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

IN THE
Supreme Court of the United States

UNITED STATES OF AMERICA,
Petitioner,
v.

ARTHREX, INC., *et al.*,
Respondents.

On Writs of Certiorari to the U.S. Court of Appeals for the Federal Circuit

BRIEF OF THE NEW CIVIL LIBERTIES ALLIANCE AS *AMICUS CURIAE* URGING REVERSAL IN PART AND SUPPORTING RESPONDENTS IN 19-1434 AND 19-1452

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SMITH & NEPHEW, INC., *et al.*,
Petitioners,
v.

ARTHREX, INC.,
Respondent.

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Petitioner,
v.

SMITH & NEPHEW, INC., *et al.*,
Respondent.

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.

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INTERESTS OF *AMICUS CURIAE*

The New Civil Liberties Alliance (NCLA) is a nonpartisan, nonprofit civil-rights organization devoted to defending constitutional freedoms from violations by the administrative state.[1] The "civil liberties" of the organization's name include rights at least as old as the U.S. Constitution itself, such as jury trial, due process of law, the right to be tried in front of an impartial and independent judge, and the right to live under laws made by the nation's elected lawmakers through constitutionally prescribed channels. Yet these self-same rights are also very contemporary—and in dire need of renewed vindication—precisely because Congress, administrative agencies, and even sometimes the courts have neglected them for so long.

NCLA aims to defend civil liberties—primarily by asserting constitutional constraints on the administrative state. Although Americans still enjoy the shell of their Republic, there has developed within it a very different sort of government—a type, in fact, that the Constitution was designed to prevent. This unconstitutional administrative state within the Constitution's United States is the focus of NCLA's concern.

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[1] Pursuant to Supreme Court Rule 37.6, NCLA states that no counsel for a party authored this brief in whole or in part; and that no person or entity, other than NCLA and its counsel, made a monetary contribution intended to fund the preparation and submission of this brief. All parties have consented to the filing.

NCLA is particularly disturbed by the manner in which Congress has shifted adjudication of important property rights from the judiciary to bureaucrats not directly answerable to our elected representatives. While the Court once justified the administrative adjudication of private rights as "prompt, continuous, expert, and inexpensive,"[2] this is no longer an apt description. Rather, at the U.S. Patent and Trademark Office (PTO) and elsewhere, administrative adjudication is often slow, parochial (as when administrators are barred from considering constitutional objections), and, of course, financially burdensome.

In this case, the problems with administrative adjudication are exacerbated by a legislative regime that permits the appointment of administrative patent judges (APJs) in an unconstitutional manner. NCLA agrees with the court below that APJs are "principal officers" of the United States and thus—under the Appointments Clause, U.S. Const., Art. II, § 2, cl. 2—must be appointed by the President with the Senate's advice and consent. But the court exceeded its proper role when it sought to craft a new legislative scheme that it thought would comply with Appointments Clause requirements. The Constitution reserves such legislating to Congress alone.

STATEMENT OF THE CASE

The Patent Trial and Appeal Board (Board) is an administrative tribunal within the PTO. The Board

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[2] *Crowell v. Benson*, 285 U.S. 22, 46 (1932).

consists of the PTO's Director, three other senior PTO officials, and more than 220 APJs. Of the Board's members, only the Director is appointed by the President with the advice and consent of the Senate. The others are appointed by the Secretary of Commerce. Among the Board's responsibilities is the conduct of inter partes reviews—a type of adversarial administrative adjudication in which members of the public can challenge the validity of existing patents.

This case involves an inter partes review initiated by Smith & Nephew, Inc., which challenged the validity of a patent held by Arthrex, Inc. (the "'907 patent"). In separate federal-court litigation brought by Arthrex against Smith & Nephew, the jury returned a verdict for Arthrex, finding the '907 patent valid and infringed. A three-judge panel of the Board reached a conflicting decision in the inter partes proceeding; it held that the challenged claims of the '907 patent were anticipated by prior art and thus invalid.

Arthrex appealed that decision to the U.S. Court of Appeals for the Federal Circuit, asserting among other things that the APJs who conducted the inter partes review had not been properly appointed to their positions. Arthrex argued that the Constitution requires APJs (because they are "principal officers") to be appointed by the President and confirmed by the Senate, yet the three APJs who ruled against Arthrex (like all APJs) were appointed by the Secretary of Commerce. The Federal Circuit agreed, Pet. App. 1a-33a, and remanded the case to the Board with directions that the Board conduct a new hearing before three different APJs. *Id.* at 33a.

