative judges, by contrast, the power to remove does not permit a superior to correct or reverse decisions already made. "The firing of the judges does not, in itself, vacate their decision[s]." Gary Lawson, *Appointments and Illegal Adjudications: The America Invents Act Through a Constitutional Lens*, 26 Geo. Mason L. Rev. 26, 61 (2018). Removal thus does nothing to undo actions the judge takes on the agency's behalf—even if they are directly contrary to the agency's policies or views.

Scholars have emphasized the power to nullify decisions as a key component of executive supervision. See Steven G. Calabresi & Christopher S. Yoo, *The Unitary Executive: Presidential Power from Washington to Bush* 14 (2008) (citing the "power to nullify or veto" as "essential to the classic theory of the unitary executive"); Steven G. Calabresi & Saikrishna B. Prakash, *The President's Power To Execute the Laws*, 104 Yale L.J. 541, 596 (1994) (similar). That power is uniquely important for administrative judges. Without any power of review, removal

simply is "not complete" as a means to ensure accountability. *Edmond*, 520 U.S. at 664.

c. Congress's current method for appointing APJs cannot be reconciled with those principles. APJs are "appointed by the Secretary, in consultation with the Director"—a procedure appropriate only for inferior officers. 35 U.S.C. §6(a). APJs, however, are principal officers because they are the agency's final word—they issue decisions that are not reviewable by any superior executive officer.

APJ decisions are not appealable within the Patent Office. They are appealable only to the Federal Circuit, an Article III court. 35 U.S.C. §319. If the Board rejects a claim and the court affirms, the statute provides that the Director "shall" cancel the claim. *Id.* §318(b). The Director must follow the APJs' decision, not the other way around.

Nor can superior officers grant rehearing of APJ decisions. "Only the Patent Trial and Appeal Board may grant rehearings." 35 U.S.C. §6(c). *One* Board member—the Director—is nominated by the President and confirmed by the Senate. *Id.* §3(a)(1). The Board, however, must preside in panels of "at least 3 members." *Id.* §6(c). As a result, no principal officer can "singlehandedly review, nullify or reverse a final written decision." Pet. App. 10a. The Director can reverse decisions only if *inferior* officers agree.

APJs thus are fundamentally different from the Coast Guard judges in *Edmond* whose decisions were reviewable by superior executive officers. Instead, they are like the Tax Court judges *Edmond* distinguished on the ground that their "decisions are appealable only to courts of the Third Branch." 520 U.S. at 665-666.

That absence of review by superior executive officers precludes APJs from being inferior officers. APJs have the "power to render a final decision on behalf of the United States" *whether or not* they are "permitted to do so by other Executive officers." *Edmond*, 520 U.S. at 665. Like the arbitrators in *Association of American Railroads*, APJs speak for the agency and give the agency's final word. 575 U.S. at 64 (Alito, J., concurring). Vesting that authority in inferior officers appointed without any presidential involvement defies the Appointments Clause's text and defeats the principles of accountability the Clause secures.

d. Smith & Nephew and the government contend that *Edmond* requires a holistic analysis in which no one factor is ever dispositive. S&N Br. 30-31; Gov't Br. 20-22. But nothing in *Edmond* suggests that Congress can classify administrative judges as inferior officers despite *completely eliminating* power to review the one thing they do—decide cases. In *Edmond*, superior officers had *some* power to review decisions, *some* power of removal, and other oversight authority. 520 U.S. at 664-666. Applying a holistic approach in those circumstances does not mean that Congress can completely eliminate review and leave superiors to rely on other, less effective tools instead. *Edmond* emphasized that "[w]hat is significant is that the judges * * * have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Id.* at 665.

It is no answer that *Edmond* requires only direction and supervision "at some level." S&N Br. 15-16. *Edmond* held that inferior officers must be "directed and supervised at some level by others *who were appointed by Presidential nomination with the advice and consent of the Senate*." 520 U.S. at 663 (emphasis added). "[A]t

some level" means that inferior officers may be supervised directly by principal officers (*i.e.*, at an immediate level) or indirectly through a chain of command (*i.e.*, at a higher level). Cf. *Seila Law*, 140 S. Ct. at 2203 ("'[T]he chain of dependence [is] preserved,' so that 'the lowest officers, the middle grade, and the highest' all 'depend, as they ought, on the President * * * .'" (quoting 1 Annals of Cong. 499 (June 17, 1789) (Madison))). "[A]t some level" does not refer to the *quality* or *extent* of supervision. It certainly does not mean that Congress can *completely eliminate* the most important oversight mechanism for the officer at issue.

In structural disputes, this Court insists on "high walls and clear distinctions because low walls and vague distinctions will not be judicially defensible in the heat of interbranch conflict." *Plaut* v. *Spendthrift Farm, Inc.*, 514 U.S. 211, 239 (1995). Smith & Nephew's amorphous "Goldilocks-type inquiry," in which a court evaluates all the facts and circumstances to determine whether "the porridge is too hot" or "the porridge is too cold" (S&N Br. 31), is constitutional mush: It is utterly standardless and offers no meaningful guidance to Congress about what appointment mechanism it must prescribe.

e. Neither *Freytag* v. *Commissioner*, 501 U.S. 868 (1991), nor *Lucia* v. *SEC*, 138 S. Ct. 2044 (2018), supports Smith & Nephew's position. In both cases, superior officers always had *authority* to review decisions.

Freytag concerned the Tax Court's "special trial judges." In some cases, special trial judges lacked authority to enter decisions, and instead merely conducted proceedings and prepared proposed findings and opinions. 501 U.S. at 873. In other cases, they could enter decisions. *Ibid.* But even then, the Tax Court had authority to *review* the decisions. See Pub. L. No. 99-514, § 1556,

100 Stat. 2085, 2754-2755 (1986) (codified as amended at 26 U.S.C. § 7443A(c)) ("The [Tax Court] may authorize a special trial judge to make the decision of the court with respect to [the proceedings] *subject to such conditions and review as the court may provide*." (emphasis added)); 93 T.C. 821, 971-972 (1989) (amending Tax Ct. R. 182(c)) (permitting Chief Judge to assign cases "subject to such * * * review as the Chief Judge may provide").

In *Lucia*, the SEC ALJ decisions were subject to Commission review; they became the agency's final word *only* if the Commission declined review. 138 S. Ct. at 2049 (citing 15 U.S.C. § 78d-1(c); 17 C.F.R. § 201.360(d)). While ALJs could enter default orders without prior approval, the Commission could review those orders too. See 17 C.F.R. § 201.155(a)-(b) ("[T]he Commission, at any time, may for good cause shown set aside a default.").

Smith & Nephew cannot explain away *Freytag* and *Lucia* as cases where agency heads "*could have* created a process for reviewing all adjudicatory decisions" but chose not to. S&N Br. 36. The relevant point is that the agencies had *authority* to review every decision. In *Edmond*, for example, the Coast Guard judges were inferior officers because the Court of Appeals for the Armed Forces had *statutory authority* to review their decisions, even though in practice the court chose to review less than 5% of cases. 520 U.S. at 664-665; Pet. Br. in *Edmond*, No. 96-262, at 29-30 (Dec. 23, 1996) ("between 2 and 4%"). What matters is whether a principal officer has *statutory authority* to supervise, not whether or how he exercises that authority. Cf. *In re Sealed Case*, 829 F.2d 50, 56 (D.C. Cir. 1987) (Iran/Contra independent counsel was inferior officer because "the Attorney Gen-

eral may rescind this regulation [creating the office] at any time"), cert. denied, 484 U.S. 1027 (1988).[2]

Neither Smith & Nephew nor the government cites a *single case* where this Court has found administrative judges to be inferior officers even though their decisions could not be reviewed by any superior officer. No such case exists. That lack of precedent speaks volumes.

2. *The AIA Departs Sharply from Tradition*

Congress's current mechanism for appointing APJs is not just contrary to this Court's precedents. It is also a sharp break from longstanding tradition.

a. From the earliest days of the Republic, "Congress reinforced supervisory authority in numerous provisions specifying that lower-level officials were subject to the superintending instruction of higher-level administrators." Jerry L. Mashaw, *Recovering American Administrative Law: Federalist Foundations, 1787-1801*, 115 Yale L.J. 1256, 1307 (2006). When Congress created the Treasury Department in 1789, for example, it allowed parties to appeal auditor decisions to the Comptroller, a presidentially appointed, Senate-confirmed officer. Act of Sept. 2, 1789, ch. 12, §§1, 5, 1 Stat. 65, 65-67. A 1796 statute permitted parties to appeal revenue officer decisions to supervisory officers and thereafter to the Secretary himself. Act of May 28, 1796, ch. 37, §§3, 8-9, 1 Stat.

---

[2] *Morrison* v. *Olson*, 487 U.S. 654 (1988), is even further afield. S&N Br. 36. The Court deemed the independent counsel an inferior officer because she exercised *temporary* authority in a *single case*. 487 U.S. at 671-672. APJs are not temporary officers—they exercise their powers indefinitely. The government points to the court commissioners in *United States* v. *Allred*, 155 U.S. 591 (1895). Gov't Br. 20. But their decisions were subject to review. See *Collins* v. *Miller*, 252 U.S. 364, 369-370 (1920).

478, 479-481; see *Officers of the United States Within the Meaning of the Appointments Clause*, 31 Op. O.L.C. 73, 96 (2007) (noting "two layers of appeal").

Similar statutes abounded over the following decades.[3] "[I]nternal administrative review of lower-level determinations" was "common." Mashaw, *supra*, at 1308-1309 & n.166; see also Harold M. Bowman, *American Administrative Tribunals*, 21 Pol. Sci. Q. 609, 613-614 (1906) (describing "system of appellate jurisdiction").