That remand order raised a difficult issue: how could the Board conduct new proceedings on remand if no APJs were appointed in conformity with the U.S. Constitution? The Federal Circuit sought to resolve that problem by declaring unconstitutional the application to APJs of Title 5's removal restrictions, 5 U.S.C. § 7513(a),[3] and "severing" that application. Pet. App. 29a. The Court concluded that eliminating APJs' tenure protection would significantly increase the Director's supervisory authority over APJs—and thereby transform APJs from principal officers into inferior officers within the meaning of the Appointments Clause. *Id.* at 26a-29a. That transformation would, in turn, eliminate the constitutional violation, because the Appointments Clause authorizes Congress to provide for appointment of inferior officers by the "Heads of Departments" (in this case, the Secretary of Commerce). U.S. Const., Art. II, § 2, cl. 2. The court claimed that by severing § 7513(a) as applied to APJs, it was "follow[ing] the Supreme Court's approach in *Free Enterprise Fund* [*v. Public Co. Accounting Oversight Bd.*, 561 U.S. 477 (2010)]" and that its resolution was "the narrowest viable approach to remedying the violation of the Appointments Clause." Pet. App. 26a.

All parties to the Federal Circuit proceedings sought and obtained review in this Court. The United States and Smith & Nephew argue that the appeals court erred when it concluded that APJs are principal

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[3] Section 7513(a) provides for-cause removal protection for a broad range of federal officers and employees. It states in pertinent part that they are subject to adverse employment action "only for such cause as will promote the efficiency of the service."

officers and not inferior officers. Arthrex argues that the court lacked authority to re-write federal statutes in its effort to permit the Board to operate in a constitutional manner—and that, in any event, the court did not succeed in eliminating the constitutional problem.

SUMMARY OF ARGUMENT

This Court's case law establishes that federal officers are *principal* officers when they are authorized to issue adjudicative decisions that are not reviewable by any superior officer within the Executive Branch. The many officers employed by the federal government operate in a wide variety of contexts, and it may not always be possible to draw a bright line separating principal and inferior officers. But at least in the context of adjudicative decision-making involving private parties, an officer's authority to issue decisions that cannot be reviewed and overturned by an official appointed by the President and confirmed by the Senate is a sufficient condition (although perhaps not a necessary condition) to establish that the officer is a principal officer.

Edmond v. United States, 520 U.S. 651 (1997), confirms that understanding of the Appointments Clause. In determining whether administrative judges on the Coast Guard Court of Criminal Appeals were principal or inferior officers, *Edmond* focused on whether their work product was "control[led]" by a principal officer. Their work was closely supervised by the Judge Advocate General, a principal officer whose relationship to the administrative judges was roughly analogous to the relationship between the Director of

the PTO and the office's APJs. The Court recognized that the Judge Advocate General's control was "not complete" because "[h]e may not attempt to influence (by threat of removal or otherwise) the outcome of individual proceedings ... and has no power to reverse decisions of the court." 520 U.S. at 664. But the Court nonetheless held that the judges should be deemed "inferior" officers precisely because the missing element of control was supplied by principal officers in another Executive Branch entity: the Court of Appeals for the Armed Forces (an Article I court), which reviews (and is empowered to overturn) decisions of the Court of Criminal Appeals. *Id.* at 665 (stating that "[w]hat is significant [about the appellate jurisdiction of the Court of Appeals for the Armed Forces] 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").

In sharp contrast, APJs *do* possess such power. The Board, acting through panels consisting of three APJs, routinely issues decisions invalidating previously issued patents. The losing party is permitted to appeal—but to a panel of Board members where non-Presidential appointees will be in the majority. Under *Edmond,* the absence of any mechanism within the Executive Branch by which principal officers can review and overturn APJ decisions means that APJs are deemed principal officers of the United States for purposes of the Appointments Clause. The three APJs who presided over the inter partes proceeding involving Arthrex and Smith & Nephew had no authority to rule because they

were not appointed in the manner prescribed by the Appointments Clause for principal officers.

A finding that APJs are principal officers accords with the purposes animating the Appointments Clause. That Clause is more than a matter of "etiquette or protocol"; it is among the significant structural safeguards of the constitutional scheme. *Buckley v. Valeo*, 424 U.S. 1, 125 (1976) (*per curiam*). By vesting the President with exclusive power to select the principal officers of the United States, the Appointments Clause prevents encroachment by Congress on the other branches of government. By requiring the President to obtain the Senate's approval for such choices, the Clause curbs abuses of his appointment powers and promotes the selection of well-qualified individuals for important Executive Branch posts. *Edmond*, 520 U.S. at 659. Requiring appointments of APJs to comply with the rigorous Appointments Clause requirements ensures the selection of highly qualified individuals to posts whose holders are empowered to issue decisions (unreviewable within the Executive Branch) affecting extremely valuable private-property rights.

Smith & Nephew argues that the Court should defer to supposed determinations by Congress and the President that APJs and their predecessors are inferior officers. S&N Br. at 43-49. That argument is without merit. First, the evidence indicates that the political branches have never affirmatively concluded that APJs are inferior officers. Indeed, from 1861 to 1975 federal law required the predecessors of APJs to be appointed by the President with the advice and consent of the Senate. More importantly, it is the role of the judiciary

to determine the meaning of the U.S. Constitution. And given the importance of the Appointments Clause in preserving the separation of powers among the three branches of government, it is of no moment that some Members of Congress may deem it inconvenient to be required to comply with the constitutional mandate in connection with the appointment of several hundred APJs.