Principal officer review remains a cornerstone of the modern administrative state. The Interstate Commerce Commission appointed examiners who would "prepare proposed reports from which the parties might seek review." Paul R. Verkuil, *et al.*, *The Federal Adminis-*

---

[3] See, *e.g.*, Act of Mar. 3, 1795, ch. 48, §§2-4, 1 Stat. 441, 441-442 (auditor decisions reviewable by Comptroller); Act of Mar. 3, 1797, ch. 13, §1, 1 Stat. 506, 506 (penalties reviewable by Secretary of Treasury); Act of July 9, 1798, ch. 70, §§3, 7, 22, 1 Stat. 580, 584-585, 589 (assessor valuations reviewable by commissioners); Act of Mar. 2, 1799, ch. 22, §80, 1 Stat. 627, 687-688 (certain collector decisions reviewable by Comptroller); Act of Jan. 9, 1808, ch. 8, §6, 2 Stat. 453, 454 (penalties reviewable by Secretary); Act of Mar. 3, 1809, ch. 28, §2, 2 Stat. 535, 536 (decisions reviewable by Comptroller); Act of Mar. 3, 1817, ch. 110, §5, 3 Stat. 397, 398 (certain commissioner decisions reviewable by Secretary of War); Act of Mar. 3, 1839, ch. 82, §2, 5 Stat. 339, 348-349 (customs collector decisions reviewable by Secretary of Treasury); Act of Sept. 4, 1841, ch. 16, §11, 5 Stat. 453, 456 (decisions appealable to Secretary); Act of Aug. 23, 1842, ch. 185, §2, 5 Stat. 511, 511 (auditor decisions appealable to Second Comptroller); Act of Aug. 30, 1852, ch. 106, §§9, 18, 10 Stat. 61, 67, 70 (steamboat inspector decisions appealable to supervising inspectors); Act of June 12, 1858, ch. 154, §10, 11 Stat. 319, 326-327 (district officer decisions appealable to commissioner and thereafter to Secretary); Act of Mar. 3, 1859, ch. 84, §1, 11 Stat. 435, 435-436 (engineer decisions appealable to Secretary of Interior).

trative Judiciary, in 2 Admin. Conf. of the U.S., *Recommendations and Reports* 777, 799 (1992). Over the following years, agencies "designat[ed] hearing or trial examiners to preside over hearings," while "agency heads would make the final decision." *Ramspeck* v. *Fed. Trial Exam'rs Conf.*, 345 U.S. 128, 130-131 (1953).

The architects of the Administrative Procedure Act emphasized the importance of review. Attorney General Robert Jackson cited the "long-continued policy of Congress [to] jealously confine[ ] the power of final decision in matters of substantial importance to a few principal administrative officers." H.R. Doc. No. 76-986, at 10 (1940). His influential Committee on Administrative Procedure recommended that "[a]gency heads should have the authority, when reviewing hearing commissioners' determinations, to affirm, reverse, modify * * * , or remand for further hearing." Attorney General's Comm. on Admin. Proc., *Final Report* 53 (1941).

Professor Kenneth Culp Davis, a key draftsman of the APA, echoed that view:

> [T]he agency must retain both power and responsibility with respect to every decision. One of the most pernicious ideas on the loose in the realm of administrative law is the idea that someone on behalf of the agency should have power to commit the agency to a position that the agency actively opposes. * * * [N]o one but the Presidential appointees can have final responsibility for what is done in the name of an agency.

Administrative Procedure Act: Hearings on S. 1663 Before the Subcomm. on Admin. Prac. & Proc. of the S. Comm. on the Judiciary, 88th Cong. 256 (July 23, 1964).

Congress enshrined those principles in the APA by granting agency heads power to review hearing officer decisions in all formal adjudications. Pub. L. No. 79-404, §8(a), 60 Stat. 237, 242 (1946). That remains the law today. 5 U.S.C. §557(b).

Principal officer review is also the norm for administrative adjudications generally. "Despite th[e] great diversity in adjudication across the modern administrative state, the 'standard federal model' continues to vest final decision-making authority in the agency head." Christopher J. Walker & Melissa F. Wasserman, *The New World of Agency Adjudication*, 107 Calif. L. Rev. 141, 143-144 (2019); see also *id.* at 157 ("[I]n the vast majority of [informal] adjudication models, the agency head has some degree of decision-making authority."); Michael Asimow, Admin. Conf. of the U.S., *Federal Administrative Adjudication Outside the Administrative Procedure Act* 20 n.77 (2019) (similar); Ronald A. Cass, *Agency Review of Administrative Law Judges' Decisions*, in Admin. Conf. of the U.S., *Recommendations and Reports* 115, 116, 201-216 (1983) (surveying structures).

b. Smith & Nephew's attempts to obscure that longstanding tradition do not withstand scrutiny.

Smith & Nephew starts with copyright royalty judges. S&N Br. 38-40. The D.C. Circuit deemed those judges to be *principal* officers in *Intercollegiate Broadcasting System, Inc.* v. *Copyright Royalty Board*, 684 F.3d 1332, 1340 (D.C. Cir. 2012), cert. denied, 569 U.S. 1004 (2013). So Smith & Nephew tries to distinguish them as subject to less oversight than APJs. In fact, the distinction cuts the other way. Copyright royalty judges' decisions are "review[able] for legal error" by the Register of Copyrights, 17 U.S.C. §802(f)(1)(D), who is herself supervised by the presidentially appointed, Senate-confirmed Librar-

ian of Congress, *id.* §701(a); 2 U.S.C. §136-1(a). Congress did not eliminate review entirely like it did here.

Smith & Nephew's reliance on the Board of Veterans' Appeals fares no better. S&N Br. 40-41. Those judges' decisions are appealable to the Court of Appeals for Veterans Claims, a tribunal made up of presidentially appointed, Senate-confirmed officers. 38 U.S.C. §§7252(a), 7253(b). The CAVC is an *administrative* court in the Executive Branch, not an Article III court. See *id.* §§7251, 7253(c) (15-year terms); H.R. Rep. No. 100-963, pt. 1, at 5 (1988) (locating court "in the executive branch"); cf. *Kuretski* v. *Comm'r*, 755 F.3d 929, 942-943 (D.C. Cir. 2014), cert. denied, 135 S. Ct. 2309 (2015). BVA judges thus are no different from the Coast Guard judges in *Edmond*, whose decisions were reviewable by the Court of Appeals for the Armed Forces, or the special trial judges in *Freytag*, whose decisions were reviewable by the Tax Court.

Finally, Smith & Nephew points to the Department of Health and Human Services' Departmental Appeals Board. S&N Br. 41-42. But that board was created by regulation, not statute. See 38 Fed. Reg. 9906 (Apr. 20, 1973). The Secretary can thus review its decisions at any time simply by amending the regulations—and has asserted authority to do exactly that. See 72 Fed. Reg. 73,708, 73,711 (Dec. 28, 2007) (proposing "Secretarial review of Board decisions"); cf. 85 Fed. Reg. 13,186, 13,188 (Mar. 6, 2020) (providing for Secretary of Labor review of Administrative Review Board decisions where Secretary had previously delegated final authority); *In re*

Sealed Case, 829 F.2d at 56. The Patent Office's Director has no similar power here.[4]

Smith & Nephew proves nothing by urging that all three branches treat "roughly 12,000 administrative adjudicators" as inferior officers. S&N Br. 42. Administrative judges are typically inferior officers because their decisions are ordinarily reviewable by their superiors. The Patent Trial and Appeal Board breaks sharply from that tradition. Smith & Nephew's inability to come up with even a *single example* from another agency underscores how far Congress strayed from that norm.

c. Smith & Nephew's reliance on Patent Office history is similarly unavailing. Originally, patentability decisions were made by a panel consisting of the Secretary of State, the Secretary of War, and the Attorney General. Act of Apr. 10, 1790, ch. 7, §1, 1 Stat. 109, 109-110. In 1836, Congress created the Commissioner of Patents, a presidentially appointed, Senate-confirmed officer who had final authority within the Patent Office over decisions. Act of July 4, 1836, ch. 357, §1, 5 Stat. 117, 117-118. When Congress created examiners-in-chief (now APJs) in 1861, it expressly permitted appeals of their decisions to the Commissioner. Act of Mar. 2, 1861, ch. 88, §2, 12 Stat. 246, 246. Congress replaced that regime with judicial review in 1927. Pub. L. No. 690, §8, 44 Stat. 1335, 1336 (1927). But examiners-in-chief remained presiden-

---

[4] Smith & Nephew points to one discrete category of cases for which Congress made Departmental Appeals Board decisions the "final decision of the Secretary" by statute. S&N Br. 42 (quoting 42 U.S.C. §1316(e)(2)(B)). The Secretary has asserted authority to review and remand board decisions despite similar statutory language. See 72 Fed. Reg. at 73,711 (citing Section 410(c) of the Social Security Act, 42 U.S.C. §610(c)).

tially appointed, Senate-confirmed officers for most of the twentieth century. See, *e.g.*, Pub. L. No. 82-593, sec. 1, § 3, 66 Stat. 792, 792 (1952).

Congress departed from that appointment method only in 1975, invoking interests of convenience without any apparent consideration of constitutional questions. Pub. L. No. 93-601, sec. 1, § 3(a), 88 Stat. 1956, 1956 (1975); S. Rep. No. 93-1401, at 2 (1974) (citing "burden"). Underscoring its inattention to constitutional requirements, Congress briefly transferred appointment authority to the Director—someone who is not even a department head. Pub. L. No. 106-113, app. I, sec. 4717, § 6(a), 113 Stat. 1501A-521, 1501A-580 to -581 (1999); pp. 5-6, *supra*.

Meanwhile, Congress vastly expanded APJs' authority, culminating in its enactment of the AIA in 2011. APJs now hear not only appeals from denials of patent applications but also ex parte reexamination appeals, derivation proceedings, and multiple proceedings to reconsider previously issued patents. 35 U.S.C. § 6(b). Congress also made APJs much more like typical administrative law judges by putting them in charge of new "adjudicative" proceedings. H.R. Rep. No. 112-98, pt. 1, at 46 (2011). Congress, however, denied the Patent Office the traditional power to review those adjudicative decisions, giving APJs the agency's final word.