Having concluded that the federal statute authorizing the appointment of APJs by the Secretary of Commerce was unconstitutional, the Federal Circuit should have done no more than vacate the Board's order. It should have left to Congress the task of fashioning an alternative scheme—as well as making the decision (given the constraints of the Appointments Clause) whether to continue to authorize administrative adjudication of private patent disputes.

Instead, the Federal Circuit devised a remedy designed to permit APJs to continue to conduct inter partes review proceedings. It declared unconstitutional the application to APJs of Title 5's removal restrictions, 5 U.S.C. § 7513(a), and "severed" that application. Pet. App. 29a.

That remedy was unwarranted, for several reasons. First, it does not solve the problem identified by the court. Even without the tenure protections afforded by § 7513(a), decisions issued by APJs will remain unreviewable by the Director or any other principal officer within the Executive Branch. APJs thus retain their status as principal officers under the decision below.

Second, the Federal Circuit's decision to declare unconstitutional a federal statute as applied to APJs and to "sever" its application—even though the statute on its face bears no direct relation to Appointment Clause issues—is unprecedented. While the Court has on occasion severed an unconstitutional provision from a statute as an alternative to declaring the entire statute unconstitutional, those decisions were all based on a reasonable conclusion that Congress would prefer half a loaf to none. But here the Federal Circuit is not striking a portion of the Leahy-Smith America Invents Act (AIA), Pub. L. 112-29 (2011), in an effort to preserve the remainder of the statute. Rather, it seeks to preserve the entire AIA by re-writing a federal statute adopted decades earlier. There is simply no evidence upon which to base a conclusion that Congress would have preferred this re-write to the many possible alternatives. Because the power to draft legislation resides exclusively in Congress, U.S. Const., Art. I, § 1, the Federal Circuit lacked authority to engage in its re-write. Indeed, the Federal Circuit's re-write, by depriving APJs of tenure protection, undermines Congress's effort to preserve the independence of those conducting inter partes reviews.

ARGUMENT

I. APJs Are Principal Officers Who Must Be Appointed by the President with the Advice and Consent of the Senate

The Appointments Clause states, in pertinent part:

> 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 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 may think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

U.S. Const., Art. II, § 2, cl. 2. The parties agree that APJs are "officers of the United States." Thus, whether the Appointments Clause requires that they be appointed by the President with the advice and consent of the Senate or, alternatively, also permits them to be appointed by the Secretary of Commerce, depends on whether they are properly classified as principal officers or inferior officers.

A. Officers Are *Principal* Officers When, as Here, They Issue Adjudicative Decisions Not Reviewable by Any Superior Officer

The United States and Smith & Nephew assert that federal law grants the Director of the PTO considerable authority to control the activities of APJs. But that authority does not include supervision of the most crucial aspect of an administrative law judge's work: the Director indisputably lacks statutory authority to review and overturn adjudicative decisions

issued by APJs. Given the absence of such supervisory authority, the Federal Circuit correctly held that APJs should be classified as principal officers of the United States who, under the Appointments Clause, must be appointed by the President with the advice and consent of the Senate. Tellingly, the United States and Smith & Nephew have cited no case in which a court classified a government adjudicator as an "inferior officer" despite not being subject to such supervisory authority.

Edmond contains the Court's most careful explication of the distinction between principal and inferior officers of the United States. The Court explained that "the 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. Because the purpose of the Appointments Clause is "to preserve political accountability relative to important Government assignments," the Court concluded that "inferior officers" are officers whose work on those assignments "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.

Edmond held that judges on the Coast Guard Court of Criminal Appeals (an Article I court) were properly classified as "inferior officers" and accordingly upheld their appointments by the Secretary of Transportation. The Court concluded that the work of those judges was closely directed and supervised by individuals who all had been appointed by the President with the Senate's advice and consent: the

Coast Guard's Judge Advocate General and the judges on the Court of Appeals for the Armed Forces. 520 U.S. at 664-66.

The Court listed a variety of factors to demonstrate that the work of judges on the Coast Guard Court of Criminal Appeals was directed and supervised by principal officers of the United States. Foremost among those factors was the authority of the Court of Appeals for the Armed Forces (another Article I court) to review "every decision" of the Coast Guard Court of Criminal Appeals:

> What is significant [about the appellate jurisdiction of the Court of Appeals for the Armed Forces] 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.

Id. at 665. Because, in sharp contrast, APJs are authorized to issue final decisions in inter partes reviews, and those decisions are not reviewable by the Director or any other principal officer, *Edmond* indicates that APJs are principal officers.

NCLA recognizes that federal officers make significant decisions in a wide variety of contexts. In contexts other than adjudications involving private parties, whether a supervising official has the authority to immediately countermand those decisions may be less decisive in determining whether the officer is properly classified as principal or inferior. For example, even if a federal officer has final authority to

sign a large purchase contract for the government, the long-term consequences may be minimal if the purchased goods can later be re-sold. Or if a federal officer has unreviewable authority to establish a policy binding on his subordinates, that policy can be rescinded by a replacement officer. But in the context of formal adjudications of the sort handled by APJs, an unreviewable decision will almost surely have a highly significant and lasting impact on the parties involved. For example, even if the Board later repudiates the legal analysis underlying the decision to invalidate the challenged claims of Arthrex's '907 patent, that decision will remain intact—to Arthrex's great detriment. Under those circumstances, *Edmond* dictates a finding that administrative law judges whose decisions are not reviewable by a principal officer of the United States are themselves principal officers.

The United States points to *Edmond*'s statement that an inferior officer is one whose work is supervised by a principal officer "at some level." U.S. Br. at 19 (citing 520 U.S. at 663). According to the United States, the "at some level" language indicates that an officer need not be subject to any specific type of supervision to be classified as an inferior officer, so long as some minimum level of supervision is imposed. *Ibid.* That is a misreading of the passage. When read in context, the *Edmond* passage uses the word "level" in a hierarchical sense; it requires that there be a principal officer somewhere in the chain of command with authority to review and overturn the first officer's decision, even if that principal officer is several levels higher and does not routinely interact with the first officer.

Other Appointments Clause decisions of this Court are consistent with *Edmond*. For example, *United States v. Eaton*, 169 U.S. 331 (1898), held that a "vice-consul" was an inferior officer after repeatedly referring to him as a "subordinate" official. Similarly, *Go-Bart Importing Co. v. United States*, 282 U.S. 344 (1931), held that United States commissioners were inferior officers after concluding that their actions were subject to review by the district courts that appointed them: "The commissioner acted not as a court, or as a judge of any court, but as a mere officer of the district court in proceedings of which that court had authority to take control at any time." *Id.* at 354.

Smith & Nephew's reliance on *Freytag v. Commissioner*, 501 U.S. 868 (1991), and *Lucia v. SEC*, 138 S. Ct. 2044 (2018), is misplaced. S&N Br. at 24-25, 36. *Freytag* and *Lucia* both held that the officials in question were federal "officers," not mere employees, in light of the significant authority they exercised. *Freytag*, 501 U.S. at 880-82; *Lucia*, 138 S. Ct. at 2053. But in neither case was the Court asked to distinguish between principal and inferior officers.

In *Lucia*, that distinction made no difference because the official in question (an SEC administrative law judge) had been appointed in compliance with neither the Appointments Clause requirements for principal officers nor the requirements for inferior officers. The Court simply noted that no party asserted that the ALJ was a principal officer and that the principal/inferior distinction was "not at issue here." 138 S. Ct. at 2051 n.3. *Freytag* sided with the petitioner (who argued that "special trial judges" in the Tax Court were "inferior officers") and against the

United States (which argued that the judges were mere employees) without ever addressing whether they might actually be principal officers.[4]

Moreover, the relevant statutes in those two cases made clear that adjudicative decisions of the officials in question were subject to review by principal officers. The Court said so explicitly in *Lucia*. 138 S. Ct. at 2049. Because the officers' decisions were subject to further review within the Executive Department, nothing in *Freytag* or *Lucia* is inconsistent with *Edmond*'s holding that the existence of such review authority is a necessary condition for determining that a federal adjudicative officer is an "inferior officer."

Free Enterprise Fund fully supports *Edmond*'s holding. The Court held there that members of the Public Company Accounting Oversight Board (PCAOB) were inferior officers "whose appointments Congress may permissibly vest in a 'Head of Department'" based in considerable part on the Court's finding that the SEC exercised significant "oversight authority" over the PCAOB, *Free Enterprise Fund*, 561 U.S. at 510, including authority to "direct the [PCAOB]'s daily exercise of prosecutorial discretion." *Id.* at 504. The Court held separately that a statute restricting the SEC's authority to remove PCAOB members violated separation-of-powers principles. *Id.* at 492-508. After

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[4] The Court ultimately upheld the constitutionality of the judges' appointments, concluding (contrary to the petitioners' contention) that the appointments had been made by "Courts of Law" within the meaning of the Appointments Clause. 501 U.S. at 888-91.

severing the removal restriction from the relevant statute, the Court cited the SEC's newly recognized at-will removal authority as an additional reason for concluding that PCAOB members were inferior officers. *Id.* at 510. But the Court gave no indication that an "inferior officer" classification would have been warranted based on the at-will removal authority alone.[5]

1. Clear Line-Drawing Is Necessary; A Multi-Factor Balancing Test Provides Congress with Inadequate Guidance Regarding the Principal/ Inferior Distinction

Smith & Nephew contends that determining whether an official is properly classified as an inferior officer—that is, her authority is too significant to permit an "employee" classification but not sufficiently significant to require a "principal officer" classification—is "necessarily pragmatic and context specific" and precludes the establishment of any bright-

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[5] Smith & Nephew quotes the Court incompletely and wildly out of context when it asserts, "This Court has 'never invalidated an appointment made by the head of' a Department." S&N Br. at 32 (quoting *Free Enterprise Fund*, 561 U.S. at 511). The sole point of the Court's statement was that when the Court has identified the "Departments" whose "Heads" may appoint inferior officers under the Appointments Clause, it has never distinguished between principal agencies such as the SEC and "'Executive departments' (*e.g.*, State, Treasury, Defense) listed in 5 U.S.C. § 101." *Ibid.*

line rules. S&N Br. at 31.[6] It further contends that *Edmond* endorsed this pragmatic approach, recognizing it "as a virtue, not a vice." *Id.* at 23, 31.