While Smith & Nephew points to interference examiners (at 44-45), their decisions were reviewable by presidentially appointed, Senate-confirmed examiners-in-chief until 1939. Act of July 8, 1870, ch. 230, § 46, 16 Stat. 198, 204-205; Pub. L. No. 690, § 3, 44 Stat. at 1335-1336. That year, Congress permitted appeals directly to the Court of Customs and Patent Appeals. Pub. L. No. 287, §§ 3-4, 53 Stat. 1212, 1212 (1939). But that tribunal was an *administrative* court—an Executive Branch tribunal composed

of principal officers—until 1958. Pub. L. No. 5, sec. 28, § 29, 36 Stat. 11, 105 (1909); Pub. L. No. 85-755, § 1, 72 Stat. 848, 848 (1958); *Ex parte Bakelite Corp.*, 279 U.S. 438, 458-461 (1929); cf. *Kuretski*, 755 F.3d at 942-943. At best, that history merely confirms that Congress began to stray from conventional structures only late in the game. It does not make the departures any less exceptional compared to the 150 years of tradition that came before—particularly given Congress's massive expansion of APJ authority in the AIA.[5]

That "lack of historical precedent" is "[p]erhaps the most telling indication of [a] severe constitutional problem." *Seila Law*, 140 S. Ct. at 2201. The Board's unusual structure raises grave concerns. As one scholar explains, "all the PTAB members * * * must be appointed as principal officers" because "[a]ny executive actor who issues final decisions on behalf of the United States is constitutionally a principal rather than inferior officer." Lawson, *supra*, at 64; see also Walker & Wasserman, *supra*, at 196-197 (lack of "agency-head final decision-making authority" could "prove problematic" for APJs).

d. Smith & Nephew cannot save the statute by pleading deference to Congress. S&N Br. 47-49. This Court typically does not defer to the political branches on such structural questions. In *Freytag*, the Court refused to "defer to the Executive Branch's decision" on whether special trial judges were officers or employees. 501 U.S.

---

[5] Smith & Nephew notes that, in 1836, Congress permitted panels of arbitrators to review the Commissioner's decisions. See S&N Br. 43 (citing Act of July 4, 1836, ch. 357, § 7, 5 Stat. 117, 119-120). Congress replaced that scheme with judicial review three years later. Act of Mar. 3, 1839, ch. 88, § 11, 5 Stat. 353, 354. That brief, anomalous experiment is not sound precedent for anything.

at 879. "The structural interests protected by the Appointments Clause," it explained, "are not those of any one branch of Government but of the entire Republic." *Id.* at 880. "Neither Congress nor the Executive can agree to waive this structural protection." *Ibid.*; see also *New York* v. *United States*, 505 U.S. 144, 182 (1992).

This Court's reliance on longstanding practice in *NLRB* v. *Noel Canning*, 573 U.S. 513 (2014), undermines Smith & Nephew's position. That case involved *two centuries* of tradition. *Id.* at 528-533, 543-545. Here, history cuts the other way. For 114 years, examiners-in-chief were appointed in the traditional manner for principal officers. Act of Mar. 2, 1861, ch. 88, § 2, 12 Stat. 246, 246. Congress changed course only in 1975, and even then it vacillated, vesting appointment authority for nine years in the Director, an arrangement the government has never tried to defend. Congress's recent extemporization is a *departure* from tradition.

C. The Removal Restrictions Exacerbate the Appointments Clause Violation

While the complete absence of superior officer review makes APJs principal rather than inferior officers, the court of appeals correctly found sharp limits on removal too. Together, those restrictions leave no doubt.[6]

---

[6] The government faults the court of appeals for distilling potential oversight mechanisms into three categories. Gov't Br. 33-34. Even under a totality-of-the-circumstances approach, there is nothing wrong with organizing relevant facts into categories to aid analysis. In fact, the *government* proposed the "three different buckets" approach below. C.A. Arg. Audio 29:59-30:49. The court did not ignore the government's other purported control mechanisms—it merely considered them insufficient to outweigh the absence of review and limits on removal. Pet. App. 9a-22a.

1. *APJs Are Removable Only Under a Restrictive For-Cause Standard*

The Secretary of Commerce can remove APJs only "for such cause as will promote the efficiency of the service"—the same standard that governs other federal civil servants. 5 U.S.C. § 7513(a); see 35 U.S.C. § 3(c). By its terms, that is a *for-cause* standard. It significantly constrains the Secretary's control.

In *Seila Law*, this Court construed a similar standard to impose substantial limits. The statute there permitted the President to remove the CFPB's Director for "inefficiency." 12 U.S.C. § 5491(c)(3). The Court rejected the argument that this "inefficiency" standard "could be interpreted to reserve substantial discretion." 140 S. Ct. at 2206. The President could not "remove an officer based on disagreements about agency policy." *Ibid.*

The Court invoked Congress's intent that the CFPB be independent—a role the agency could not fulfill "if its head were required to implement the President's policies upon pain of removal." *Seila Law*, 140 S. Ct. at 2206-2207. The same reasoning applies here. Congress intended APJs to be independent and impartial adjudicators. See H.R. Rep. No. 104-784, at 32 (1996) (seeking to "insulate these quasi-judicial officers from outside pressures and preserve integrity within the application examination system"); pp. 47-56, *infra*. Interpreting the "efficiency" standard to grant broad removal power would thwart that design.

The Federal Circuit, moreover, has strictly construed § 7513(a)'s for-cause standard in Merit Systems Protection Board appeals for decades. That court has interpreted the standard to require "misconduct * * * likely to have an adverse impact on the agency's performance of its functions." *Brown* v. *Dep't of Navy*, 229 F.3d 1356,

1358 (Fed. Cir. 2000), cert. denied, 553 U.S. 949 (2001); see also *King* v. *Frazier*, 77 F.3d 1361, 1363 (Fed. Cir. 1996) (standard "requires a showing that: (1) the employee engaged in misconduct; and (2) there exists a nexus between the misconduct and the efficiency of the service"), cert. denied, 519 U.S. 814 (1996); cf. *Nguyen* v. *Dep't of Homeland Sec.*, 737 F.3d 711, 716 (Fed. Cir. 2013) (inability to perform duties).

The government claims that a failure to follow the Director's instructions in deciding a case would be insubordination and thus cause for removal. Gov't Br. 26-27. The Federal Circuit disagrees: Administrative judges may not be removed for failing to follow agency head instructions that interfere with their "decisional independence." *Abrams* v. *Soc. Sec. Admin.*, 703 F.3d 538, 545-546 (Fed. Cir. 2012).[7]

Title 5 also provides robust procedural rights in connection with any removal. APJs are entitled to 30 days' notice, an opportunity to respond orally and in writing, a right to counsel, and an appeal to the Merit Systems Protection Board. 5 U.S.C. § 7513(b)-(d). Those procedures further constrain the Secretary's control.

The notion that *civil service protections* are minimal barriers that permit easy removal is contrary to common experience. See, *e.g.*, *The People Problem*, Gov't Exec., Jan. 21, 2015, https://bit.ly/3fJT1XB ("A whopping 78 percent of federal employees say the process for letting someone go is so cumbersome it discourages firing bad

---

[7] A handful of APJs (about 3%) are in the Senior Executive Service. See 83 Fed. Reg. 29,312, 29,324 (June 22, 2018). They are removable only for cause too. 5 U.S.C. § 7543(a). So are the Commissioners. 35 U.S.C. § 3(b)(2)(C).

apples."); S. Rep. No. 95-969, at 43 (1978) (agencies found it "very difficult" to meet efficiency-of-the-service standard). As a practical matter, APJs' civil service protections sharply limit removal as a means of control.[8]

2. *The Director's Designation Authority Is No Substitute for Removal from Office*

The government urges that the Director can refuse to assign an APJ to any panels. Gov't Br. 39-41. But the statute restricts that authority too. Section 7513(a)'s for-cause standard governs constructive as well as actual removals. See *Shoaf* v. *Dep't of Agric.*, 260 F.3d 1336, 1341 (Fed. Cir. 2001). Relieving an officer of his duties can constitute a constructive termination. See *id.* at 1339-1340, 1343 (remanding for new hearing where employee claimed that "the agency provided him with absolutely no viable or meaningful assignments" and "deliberately 'idled' him in an effort to persuade him to resign").

In any case, control over assignments is no substitute for removal from office. Removal power matters because its *in terrorem* effect gives superiors leverage to induce compliance. See *Bowsher* v. *Synar*, 478 U.S. 714, 726 (1986) ("Once an officer is appointed, it is only the authority that can remove him * * * that he must fear and, in the performance of his functions, obey."). The threat of receiving a paycheck while not being assigned any work does not have the same potency as the threat of losing one's job. Some less-than-diligent officers may even welcome what amounts to a paid vacation (or, at worst, unspecified "committee" work, Gov't Br. 28). Merely

[8] While the Director can "fix the rate of basic pay" for APJs, 35 U.S.C. § 3(b)(6), any individual reduction in pay is an adverse employment action subject to the same for-cause standard, 5 U.S.C. § 7512(4).

relieving APJs of their assignments, moreover, does not free up openings to hire more competent replacements.

Edmond does not hold otherwise. Although this Court considered the Judge Advocate General's authority to remove Coast Guard judges from their judicial assignments, the Court mentioned that authority as one factor in a regime that *also* included authority to review their decisions and other oversight powers. 520 U.S. at 664-666. The Court did not hold that control over assignments was *equivalent* to removal from office, nor did it hold that the former authority would be sufficient even if superiors had no power of review whatsoever.[9]

D. The Director's Supervisory Powers Are No Substitute for Review

The government and Smith & Nephew attempt to make up for the absence of review by contriving a variety of schemes through which the Director could try to manipulate adjudications. Both the statute and due process preclude those ploys. And they are inadequate regardless.

1. *The Director Lacks Authority To Manipulate the Outcomes of Specific Cases*

a. The government's schemes defy the clear statutory structure. The government suggests, for example, that the Director could promulgate a rule or policy guidance instructing APJs what result to reach on exemplary facts that just happen to match a specific pending case. Gov't

---

[9] Smith & Nephew insists the court of appeals "got it backwards" by treating removal restrictions as evidence of principal officer status. S&N Br. 34. But this Court's precedents clearly treat removal power (and hence restrictions thereon) as relevant to control. See *Edmond*, 520 U.S. at 664; *Morrison*, 487 U.S. at 671.