That description of *Edmond* is wrong on both counts. *Edmond* did not endorse a multi-factor test for determining an officer's proper classification. To be sure, the Court noted that its past decisions "have not set forth an exclusive criterion for distinguishing between principal and inferior officers for Appointments Clause purposes," and it listed a number of factors that those decisions relied on in making that distinction. *Edmond*, 520 U.S. at 661. But the Court never suggested that all of those factors must be taken into account when attempting to distinguish the two categories of officers. On the contrary, *Edmond* made clear that the most significant factor in deciding the classification question is whether the official has "power to render a final decision on behalf of the United States unless permitted to do so by other Executive officers." 510 U.S. at 655. An official authorized to issue adjudicative decisions may be subject to a variety of controls imposed by other Executive officers, but those controls do not change the official's principal-officer status if, as here, those controls do not permit Executive Branch review of the official's adjudicative decisions.

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[6] The United States urges a similar approach, arguing that "no particular form of control" is indispensable for an official to be deemed an inferior officer and that the Court should examine "the cumulative effect of superior officers' various means of supervision to determine whether a particular official is subject to sufficient control by Senate-confirmed officers." U.S. Br. at 13.

Nor can Smith & Nephew's proposed holistic approach plausibly be viewed as a virtue. When adopting legislation governing the appointment of federal officials, Congress needs a high degree of assurance that the legislation satisfies Appointments Clause requirements. Otherwise, Congress may incorrectly guess that a category of officials is properly categorized as inferior—and thereby create a risk that a court will later determine that the officials are principal officers and declare invalid large swaths of Executive Branch action.

Adopting bright-line *ex ante* rules would eliminate that *ex post* risk. One appropriate bright-line rule is the one adopted by *Edmond*: a federal official with authority to adjudicate matters involving private parties is a principal officer unless Congress subjects the official's adjudicative decisions to review by others who were appointed by Presidential nomination with the advice and consent of the Senate. NCLA is not suggesting that those superior officials must actually, or even often, exercise their review authority. After all, when adopting legislation, Congress has no way of knowing how frequently Executive Branch officials will exercise review authority. It is enough, if Congress wishes to bypass Presidential appointment and Senate confirmation, to specify that all decisions by administrative adjudicators be subject to review by principal officers within the Executive Branch.

2. Removal Power Is Central to Challenges Under the Take-Care Clause but of Limited Relevance to Appointments Clause Challenges

The Federal Circuit correctly determined that APJs are principal officers who must be appointed by the President with the advice and consent of the Senate. But it placed undue emphasis on APJs' tenure protection in reaching that determination and erred when it concluded that APJs could be transformed into inferior officers by removing that protection.

The appeals court's focus on removal power may have been a product of the Court's recent decisions invoking Article II's Take Care Clause, U.S. Const., Art. II, § 3, to declare that certain congressionally imposed removal restrictions violated the separation of powers. *See, e.g., Seila Law LLC v. CFPB*, 140 S. Ct. 2183 (2020); *Free Enterprise Fund*, 561 U.S. at 492-508. But the Appointments Clause serves somewhat different constitutional interests from those served by the Take Care Clause. Both clauses are designed to prevent congressional encroachment on Executive Branch functions. But the Appointments Clause is also designed in part to ensure that: (1) the President is directly involved with the selection of the most significant Executive Branch officials (thereby ensuring that he can be held accountable for the actions of those officials); and (2) the Senate can block appointment of an unqualified individual to a significant post (thus ensuring Senators' accountability if they fail to prevent such appointments).

In contrast, the Take Care Clause prevents diffusion of executive power by requiring that all Executive Branch officials be ultimately answerable to the President. Legislation that unduly restricts Presidential oversight violates the Take Care Clause by "subvert[ing] the President's ability to ensure that the laws are faithfully executed—as well as the public's ability to pass judgment on his efforts." *Free Enterprise Fund*, 561 U.S. at 498. Both *Free Enterprise Fund* and *Seila Law* struck down removal restrictions on those grounds.

While removal restrictions are highly relevant in Take Care Clause challenges to federal legislation, they are far less relevant to Appointments Clause challenges. The latter focus on whether the challenged legislation adequately guards against appointment of unqualified appointees, not on whether the legislation prevents the President from removing under-performing appointees. To be sure, depriving a federal employee of tenure protection increases the ability of higher-level officials to direct and supervise his work—and thus may make it marginally less likely that the employee should be classified as a principal officer of the United States. But there is often a *reverse* correlation between tenure protection and high government rank. For example, no one contends that the heads of executive departments could or should be granted tenure protection, yet all such officials undoubtedly qualify as principal officers for Appointments Clause purposes. *See Seila Law*, 140 S. Ct. at 2197. And low-level employees can be granted tenure protection precisely because their ultimate supervisors (who themselves are directly answerable to the President because they can be removed at will) can

review and overturn the decisions of mere employees at the President's direction. *United States v. Perkins*, 116 U.S. 483 (1886). *See Morrison v. Olson*, 487 U.S. 654, 724 n.4 (Scalia, J., dissenting) (explaining why *Perkins* is consistent with the Take Care Clause).

Depriving APJs of tenure protection, as the Federal Circuit's remedy purported to do, does not address a principal goal of the Appointments Clause: ensuring that only the highest quality individuals are appointed to positions granting them authority to issue adjudicative decisions that are not reviewable within the Executive Branch. Even after the appeals court's decision, individuals can continue to be appointed as APJs with authority to issue unreviewable administrative decisions despite never having been appointed by Presidential nomination with the advice and consent of the Senate. Such appointments undermine the citizenry's ability to hold their elected leaders accountable for the appointments.

Indeed, because the need for removal power *increases* as an officer's authority to render unreviewable decisions increases, the Federal Circuit's decision to deprive ALJs of tenure protection is a tacit recognition of their extensive authority—a level of authority that dictates their classification as principal officers for Appointments Clause purposes.[7]

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[7] In an *amicus curiae* brief filed in support of neither party, Professor John Harrison argues that if the Federal Circuit is correct that statutes granting tenure protection to APJs are unconstitutional because they violate the Appointments Clause, then: (1) 5 U.S.C. § 7513(a) as applied to APJs never took effect; (2) APJs never enjoyed tenure protection; and thus (3) the APJs

B. The Court Should Not Defer to Congress's Alleged Determination that APJs Are Inferior Officers

Smith & Nephew argues that the Court should defer to the supposed determinations by Congress and the President that APJs (and their predecessors, dating back to 1861) are inferior officers. S&N Br. at 43-49. It contends that the elected branches of government have a "long-settled and established practice" of classifying APJs as inferior officers and that such practices are "entitled to great weight." *Id.* at 43.

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were all properly appointed by the Secretary of Commerce because they are all inferior officers. Harrison Br. at 1-4.

Professor Harrison's argument is unpersuasive. It unreasonably assumes that an unconstitutional statute will have no effect on Executive Branch conduct even though no court has declared the statute unconstitutional. That is, the President and the Director of the PTO would feel free to disregard the dictates of § 7513(a) and assert the right to fire APJs at will. (If, on the other hand, they feel compelled to abide by the tenure protections, then under the Federal Circuit's reasoning, APJs would continue to be classified as principal officers and thus to have been improperly appointed.) But any such system—which encourages Presidents to defy any federal statute they deem unconstitutional without first seeking judicial concurrence—is antithetical to the rule of law and a recipe for chaos. In any event, the Court need not address the issue because Professor Harrison premises his argument on the Federal Circuit's (erroneous) determination that § 7513(a) is unconstitutional as applied to APJs. As NCLA has explained, the Federal Circuit exceeded its proper judicial role when it struck down § 7513(a) as a means of remedying the Appointments Clause violation.

1. There Is No "Established Practice" of Treating APJs as Inferior Officers

The available evidence refutes Smith & Nephew's contention: neither Congress nor the President has an "established practice" of classifying those charged with adjudicating patent claims as inferior officers. Indeed, when the First Congress established a Patent Board to adjudicate the patentability of inventions, it provided that the Board members would be principal officers of the United States: the Secretary of State, the Secretary of War, and the Attorney General. 1 Stat. 109, 110 (1790). Thomas Jefferson, Henry Knox, and Edmund Randolph, all members of President George Washington's cabinet and all principal officers, routinely presided over hearings at which petitioners urged that they be granted patents for their inventions. *See Freytag*, 501 U.S. at 910 (Scalia, J., concurring in part and concurring in the judgment).

As the number of patent applications grew steadily throughout the 19th century, Congress created the position of "examiners-in-chief" (the predecessors of today's APJs) to review a variety of patent disputes. The evidence suggests that Congress considered examiners-in-chief to be principal officers of the United States. In particular, federal law provided that examiners-in-chief were to be nominated by the President and confirmed by the Senate. Act of Mar. 2, 1861, ch. 88, § 2, 12 Stat. 246, 247.[8]

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[8] Smith & Nephew asserts that no inference (regarding the intended officer classification) can be drawn from the method

Congress did not change this method of appointing examiners-in-chief until relatively recently. In 1975, it transferred the appointment power to the Secretary of Commerce. Pet. App. 21a; *see* 35 U.S.C. § 3 (1975). But the legislative history of that statutory change provides no indication that Congress affirmatively concluded that examiners-in-chief were *not* principal officers of the United States. On the contrary, the legislative history suggests that Congress did not focus on Appointments Clause issues at all and only changed the method of appointment because it believed that senatorial confirmation posed a "burden." *See* H.R. Rep. No. 93-856, at 2 (1974). Moreover, in the ensuing years, Congress vastly expanded the adjudicatory authority of examiners-in-chief (renamed APJs in 1999), yet it gave no indication that it ever considered whether that expanded authority affected the proper classification (principal or inferior) of APJs as officers of the United States. This relatively recent