Br. 29, 38. The statute prohibits that sort of interference in a pending adjudication.

"[I]n the AIA Congress expressly divided the delegation of rulemaking and adjudicatory powers between the Director and the Board." *Facebook, Inc.* v. *Windy City Innovations, LLC*, 973 F.3d 1321, 1351 (Fed. Cir. 2020) (additional views); see 35 U.S.C. §§3(a)(2)(A), 6(b). That bilateral structure prohibits the Director from using his general rulemaking or policymaking authority to direct the Board how to decide specific cases. See *United States* v. *Giordano*, 416 U.S. 505, 512-514 (1974) (holding that Attorney General could not rely on general authority where more specific provision addressed power at issue); *United States ex rel. Accardi* v. *Shaughnessy*, 347 U.S. 260, 265-266 (1954) (holding that Attorney General could not interfere in specific proceeding because board "was required * * * to exercise its own judgment").

This Court rejected a similar argument in *Free Enterprise Fund*. There, the SEC had no express authority to control PCAOB investigations. 561 U.S. at 504. But the government proposed that the SEC could promulgate a rule requiring the PCAOB to obtain approval for specific investigatory steps. *Id.* at 505. The Court disagreed: Construing the SEC's general rulemaking authority to permit control over discrete investigations would conflict with the statute's more specific provisions. *Ibid.*

Congress has long protected the independence of administrative judges. Under the APA, a hearing officer "exercises his independent judgment on the evidence before him, free from pressures by the parties or other officials within the agency." *Butz* v. *Economou*, 438 U.S. 478, 513 (1978); see also Jack M. Beermann, *Administrative Adjudication and Adjudicators*, 26 Geo. Mason L. Rev. 861, 875 (2019) ("[I]n adjudicatory matters, agency

heads * * * may not supervise the actual conduct of the proceeding."). The AIA's bilateral structure grants APJs similar independence here. The government's suggestion that the Director simply *tell* the Board how to rule ignores that design.[10]

b. The government's schemes also violate due process. The government suggests, for example, that the Director could manipulate panel compositions to achieve desired outcomes. Gov't Br. 37. In *Utica Packing Co.* v. *Block*, 781 F.2d 71 (6th Cir. 1986), however, the court found a due process violation where the Secretary of Agriculture replaced an administrative judge to change a case's outcome. *Id.* at 74-75, 78. The court observed that "[t]here is no guarantee of fairness when the one who appoints a judge has the power to remove the judge before the end of proceedings for rendering a decision which displeases the appointer." *Id.* at 78.

The Patent Office has asserted authority to engage in such "panel-stacking." See *In re Alappat*, 33 F.3d 1526, 1536 (Fed. Cir. 1994) (en banc) (reserving judgment on whether panel-stacking violates due process). But the practice is widely criticized as offending due process. See Richard A. Epstein, *The Supreme Court Tackles Patent Reform*, 19 Federalist Soc'y Rev. 124, 128 (2018) ("The notion of due process * * * is mocked when the PTAB is

---

[10] Similarly, the Director cannot de-institute review merely because he disagrees with how the Board may decide a case. Cf. Gov't Br. 31. An agency cannot use its inherent reconsideration power to subvert statutory rehearing procedures. See *Tokyo Kikai Seisakusho, Ltd.* v. *United States*, 529 F.3d 1352, 1361 (Fed. Cir. 2008). Only the Board can grant rehearing. 35 U.S.C. § 6(c). The Director therefore cannot unilaterally nullify a decision with which he disagrees simply by de-instituting review.

allowed to stack a panel with sympathetic judges, contrary to the practice of every other court."); John M. Golden, *PTO Panel Stacking: Unblessed by the Federal Circuit and Likely Unlawful*, 104 Iowa L. Rev. 2447, 2469 (2019) ("There should be no backroom puppetmaster who effectively makes the decision for which other agency actors are the legally accountable adjudicators."). This Court cannot avoid one constitutional infirmity by construing the statute to create another.[11]

2. *Prospective Direction Is Not an Adequate Substitute for Review*

a. Even if the Director had all the powers claimed, the government's proposals would still suffer from a recurring defect: They are solely forward-looking. Rules or policy guidance may enable the Director to *affect* future decisions, but they do not permit him to *correct or undo* decisions that misapply his directives. Altering panel composition might permit the Director to *influence* outcomes, but he cannot *change* decisions already made. De-instituting review may permit the Director to *prevent* decisions from issuing, but he cannot *modify or reverse* decisions already rendered, much less *compel* results he prefers.

As a practical matter, moreover, the Director cannot anticipate every legal or policy issue that may arise, much less case-specific issues like claim construction or interpretation of prior art. Effective supervision requires the power to *correct* mistakes, not merely to an-

[11] The court of appeals doubted whether the Director has authority to de-designate panel members at all. Pet. App. 16a-17a n.3. Even if the Director can de-designate panel members for legitimate reasons, due process prohibits him from manipulating panel composition to change a case's outcome.

ticipate and head them off in advance. The government suggests that the Director could order the Board to circulate draft opinions so he can issue policy guidance or de-institute review if he disagrees. Gov't Br. 38. While that contrivance is an impermissible end-run around the statute, see pp. 39-41 & n.10, *supra*, the government's need to resort to it underscores the inadequacy of the prospective powers the Director actually possesses.

Despite all the government's efforts to rewrite the Director's powers, the fact remains that APJs deliver the agency's final word. That power is a hallmark of principal officer status. See *Edmond*, 520 U.S. at 665; *Ass'n of Am. R.Rs.*, 575 U.S. at 64 (Alito, J., concurring). The government's schemes do not enable the Director to modify or retract positions an APJ has already taken on behalf of the Executive Branch.

b. The government also overstates the Director's rulemaking power. The Director can promulgate regulations governing inter partes review. 35 U.S.C. §316(a); *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2142-2143 (2016). But he has no general rulemaking authority over *substantive patentability standards*. See *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008); *Facebook*, 973 F.3d at 1353 (additional views). The Director thus cannot necessarily prevent even substantive errors he can foresee.

Moreover, while the Director can provide "policy direction and management supervision for the Office," 35 U.S.C. §3(a)(2)(A), that authority does not include issuing binding rules. A basic distinction between rules and policy statements is that the latter have "no binding effect" on the agency. *Clarian Health W., LLC* v. *Hargan*, 878 F.3d 346, 357-358 (D.C. Cir. 2017); see also *Ryder Truck Lines, Inc.* v. *United States*, 716 F.2d 1369,

1377 (11th Cir. 1983) (officials have "discretion to follow or not to follow" policies), cert. denied, 466 U.S. 927 (1984); 84 Fed. Reg. 50, 51 (Jan. 7, 2019) (Patent Office policy guidance "does not have the force and effect of law").

c. The only unilateral authority over decided cases the government identifies is the Director's purported power to designate opinions precedential or non-precedential. Gov't Br. 30. Even a non-precedential opinion, however, is still "binding in the case in which it is made." Patent Trial & Appeal Board, Standard Operating Procedure 2, at 3 (10th rev. Sept. 20, 2018). APJs might be *even more* powerful if they could bind future panels. But either way, APJs render the Executive Branch's final word in each and every case they decide.[12]

d. The government's contrived schemes confirm what is obvious from the face of the statute: Congress did not intend the Director to review Board decisions. Rather, to streamline review, Congress structured the Board as an administrative court whose decisions—just like a district court's—go straight to the court of appeals. The Constitution permits Congress to create a powerful tribunal like that. But it requires the judges to be appointed as principal officers.

---

[12] The existence of the Director's precedential designation authority is hotly contested. Apple, Cisco, Intel, and Google recently sued the Director, challenging the practice as a circumvention of statutory rulemaking requirements. See *Apple Inc.* v. *Iancu*, No. 20-cv-6128, Dkt. 65, at 23-25 (N.D. Cal. filed Nov. 23, 2020).

II. The Court Of Appeals Erred By Severing Administrative Patent Judges' Tenure Protections

While the court of appeals correctly found an Appointments Clause violation, its remedy—severing APJs' tenure protections—was improper. Although this Court prefers to sever invalid portions of a statute where possible, see *Barr* v. *Am. Ass'n of Pol. Consultants, Inc.*, 140 S. Ct. 2335, 2349-2352 (2020) (plurality), severance is not appropriate unless the remaining portions are "(1) constitutionally valid, (2) capable of 'functioning independently,' and (3) consistent with Congress' basic objectives in enacting the statute," *United States* v. *Booker*, 543 U.S. 220, 258-259 (2005) (citations omitted). For several reasons, those requirements are not met here.[13]

A. The Statute Is Unconstitutional Even Without Removal Restrictions

Severing APJs' tenure protections does not result in a statute that is "constitutionally valid." *Booker*, 543 U.S. at 258. APJs remain principal officers because they still render the final word for the Executive Branch. For all the reasons in Section I.B above (pp. 19-35, *supra*), administrative judges with power to issue decisions that are not reviewable by any superior executive officer are principal officers. Eliminating tenure protections does nothing to solve the problem.

---

[13] Unlike some prior statutes, *e.g.*, Pub. L. No. 82-593, § 3, 66 Stat. at 815, neither the AIA nor the 1975 or 1999 amendments adding the tenure protections contains a severability clause. While that omission does not raise any presumption *against* severability, "Congress' silence is just that—silence." *New York*, 505 U.S. at 186.

This Court's precedents make clear that, for administrative judges, review is critical to inferior officer status. *Edmond* held that oversight of administrative judges is "not complete" unless a superior has "power to reverse decisions." 520 U.S. at 664. "What is significant is that the judges * * * have no power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." *Id.* at 665; see also *Ass'n of Am. R.Rs.*, 575 U.S. at 64 (Alito, J., concurring) ("Inferior officers can do many things, but nothing final should appear in the Federal Register unless a Presidential appointee has at least signed off on it."). APJs decide cases; that is their function. This Court has *never* held an administrative judge to be an inferior officer where no superior officer had power to review his decisions.

That analysis does not depend on removal restrictions. With or without tenure protections, "[t]he firing of the judges does not * * * vacate their decision[s]." Lawson, *supra*, at 61. APJs can still speak for the agency and bind the agency to an outcome—even one the agency vehemently opposes. Superiors must be able to *correct* or *retract* statements made in the agency's name, not merely punish errors or prevent future mistakes by firing the judge. Removal is a poor tool for supervising the one way administrative judges exercise executive authority: deciding cases.

Permitting APJs to adjudicate disputes, while denying the Director any power of review, departs starkly from traditional agency structure. From the earliest days of the Republic, Congress provided for administrative review of inferior officers' decisions. "[T]he 'standard federal model' continues to vest final decision-making authority in the agency head." Walker & Wasserman, *supra*, at

143-144. Tenure protection has no bearing on that departure from tradition.

B. Congress Would Not Have Enacted the America Invents Act Without Tenure Protections for Administrative Patent Judges

Even if the court of appeals' remedy could solve the problem, severance must be "consistent with Congress' basic objectives in enacting the statute." *Booker*, 543 U.S. at 258-259. A court "cannot rewrite a statute and give it an effect altogether different from that sought by the measure viewed as a whole." *Murphy* v. *Nat'l Collegiate Athletic Ass'n*, 138 S. Ct. 1461, 1482 (2018). The remaining provisions must "function in a *manner* consistent with the intent of Congress." *Alaska Airlines, Inc.* v. *Brock*, 480 U.S. 678, 685 (1987). A court may not sever tenure protections if "striking the removal provisions would lead to a statute that Congress would probably have refused to adopt." *Bowsher*, 478 U.S. at 735.

The court of appeals' remedy cannot be reconciled with those principles. Congress has long considered tenure protections essential to safeguard the independence and impartiality of administrative judges. Congress has combined those protections with transparent review processes in which agency heads accountable to the President can review decisions. Congress would not have enacted a regime that includes *neither* tenure protections for administrative judges *nor* any review by an accountable agency head—a regime in which transparent review of impartial decisions is replaced by subtle political pressure and other unseen influence. The court of appeals' remedy produced a regime that is unrecognizable in the realm of agency adjudication.

1. *Congress Has Long Considered Tenure Protections Essential for Officers Exercising Judicial Functions*

a. The role of tenure protections in securing impartial administration of justice predates the Constitution by a century. In 1701, the Act of Settlement established that English judges would hold office during good behavior rather than at the King's pleasure. See 12 & 13 Will. 3, c. 2, §3 (1701). The Crown's withdrawal of those protections from colonial judges was one of the grievances asserted in the Declaration of Independence. See *The Declaration of Independence* ¶11 (1776) ("He has made Judges dependent on his Will alone, for the tenure of their offices * * * .").

The Framers understood the need for those protections: "In the general course of human nature, *a power over a man's subsistence amounts to a power over his will*." *The Federalist* No. 79, at 472 (Hamilton). "[J]udges who hold their offices by a temporary commission" would not act with "inflexible and uniform adherence to the rights of the Constitution, and of individuals." *The Federalist* No. 78, at 470-471 (Hamilton). Article III thus provides that judges "shall hold their Offices during good Behaviour." U.S. Const. art. III, §1.

b. Those protections are no less important for administrative judges. During the First Congress, Madison proposed that the Comptroller of the Treasury be granted tenure protections because some of his duties "partake[] strongly of the judicial character, and there may be strong reasons why an officer of this kind should not hold his office at the pleasure of the Executive branch." 1 Annals of Cong. 611-612 (June 29, 1789). Madison ultimately withdrew the proposal, *id.* at 615 (June 30, 1789), but only after others objected that the Comptroller per-

formed primarily non-adjudicative duties, see, *e.g.*, *id.* at 613 (June 29, 1789) (Sedgwick).

Even *Myers* v. *United States*, 272 U.S. 52 (1926)—the high-water mark of this Court's removal jurisprudence—recognized that administrative judges are different. "[T]here may be duties of a quasi-judicial character imposed on executive officers and members of executive tribunals whose decisions after hearing affect interests of individuals, the discharge of which the President cannot in a particular case properly influence or control." *Id.* at 135. The President could remove such an officer only outside the context of a specific case, on the ground that the officer's authority "has not been on the whole intelligently or wisely exercised." *Ibid.*

In *Wiener* v. *United States*, 357 U.S. 349 (1958), the Court held that the President could not remove members of the War Claims Commission at will. The Commission was an "adjudicating body" with an "intrinsic judicial character." *Id.* at 354-355. The Court "inferred that Congress did not wish to have hang over the Commission the Damocles' sword of removal by the President for no reason other than that he preferred to have on that Commission men of his own choosing." *Id.* at 356.[14]

Today, even strong proponents of the unitary executive recognize the propriety of tenure protections for administrative judges. The "conventional and estab-

---

[14] *Wiener* relied on *Humphrey's Executor* v. *United States*, 295 U.S. 602 (1935), which upheld tenure protections for Federal Trade Commissioners who performed what could fairly be described as predominantly executive functions. See *Wiener*, 357 U.S. at 353. The Court need not embrace *Humphrey's Executor* to accept *Wiener*'s more modest holding regarding administrative judges who perform solely adjudicative duties.

lished view" is that "the President's control does not require at will removal for administrative law judges or other officials who solely adjudicate within the executive branch." Neomi Rao, *Removal: Necessary and Sufficient for Presidential Control*, 65 Ala. L. Rev. 1205, 1247 (2014). "[P]residents have not historically asserted the authority to remove adjudicators at will," and "this long-standing and largely unquestioned understanding has developed into a very strong convention." *Id.* at 1249; see also *The Constitutional Separation of Powers Between the President and Congress*, 20 Op. O.L.C. 124, 169 (1996) (tenure protections for adjudicators "will continue to meet with consistent judicial approval").

c. Congress embraced that view when it created the modern administrative law judge in the Administrative Procedure Act. Before the APA, hearing officers were often dependent on their superiors for their job, salary, and promotion. See *Ramspeck*, 345 U.S. at 130-132 & n.2. Many complained that hearing officers were "mere tools of the agency concerned and subservient to the agency heads in making their proposed findings of fact and recommendations." *Id.* at 131.

The committees advising Congress urged that "[r]emoval of a hearing commissioner during his term should be for cause only." Attorney General's Comm., *supra*, at 49. "Independence of judgment * * * will be achieved * * * [by a] definite tenure of office at a fixed salary." *Id.* at 47; see also President's Comm. on Admin. Mgmt., *Administrative Management in the Government of the United States* 37 (1937) (adjudicators should be "removable only for causes stated in the statute").

Congress heeded that advice in the APA. The statute permitted removal of examiners "only for good cause established and determined by the Civil Service Commis-

sion." Pub. L. No. 79-404, § 11, 60 Stat. 237, 244 (1946). Administrative law judges enjoy the same protections today. 5 U.S.C. § 7521(a).

By providing those protections, Congress sought "to render examiners independent and secure in their tenure and compensation." S. Rep. No. 79-752, at 29 (1945). It wanted adjudicators whose "independence and tenure are so guarded * * * as to give the assurances of neutrality." *Wong Yang Sung* v. *McGrath*, 339 U.S. 33, 52 (1950). "The substantial independence that the Administrative Procedure Act's removal protections provide to administrative law judges" remains "a central part of the Act's overall scheme." *Lucia*, 138 S. Ct. at 2060 (Breyer, J., concurring in part).

d. Congress has provided those protections without surrendering the accountability the Appointments Clause demands. Under the traditional model, tenure-protected administrative judges issue initial decisions. Those decisions are then subject to transparent review by accountable agency heads responsible for their actions in accepting or rejecting a decision. See pp. 27-32, *supra*.

That combination reflects Congress's longstanding judgment that review, not removal, is the right way to supervise administrative judges without sacrificing the fairness of agency adjudication:

> Even though the agency might reverse a hearing examiner's decision for policy reasons, the parties and the public would have had the benefit of a visibly independent determination of the evidentiary facts. It would then be clear to all that the evidentiary facts were found fairly and accurately. The application of policy at the agency level would then be seen for what it was: a policy determination

> rather than a skewing of evidentiary factfinding for policy reasons.

Verkuil, *et al.*, *supra*, at 802; see also Daniel J. Gifford, *Federal Administrative Law Judges*, 49 Admin. L. Rev. 1, 8 (1997) (same).

"[A] fundamental precondition of accountability in administration [is] the degree to which the public can understand the sources and levers of bureaucratic action." Elena Kagan, *Presidential Administration*, 114 Harv. L. Rev. 2245, 2332 (2001). Review of decisions promotes that goal because the public knows whom to applaud or blame when an agency reverses a decision. By contrast, controlling administrative judges through subtle and unseen threats of removal skews decisionmaking while allowing the officer actually responsible for a decision to avoid accountability.

The course charted by the court below achieves *neither* benefit of the traditional model. There is no initial decision by an impartial adjudicator. And there is no oversight through transparent, on-the-record review by a principal officer accountable for his actions. The notion that Congress would have adopted a system that offers *neither* impartiality *nor* accountability defies both longstanding tradition and common sense.

2. *Tenure Protections Are Particularly Important Under the AIA*

Impartiality and transparency are no less crucial for APJs. When Congress first granted the Patent Office power to reexamine previously issued patents in 1980, examiners-in-chief were removable only for cause. Pub. L. No. 93-601, §2, 88 Stat. 1956, 1956 (1975); 5 U.S.C. §7513(a). Those protections were meant to "insulate these quasi-judicial officers from outside pressures and

preserve integrity within the application examination system." H.R. Rep. No. 104-784, at 32 (1996).