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chosen by Congress for appointing examiners-in-chief; it asserts that the method chosen was simply the "default manner of appointment for inferior officers." S&N Br. at 44 (quoting *Edmond*, 520 U.S. at 660). When read in context, the *Edmond* quotation does not support Smith & Nephew's assertion. The Court was simply noting that the Appointments Clause's straightforward language states that for appointments of officers "not herein otherwise provided for," the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint" those officers. U.S. Const., Art. II, § 2, cl. 2. But the method specified for appointing examiners-in-chief was not simply chosen by "default"; rather, the 1861 statute affirmatively provided for appointment by the President with the advice and consent of the Senate. *Edmond* does not suggest that such affirmative provisions are irrelevant when determining Congress's "long-settled and established practice" regarding the officer-classification of examiners-in-chief and APJs.

method of appointing APJs does not qualify as a "long-settled and established practice" to which the courts arguably should defer.

2. Judicial Deference to the Other Branches' Constitutional Views Is Not Appropriate

Moreover, the Court should affirmatively disavow any deference doctrine when it comes to interpreting the meaning of the Appointments Clause. In rejecting the federal government's argument that "special trial judges" appointed by the Tax Court were mere employees and not officers of the United States, *Freytag* stated, "[W]e are not persuaded by the Commissioner's request that this Court defer to the Executive Branch's decision that there has been no legislative encroachment on Presidential prerogatives under the Appointments Clause." 501 U.S. at 879. The Court explained that "[n]either Congress nor the Executive can agree to waive this structural protection," and that "[t]he structural interests protected by the Appointments Clause are not those of any one branch of Government but of the entire Republic." *Id.* at 880.

Chief Justice Marshall famously stated that it "emphatically" is the constitutional "duty" of federal judges "to say what the law is." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). Judges who defer to the elected branches' interpretation of a constitutional provision are abandoning their duty by issuing decisions that assign controlling weight to a non-judicial entity's interpretation of the Constitution. To be clear, there is nothing wrong or constitutionally

problematic when a court considers the federal government's interpretation and gives it weight according to its persuasiveness. But the Government has no particular expertise regarding the meaning of the Appointments Clause that should persuade the Court to value the Government's interpretation above that of the justices themselves.

An even more serious problem with deference arises whenever, as here, the Government is a party to the proceeding. Under those circumstances, Smith & Nephew's proffered deference doctrine would require courts to display systematic bias in favor of one side of a judicial proceeding. *Cf.* Philip Hamburger, Chevron *Bias*, 84 Geo. Wash. L. Rev. 1187 (2016). Even the appearance of bias toward a litigant raises serious due process concerns. *Caperton v. A.T. Massey Coal Co.*, 556 U.S. 868, 886-87 (2007). To avoid such constitutional concerns, the Court should not defer to the Government's conclusion that APJs are not principal officers.

II. THE FEDERAL CIRCUIT'S REMEDY IS UNLAWFUL

The Federal Circuit's severing of APJs' tenure protections demonstrated a misunderstanding of the judicial role, the legal issue at hand, the circumstances in which severance is an appropriate remedy, and the congressional purpose in enacting the inter partes review scheme. And on top of all this, the court's remedy did not resolve the legal issue.

A. There Are Significant Judicial Restraints on a Severance Remedy

Much like the merits issue in this case, the Federal Circuit's choice of remedy raises a structural constitutional issue. Severance is an imprecise tool that cuts only one way. There is a fine line between severing a statutory provision in the name of judicial restraint and a court breaking its constitutional bounds by severing a provision that was key to how a legislative scheme functioned. *Cf. Ayotte v. Planned Parenthood of N. New England*, 546 U.S. 320, 330 (2006) ("[M]aking distinctions in a murky constitutional context, or where line-drawing is complex, may call for a far more serious invasion of the legislative domain than [the Court] ought to undertake.") (citation omitted). Courts must, therefore, employ severance cautiously and modestly to avoid overstepping into the legislative realm. Otherwise, a court might "rewrite a statute and give it an effect altogether different" from what Congress intended. *Murphy v. Nat'l Collegiate Athletic Ass'n*, 138 S. Ct. 1461, 1482 (2018) (citation omitted); *see also Alaska Airlines, Inc. v. Brock*, 480 U.S. 678, 685 (1987) (explaining that severance is inappropriate unless the remaining provisions "function in a manner consistent with the intent of Congress").

Despite the danger that severance might be unlawful, it is easy to understand why judges might prefer severing a small portion of a statute rather than ruling that an entire system of laws is unconstitutional and in need of a legislative rewrite. Congress passes laws that are often large, complex, and far-reaching. Any conscientious judge would favor a scalpel to a

hacksaw when possible. But a scalpel in an untrained hand can still maim. Judges are experts in legal interpretation and applying law to facts. They are not experts in balancing complex and competing policy concerns; nor are they experts in divining what policy choices lawmakers might have made differently had those lawmakers realized their negotiated course was unlawful.