Those protections became even more important when Congress enacted the AIA in 2011. The reexaminations that predated the AIA were "agency-led, inquisitorial process[es]" in which third parties played a limited role. *SAS Inst. Inc.* v. *Iancu*, 138 S. Ct. 1348, 1355 (2018). In the AIA, Congress sought to "convert[] inter partes reexamination from an examinational to an adjudicative proceeding." H.R. Rep. No. 112-98, pt. 1, at 46 (2011); see also 157 Cong. Rec. 3428 (Mar. 8, 2011) (Sen. Kyl) ("important structural change" was "conver[sion] into an adjudicative proceeding"); 157 Cong. Rec. 3375 (Mar. 7, 2011) (Sen. Sessions) (similar). Congress's "overarching purpose" was "to create a patent system that is *clearer, fairer, more transparent, and more objective*." 157 Cong. Rec. 12,984 (Sept. 6, 2011) (Sen. Kyl) (emphasis added).

Congress thus created a "party-directed, adversarial process" that "mimics civil litigation." *SAS Inst.*, 138 S. Ct. at 1352, 1355. APJs function like trial judges, presiding over adversarial proceedings in which parties take discovery, submit briefs and evidence, and present oral argument. 35 U.S.C. §316(a). The Patent Office itself refers to the proceedings as "trial[s]." 37 C.F.R. §42.100(a). The Patent Office's Director explained the judicial role APJs would play: "You could think of them as judges. Administrative Law Judges— * * * They are trained essentially as judges. So they are not examining patent applications, they are adjudicating." *Commerce, Justice, Science, and Related Agencies Appropriations for 2012: Hearings Before the Subcomm. on Com., Just., Sci. & Related Agencies of the H. Comm. on Appropriations*, 112th Cong. 196 (Mar. 2, 2011) (David Kappos).

Having made APJs even more like traditional administrative law judges, Congress clearly would have expected them to adjudicate impartially. Congress would not have denied them protections it has long considered necessary to secure that impartiality.

3. *Eliminating Tenure Protections for APJs Defies Congressional Intent*

Severance must be "consistent with Congress' basic objectives in enacting the statute." *Booker*, 543 U.S. at 258-259. Congress's basic objective here was to establish a new *adjudicative* regime that was "clearer, fairer, more transparent, and more objective." 157 Cong. Rec. 12,984 (Sept. 6, 2011) (Sen. Kyl). Denying APJs the independence and impartiality Congress has traditionally considered fundamental to the fairness of agency adjudication defies those basic objectives. Congress would not have created a system where transparency gives way to unseen influence behind the scenes.

A court cannot give a statute "an effect altogether different from that sought by the measure viewed as a whole." *Murphy*, 138 S. Ct. at 1482. The statute must "function in a *manner* consistent with the intent of Congress." *Alaska Airlines*, 480 U.S. at 685. Congress intended APJs to be independent and impartial adjudicators. A regime where political subordinates revoke valuable property rights while trying to please their superiors and avoid losing their jobs would be a drastic departure from what Congress enacted.

The statutory structure confirms that Congress intended the Board to be independent. The Board acts in panels of at least three members, 35 U.S.C. §6(c); the Director serves as just one member, *id.* §6(a), and Board decisions are appealable only to Article III courts, *id.* §141. Empowering the Secretary to dominate the

Board's decisionmaking by threatening to fire anyone who disregards his policy preferences is incompatible with that structure.[15]

As the dissents below recognized, "[b]y eliminating Title 5 removal protections for APJs," the court "perform[ed] major surgery to the statute that Congress could not possibly have foreseen or intended." Pet. App. 250a-251a (Dyk, J., dissenting). "Removal protections for administrative judges have been an important and long-standing feature of Congressional legislation * * * ." *Id.* at 251a; see also *id.* at 277a (Hughes, J., dissenting).

Members of Congress agreed. "I find it inconsistent with the idea of creating an adjudicatory body to have judges who have no job security. It goes against the idea of providing independent, impartial justice if a judge is thinking about his or her livelihood while also weighing the facts of a case." *The Patent Trial and Appeal Board and the Appointments Clause: Hearing Before the Subcomm. on Cts., Intell. Prop. & the Internet of the H. Comm. on the Judiciary*, 116th Cong. 45:45-46:03 (Nov. 19, 2019) (Rep. Johnson). "[L]itigants will be left wondering if the decision they receive truly represents the impartial weighing of facts and evidence under the law. * * * [T]hat is generally not consistent with the way that adjudicatory tribunals are structured." *Id.* at 53:41-53:58 (Rep. Nadler).

---

[15] Such a regime would also undermine Congress's requirement that APJs be "persons of competent legal knowledge and scientific ability." 35 U.S.C. § 6(a). Congress did not envision that patents would be revoked at the behest of high-level political appointees with no scientific or legal training.

The court of appeals asserted that Congress "intended for the *inter partes* review system to function" and "would have preferred a Board whose members are removable at will rather than no Board at all." Pet. App. 27a. But Congress was trying to *improve* patent review, not mow down patents by any means necessary.

The court's refusal to sever the requirement that the Board preside in panels of at least three judges underscores the point. The court noted that "[t]he breadth of backgrounds and the implicit checks and balances within each three-judge panel contribute to the public confidence," and that "severing three judge review from the statute would be a significant diminution in the procedural protections afforded to patent owners." Pet. App. 24a-25a. That rationale was correct—but no less applicable to the tenure protections.

APJs decide the fate of billions of dollars of intellectual property. Congress plainly intended them to have the tenure protections it has long considered essential to independent and impartial adjudication. The court of appeals' remedy—which provides neither impartiality nor the transparent review by superior officers that ensures public accountability—defies that intent and undermines the fairness of these important proceedings.

C. Severance Is Especially Inappropriate Given the Many Ways Congress Could Remedy the Violation

1. The sheer multitude of remedial options is another reason to reject the court of appeals' remedy. This Court is especially reluctant to sever a provision when there are many ways to proceed and the Court would have to speculate to predict what Congress would prefer. See *Randall* v. *Sorrell*, 548 U.S. 230, 262 (2006) (plurality) (refusing to sever contribution limits because plurality

could not "foresee which of many different possible ways the legislature might respond to the constitutional objections"); cf. *Bowsher*, 478 U.S. at 734-736 (declining to "weigh[ ] * * * the importance Congress attached to the removal provisions * * * against the importance it placed on [other provisions]"); *Free Enter. Fund*, 561 U.S. at 509-510 (refusing to "blue-pencil a sufficient number of the Board's responsibilities" because "such editorial freedom * * * belongs to the Legislature, not the Judiciary").

That reluctance reflects the severability doctrine's underlying rationale. Ordinarily, courts sever invalid provisions to "avoid judicial policymaking or *de facto* judicial legislation in determining just how much of the remainder of a statute should be invalidated." *Barr*, 140 S. Ct. at 2351 (plurality). Where a court cannot discern which of many routes Congress might take, severance has the opposite effect: It *invites* judicial policymaking by requiring the court to speculate about legislative preferences. Congress should make those policy decisions.

2. That is the situation here. The constitutional violation does not arise from any one provision. Rather, it results from the *combination* of an appointment process insufficient for principal officers and other provisions that grant APJs broad powers while restricting oversight. Those circumstances practically guarantee a variety of ways Congress could respond. See *Seila Law*, 140 S. Ct. at 2222-2224 (Thomas, J., concurring in part) ("When confronted with two provisions that operate together to violate the Constitution," a court is "left to choose based on nothing more than speculation as to what the Legislature would have preferred.").

Congress could select from a range of historically grounded remedies. Congress could provide for APJs to be appointed by the President and confirmed by the

Senate, consistent with their important functions. Examiners-in-chief were appointed that way for 114 years. Act of Mar. 2, 1861, ch. 88, § 2, 12 Stat. 246, 246. The Senate already confirms tens of thousands of nominations per year. See Elizabeth Rybicki, Cong. Rsch. Serv., RL31980, *Senate Consideration of Presidential Nominations* 1 (2017) (approximately 65,000 military nominations and 2,000 civilian nominations every two years).

Congress could grant the Director authority to review APJ decisions. That approach would conform to the "standard federal model" for agency adjudication. Walker & Wasserman, *supra*, at 143-144. It would also permit the Director to supervise APJs in a transparent, accountable manner, rather than through covert influence and threats of removal.

Or Congress could reject inter partes review. See, *e.g.*, Restoring America's Leadership in Innovation Act of 2020, H.R. 7366, 116th Cong. § 4 (June 25, 2020). Congress could conclude that fairness and impartiality would be best served by reserving the power to invalidate patents to the impartial judicial branch, where it resided for centuries.

The amicus briefs propose still more alternatives. See Morgan Br. 24-25 (grant Secretary "waivable option" to remove APJs without cause); Unified Patents Br. 26 (eliminate tenure protections for Deputy Director); *ibid.* (eliminate tenure protections for Deputy Director and Commissioners); High Tech Inventors Alliance Br. 26-27 (sever three-judge requirement); *id.* at 27-28 (sever restriction that only Board may grant rehearing); Unified Patents Br. 21-23 (make Board decisions advisory on Director); U.S. Inventor Cert. Br. in No. 19-1458, at 8-9 (make Board decisions advisory generally). By our count, the parties and amici have now proposed at least *ten*

different options to solve the problem, with more amicus briefs still to come.

The "as applied" nature of the court of appeals' remedy compounds the problem. Because there is no tenure provision specific to APJs, the court could not literally "sever" anything—it had to invalidate Title 5's protections "as applied to APJs" but no one else. Pet. App. 26a-27a. That freeform adjustment of statutory language invites even more judicial policymaking. See *United States* v. *Nat'l Treasury Emps. Union*, 513 U.S. 454, 479 & n.26 (1995) (refusing to sever invalid applications because "drawing one or more lines * * * involves a far more serious invasion of the legislative domain"); *Ayotte* v. *Planned Parenthood of N. New Eng.*, 546 U.S. 320, 330 (2006) (cautioning against "making distinctions * * * where line-drawing is inherently complex"). With so many alternatives, Congress, not the Court, should decide.

3. Given the range of policy choices better left to Congress, the Court should hold the current inter partes review regime unconstitutional, dismiss this inter partes review, and defer to Congress to fix the problem, as it has in the past. See, *e.g.*, *N. Pipeline Constr. Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50, 88 (1982) (plurality) (holding bankruptcy courts unconstitutional and "afford[ing] Congress an opportunity to reconstitute [them]"). That approach would clear the decks for Congress to act rather than distorting legislative debate by imposing this Court's preferred solution as a default. It would also leave parties free to challenge patents through declaratory actions or other avenues in the interim. See *Medtronic, Inc.* v. *Mirowski Fam. Ventures, LLC*, 571 U.S. 191, 195 (2014).

Alternatively, the Court could simply grant Arthrex the relief it seeks by ordering dismissal of this inter

partes review, while leaving any broader questions to Congress. See *Seila Law*, 140 S. Ct. at 2224 (Thomas, J., concurring in part). Either approach would remedy the constitutional violation in this case while respecting Congress's legislative prerogatives.

D. *Seila Law* and *Free Enterprise Fund* Do Not Support Severance in This Case

Neither *Seila Law* nor *Free Enterprise Fund* supports the court of appeals' remedy.

1. Severance was clearly *sufficient* to remedy the violations in *Seila Law* and *Free Enterprise Fund*. In *Seila Law*, the Court severed the removal restrictions on the CFPB's Director to remedy a separation-of-powers violation. 140 S. Ct. at 2207-2211 (plurality). The Director was already appointed as a principal officer, so there was no Appointments Clause issue. *Id.* at 2193 (majority).

In *Free Enterprise Fund*, the Court severed the removal restrictions on the PCAOB's board members to remedy a separation-of-powers problem. 561 U.S. at 508-510. The Court rejected the Appointments Clause challenge based on the SEC's removal authority *and* its power to review decisions. *Id.* at 486, 510. The Court had no occasion to address whether at-will removal power alone would be sufficient.

Here, by contrast, severance of removal restrictions is not an adequate remedy. Even without tenure protections, APJs are still principal officers because no superior officer can review their decisions.

2. *Seila Law* and *Free Enterprise Fund* also presented very different questions of congressional intent.

The CFPB Director in *Seila Law* was an agency head with potent rulemaking and enforcement powers. 140 S. Ct. at 2193. She performed adjudicative functions only

by reviewing hearing officers' recommended decisions as one component of her vast responsibilities. *Ibid.*

Similarly, the PCAOB board members in *Free Enterprise Fund* managed an entity with "expansive powers to govern an entire industry." 561 U.S. at 485. The PCAOB promulgated auditing and ethics rules, performed inspections, and conducted investigations and enforcement proceedings. *Ibid.* The board members performed adjudicatory functions only in that they *also* oversaw the PCAOB's disciplinary proceedings. *Ibid.*

Congress has no settled tradition of granting tenure protections to agency heads with broad policymaking and enforcement authority. Except for multimember commissions that run independent agencies, Congress normally makes agency heads removable at will to ensure their accountability. See *Seila Law*, 140 S. Ct. at 2201-2204; Kirti Datla & Richard L. Revesz, *Deconstructing Independent Agencies (and Executive Agencies)*, 98 Cornell L. Rev. 769, 786 (2013). Stripping tenure protections from the CFPB's Director or the PCAOB's board members thus was no innovation: It merely brought those officers in line with how Congress normally treats executive agency heads.

This case, by contrast, involves administrative judges charged solely with impartial adjudication. There is a "longstanding and largely unquestioned" tradition of tenure protections for "administrative law judges or other officials who *solely* adjudicate within the executive branch." Rao, *supra*, at 1247-1249 (emphasis added); see also *Free Enter. Fund*, 561 U.S. at 507 n.10 (contrasting PCAOB board members with "administrative law judges [who] * * * perform adjudicative rather than enforcement or policymaking functions"). Congress deems those protections essential to secure independence and impar-

tiality. Eliminating those protections here would be a radical departure from tradition.

3. Finally, *Seila Law* and *Free Enterprise Fund* differ with respect to the degree of judicial policymaking at stake. Both cases were separation-of-powers challenges in which the removal restrictions were the *avowed target* of the claims. See *Seila Law*, 140 S. Ct. at 2197; *Free Enter. Fund*, 561 U.S. at 492. Severing those restrictions was the obvious and appropriate response.

In this case, by contrast, Arthrex is not arguing that APJs' tenure protections are unconstitutional. Arthrex claims that APJs are principal officers who must be appointed as the Constitution requires. Removal restrictions matter only because the court of appeals thought that adjusting those restrictions was one way out of many to fix the problem. Even then, the court could not actually *sever* anything; it had to *adjust* the statute by deeming it inapplicable to APJs alone. That judicial policymaking far exceeded anything required in *Seila Law* or *Free Enterprise Fund*.

E. Severance Violates Constitutional Avoidance Principles

Constitutional avoidance provides one final reason to reject the court of appeals' remedy. A "cardinal principle" of statutory interpretation is that, "where an otherwise acceptable construction of a statute would raise serious constitutional problems, the Court will construe the statute to avoid such problems" whenever possible. *Edward J. DeBartolo Corp.* v. *Fla. Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988). That canon reflects "the reasonable presumption that Congress did not intend [an] alternative [construction] which raises serious constitutional doubts." *Clark* v. *Martinez*, 543 U.S. 371, 381 (2005).

The same principle applies to remedies. Severance is primarily a question of "legislative intent." *Booker*, 543 U.S. at 246. The Court will not presume that Congress would prefer a remedy that raises grave constitutional doubts. In *Treasury Employees*, for example, the Court declined to sever certain applications of an honorarium ban because, even as severed, the statute "would likely raise independent constitutional concerns whose adjudication is unnecessary to decide this case." 513 U.S. at 479. And in *Ayotte*, the Court cautioned against remedies that would require it to navigate a "murky constitutional context." 546 U.S. at 330.

Similar doubts abound here. The Court must necessarily confront one constitutional question: whether the statute as drafted violates the Appointments Clause. But the Court should not adopt a remedy that requires it to confront *additional* questions. The court of appeals' approach raises many.

First, there are serious questions about whether the court of appeals' remedy is sufficient to solve the problem. If this Court agrees with the court of appeals that the absence of review and the restrictions on removal combine to produce a constitutional violation, there would still be grave doubts about whether the absence of review alone makes APJs principal officers. Merely severing APJs' tenure protections would force this Court to confront that constitutional question. For the reasons above, the best reading of this Court's precedents is that review of decisions is essential. See pp. 19-27, *supra*. At a minimum, that is a substantial question the Court should not needlessly confront.

Second, eliminating APJs' tenure protections raises serious due process questions. Due process requires a "neutral and detached" decisionmaker. *Ward* v. *Village*

of Monroeville, 409 U.S. 57, 61-62 (1972). Although this Court has not decided whether at-will removal of administrative judges violates due process, the question is widely recognized to be substantial. See, *e.g.,* Kent Barnett, *Regulating Impartiality in Agency Adjudication*, 69 Duke L.J. 1695, 1704 (2020) ("[E]ven from the Supreme Court's rough sketch of due process's requirements, the concerns over agencies or the president removing administrative adjudicators at will is obvious."); Beermann, *supra*, at 861-862; Rao, *supra*, at 1248; Kagan, *supra*, at 2363. Even the court below recognized that removing an APJ from a proceeding "could create a Due Process problem." Pet. App. 16a-17a n.3.

Those due process concerns are magnified here by the absence of transparent, on-the-record review. By denying the Director review power, Congress encouraged him to resort to subtle and indirect means, such as panel-stacking, selective de-institution, and now implied threats of removal. See Emily S. Bremer, *Reckoning with Adjudication's Exceptionalism Norm*, 69 Duke L.J. 1749, 1783-1786 (2020). A system where adjudicators decide cases subject to hidden influences, unseen by the parties or the public, is at best constitutionally dubious. The Court need not conclusively decide that it violates due process to hold that Congress would not have wanted to skirt so close to the constitutional line.

CONCLUSION

The court of appeals' judgment should be affirmed with respect to the merits and reversed with respect to the severance remedy.

Respectfully submitted.

ANTHONY P. CHO
DAVID J. GASKEY
JESSICA E. FLEETHAM
DAVID L. ATALLAH
CARLSON, GASKEY
& OLDS, P.C.
400 West Maple Road,
Suite 350
Birmingham, MI 48009
(248) 988-8360

CHARLES W. SABER
SALVATORE P. TAMBURO
BLANK ROME LLP
1825 Eye Street, N.W.
Washington, D.C. 20006
(202) 420-2200

JOHN W. SCHMIEDING
TREVOR ARNOLD
ARTHREX, INC.
1370 Creekside Blvd.
Naples, FL 34108
(239) 643-5553

JEFFREY A. LAMKEN
Counsel of Record
ROBERT K. KRY
JAMES A. BARTA
MOLOLAMKEN LLP
The Watergate, Suite 500
600 New Hampshire Ave., N.W.
Washington, D.C. 20037
(202) 556-2000
jlamken@mololamken.com

JORDAN A. RICE
MOLOLAMKEN LLP
300 North LaSalle Street
Chicago, IL 60654
(312) 450-6700

Counsel for Arthrex, Inc.

DECEMBER 2020

CONSTITUTIONAL AND STATUTORY APPENDIX

1. The United States Constitution provides in relevant part as follows:

Article II, § 2

* * * * *

[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and 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.

* * * * *

2. Title 5 of the United States Code provides in relevant part as follows:

§ 7513. Cause and procedure

(a) Under regulations prescribed by the Office of Personnel Management, an agency may take an action covered by this subchapter against an employee only for such cause as will promote the efficiency of the service.

(b) An employee against whom an action is proposed is entitled to—

(1) at least 30 days' advance written notice, unless there is reasonable cause to believe the employee has committed a crime for which a sentence of imprisonment may be imposed, stating the specific reasons for the proposed action;

(2) a reasonable time, but not less than 7 days, to answer orally and in writing and to furnish affidavits and other documentary evidence in support of the answer;

(3) be represented by an attorney or other representative; and

(4) a written decision and the specific reasons therefor at the earliest practicable date.

(c) An agency may provide, by regulation, for a hearing which may be in lieu of or in addition to the opportunity to answer provided under subsection (b)(2) of this section.

(d) An employee against whom an action is taken under this section is entitled to appeal to the Merit Systems Protection Board under section 7701 of this title.

(e) Copies of the notice of proposed action, the answer of the employee when written, a summary thereof when made orally, the notice of decision and reasons therefor,

and any order effecting an action covered by this subchapter, together with any supporting material, shall be maintained by the agency and shall be furnished to the Board upon its request and to the employee affected upon the employee's request.

3. Title 35 of the United States Code provides in relevant part as follows:

§ 3. Officers and employees

(a) UNDER SECRETARY AND DIRECTOR.—

(1) IN GENERAL.—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the "Director"), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.

(2) DUTIES.—

(A) IN GENERAL.—The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of trademarks. The Director shall perform these duties in a fair, impartial, and equitable manner.

(B) CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.—The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user

fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment under section 553 of title 5, as the case may be.

(3) OATH.—The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

(4) REMOVAL.—The Director may be removed from office by the President. The President shall provide notification of any such removal to both Houses of Congress.

(b) OFFICERS AND EMPLOYEES OF THE OFFICE.—

(1) DEPUTY UNDER SECRETARY AND DEPUTY DIRECTOR.—The Secretary of Commerce, upon nomination by the Director, shall appoint a Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

(2) COMMISSIONERS.—

(A) APPOINTMENT AND DUTIES.—The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United

States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioners' annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall

incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.

(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.

(3) OTHER OFFICERS AND EMPLOYEES.—The Director shall—

(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and

(B) define the title, authority, and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

(4) TRAINING OF EXAMINERS.—The Office shall submit to the Congress a proposal to provide an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

(5) NATIONAL SECURITY POSITIONS.—The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances, in order to maintain the secrecy of certain inventions, as described in section 181, and to prevent disclosure of sensitive and strategic information in the interest of national security.

(6) ADMINISTRATIVE PATENT JUDGES AND ADMINISTRATIVE TRADEMARK JUDGES.—The Director may fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 and the administrative trademark judges appointed pursuant to section 17 of the Trademark Act of 1946 (15 U.S.C. 1067) at not greater than the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5. The payment of a rate of basic pay under this paragraph shall not be subject to the pay limitation under section 5306(e) or 5373 of title 5.

(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees.

(d) ADOPTION OF EXISTING LABOR AGREEMENTS.—The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Efficiency Act, with respect to such Office (as then in effect).

(e) CARRYOVER OF PERSONNEL.—

(1) FROM PTO.—Effective as of the effective date of the Patent and Trademark Office Efficiency Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

(2) OTHER PERSONNEL.—Any individual who, on the day before the effective date of the Patent and Trademark Office Efficiency Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office, as necessary to carry out the purposes of that Act, if—

(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

(B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent's work time, as determined by the Secretary of Commerce; or

(C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

(f) TRANSITION PROVISIONS.—

(1) INTERIM APPOINTMENT OF DIRECTOR.—On or after the effective date of the Patent and Trademark

Office Efficiency Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

(2) CONTINUATION IN OFFICE OF CERTAIN OFFICERS.—(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).

§ 6. Patent Trial and Appeal Board

(a) IN GENERAL.—There shall be in the Office a Patent Trial and Appeal Board. The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director. Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board.

(b) DUTIES.—The Patent Trial and Appeal Board shall—

(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a);

(2) review appeals of reexaminations pursuant to section 134(b);

(3) conduct derivation proceedings pursuant to section 135; and

(4) conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32.

(c) 3-MEMBER PANELS.—Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.

(d) TREATMENT OF PRIOR APPOINTMENTS.—The Secretary of Commerce may, in the Secretary's discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.

§ 141. Appeal to Court of Appeals for the Federal Circuit

(a) EXAMINATIONS.—An applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134(a) may appeal the Board's decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his or her right to proceed under section 145.

(b) REEXAMINATIONS.—A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(c) POST-GRANT AND INTER PARTES REVIEWS.—A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.

(d) DERIVATION PROCEEDINGS.—A party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board in the proceeding may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant has filed notice of appeal in accordance with section 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in section 146. If the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under section 146, the Board's decision shall govern the further proceedings in the case.

§ 311. Inter partes review

(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

(b) SCOPE.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) FILING DEADLINE.—A petition for inter partes review shall be filed after the later of either—

(1) the date that is 9 months after the grant of a patent; or

(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

§ 312. Petitions

(a) REQUIREMENTS OF PETITION.—A petition filed under section 311 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 311;

(2) the petition identifies all real parties in interest;

(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

(4) the petition provides such other information as the Director may require by regulation; and

(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 311, the Director shall make the petition available to the public.

§ 313. Preliminary response to petition

If an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

§ 314. Institution of inter partes review

(a) THRESHOLD.—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter

pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

§ 315. Relation to other proceedings or actions

(a) INFRINGER'S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

§ 316. Conduct of inter partes review

(a) REGULATIONS.—The Director shall prescribe regulations—

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);

(3) establishing procedures for the submission of supplemental information after the petition is filed;

(4) establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—

(A) the deposition of witnesses submitting affidavits or declarations; and

(B) what is otherwise necessary in the interest of justice;

(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding;

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 313 after an inter partes review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

(9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submitted by the patent owner in support of any amendment entered under

subsection (d) is made available to the public as part of the prosecution history of the patent;

(10) providing either party with the right to an oral hearing as part of the proceeding;

(11) requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c);

(12) setting a time period for requesting joinder under section 315(c); and

(13) providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.

(b) CONSIDERATIONS.—In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.

(c) PATENT TRIAL AND APPEAL BOARD.—The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each inter partes review instituted under this chapter.

(d) AMENDMENT OF THE PATENT.—

(1) IN GENERAL.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) ADDITIONAL MOTIONS.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

(3) SCOPE OF CLAIMS.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

(e) EVIDENTIARY STANDARDS.—In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

§ 317. Settlement

(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or

in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

§ 318. Decision of the Board

(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes review under this chapter shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything

patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance of a final written decision under subsection (a) for, each inter partes review.

§ 319. Appeal

A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.

4. Act of March 2, 1861, Chapter 88, 12 Stat. 246 (1861), provided in relevant part as follows:

SEC. 2. *And be it further enacted*, That, for the purpose of securing greater uniformity of action in the grant and refusal of letters-patent, there shall be appointed, by the President, by and with the advice and consent of the Senate, three examiners-in-chief, at an annual salary of three thousand dollars each, to be *composed of* persons of competent legal knowledge and scientific ability, whose duty it shall be, on the written petition of the applicant for that purpose being filed, to revise and determine upon the validity of decisions made by examiners when adverse to the grant of letters-patent; and also to revise and determine in like manner upon the validity of the decisions of examiners in interferences cases, and when required by the Commissioner in applications for the extension of patents, and to perform such other duties as may be assigned to them by the Commissioner; that from their decisions appeals may be taken to the Commissioner of Patents in person, upon payment of the fee hereinafter prescribed; that the said examiners-in-chief shall be governed in their action by the rules to be prescribed by the Commissioner of Patents.

5. Pub. L. No. 93-601, 88 Stat. 1956 (1975), provided in relevant part as follows:

[S]ection 3, title 35, of the United States Code is amended to read as follows:

"§ 3. Officers and employees

"(a) There shall be in the Patent Office a Commissioner of Patents, a Deputy Commissioner, two Assistant Commissioners, and not more than fifteen examiners-in-chief. The Deputy Commissioner, or, in the event of a vacancy in that office, the Assistant Commissioner senior in date of appointment shall fill the office of Commissioner during a vacancy in that office until the Commissioner is appointed and takes office. The Commissioner of Patents, the Deputy Commissioner, and the Assistant Commissioners shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary of Commerce, upon the nomination of the Commissioner, in accordance with law, shall appoint all other officers and employees.

"(b) The Secretary of Commerce may vest in himself the functions of the Patent Office and its officers and employees specified in this title and may from time to time authorize their performance by any other officer or employee.

"(c) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of the Classification Act of 1949, as amended."

SEC. 2. The first paragraph of section 7 of title 35 of the United States Code is amended to read as follows:

"The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be ap-

pointed under the classified civil service. The Commissioner, the deputy commissioner, the assistant commissioners, and the examiners-in-chief shall constitute a Board of Appeals, which on written appeal of the applicant, shall review adverse decisions of examiners upon applications for patents. Each appeal shall be heard by at least three members of the Board of Appeals, the members hearing such appeal to be designated by the Commissioner. The Board of Appeals has sole power to grant rehearings."

6. Pub. L. No. 106-113 app. I, 113 Stat. 1501A-521 (1999), provided in relevant part as follows:

SEC. 4713. Organization and Management.

Section 3 of title 35, United States Code, is amended to read as follows:

"§3. Officers and employees

* * * * *

"(c) CONTINUED APPLICABILITY OF TITLE 5, UNITED STATES CODE.—Officers and employees of the Office shall be subject to the provisions of title 5, United States Code, relating to Federal employees.

* * * * *

SEC. 4717. Board of Patent Appeals and Interferences.

Chapter 1 of title 35, United States Code, is amended—

(1) by striking section 7 and redesignating sections 8 through 14 as sections 7 through 13, respectively; and

(2) by inserting after section 5 the following:

"§ 6. Board of Patent Appeals and Interferences

"(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.

"(b) DUTIES.—The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of

invention in interferences declared under section 135(a). Each appeal and interference shall be heard by at least three members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings."

7. Pub. L. No. 110-313, 122 Stat. 3014 (2008), provided in relevant part as follows:

SEC. 1. Appointment of Administrative Patent Judges and Administrative Trademark Judges.

(a) ADMINISTRATIVE PATENT JUDGES.—Section 6 of title 35, United States Code, is amended—

(1) in subsection (a)—

(A) in the second sentence, by striking "Deputy Commissioner" and inserting "Deputy Director"; and

(B) in the last sentence, by striking "Director" and inserting "Secretary of Commerce, in consultation with the Director"; and

(C) by adding at the end the following:

"(c) AUTHORITY OF THE SECRETARY.—The Secretary of Commerce may, in his or her discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge.

"(d) DEFENSE TO CHALLENGE OF APPOINTMENT.—It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer."

* * * * *