These limitations on the judiciary's remedial authority and competency are especially pronounced when a system of laws is unconstitutional based on the interaction of several distinct parts, each of which is equally vital to the functioning of the whole. Courts cannot "foresee which of many different possible ways the legislature might respond to the constitutional objections." *Randall v. Sorrell*, 548 U.S. 230, 262 (2006) (plurality). In such instances, it is misguided for courts to think that simply severing the "narrowest" portion of a statute is the preferred way to remedy a constitutional violation. *But see* Pet. App. 26a (Federal Circuit severed Title 5's removal restrictions as applied to APJs, declaring this the "narrowest" remedy).

This Court has instructed that severance is appropriate *only* when a court can "retain those portions of the Act that are (1) constitutionally valid, (2) capable of 'functioning independently,' and (3) consistent with Congress' basic objective in enacting the statute." *United States v. Booker*, 543 U.S. 220, 258-59 (2005) (internal citations omitted). Unless these criteria are satisfied, a court should not sever a provision—even if reliance interests may dictate that Congress would prefer a mutilated statutory scheme to no scheme at all. *Cf. Ayotte*, 546 U.S. at 330 (asking

whether Congress would "have preferred what is left of its statute to no statute at all?").

Courts should be cautious, therefore, in creating a false choice between no statute at all and one that Congress never would have passed. *Cf. Bowsher v. Synar*, 478 U.S. 714, 735 (1986) (explaining that severance is inappropriate when it "would lead to a statute that Congress probably would have refused to adopt"). Otherwise, the court risks perverting the incentives that drive the Legislative Branch. Messy policy compromises are the role of Congress. But when the judiciary legislates under the guise of judicial restraint, legislators can avoid the mess of law-making—and the political consequences that flow from it—even if the judiciary's policy is not the one Congress would have chosen. Permitting free-wheeling judicial fixes thus creates constitutional moral hazard.

In this case, the Federal Circuit overstepped the judicial role, made a policy choice on the legislature's behalf, and justified that choice by reasoning that Congress would prefer APJs beholden to their superiors rather than no inter partes review at all. The court had no constitutional authority to thrust this choice upon Congress, nor to choose on Congress's behalf.

B. The Federal Circuit Attempted to Remedy the Wrong Issue

The Federal Circuit's attempt at severance was fatally flawed from the outset because the court misidentified the issue it needed to remedy. In the remedial portion of its opinion, the court characterized

its decision as holding "that the application of Title 5's removal protections to APJs is unconstitutional and must be severed." Pet. App. 28a. But that was not the court's holding. The Federal Circuit's actual holding appeared seven pages earlier in the opinion: "APJs are principal officers under Title 35 as currently constituted. As such, they must be appointed by the President and confirmed by the Senate; because they are not, the current structure of the Board violates the Appointments Clause." Pet. App. 21a. By misconstruing its holding, the court set out to remedy the wrong problem. *See Ayotte*, 546 U.S. at 329 ("Our ability to devise a judicial remedy that does not entail quintessentially legislative work often depends on how clearly we have already articulated the background constitutional rules at issue and how easily we articulate the remedy.").

When a principal officer's appointment violates the Appointments Clause, an appropriate remedy is to provide for presidential appointment with Senate consent. The Federal Circuit, however, was powerless to remedy the constitutional issue it identified because the court could not rewrite Title 35 to require the presidential appointment of APJs or Senate consent. *See Murphy*, 138 S. Ct. at 1482 (explaining that courts may not rewrite or add to statutes).

Perhaps recognizing the difficulty in resolving the problem at hand, the Federal Circuit pivoted *sub silentio* to remedy a different problem entirely. *See* Pet. App. 27a ("The choice to sever and excise a portion of a statute as unconstitutional … does not permit judicial rewriting of statutes.") (citing *Booker*, 543 U.S. at 258). Unable to legitimate APJs' principal-officer

status, the court determined instead that it should change the very nature of the APJs' office and, with it, alter the careful balance of the inter partes review scheme that Congress had created. For this reason alone, the Federal Circuit's choice of remedy was unlawful. *See Free Enterprise Fund*, 561 U.S. at 509 (explaining that, in theory, "the Court might blue-pencil a sufficient number of the [PCAOB's] responsibilities so that its members would no longer be 'Officers of the United States,'" but reasoning that "such editorial freedom … belongs to the Legislature, not the Judiciary").

C. Severance Is Unconstitutional When the Court Must Speculate Which of Several Ways Congress Might Resolve the Issue

Even if it *had* been proper for the Federal Circuit to transform APJs into inferior officers, there was no constitutional way for the court to do so. APJs sit in violation of the Appointments Clause, not because any one provision is unconstitutional but because several otherwise innocuous provisions interact in a way that produces an unconstitutional result. "When confronted with two provisions that operate together to violate the Constitution," the court can only "speculat[e] as to what the Legislature would have preferred." *Seila Law*, 140 S. Ct. at 2222-24 (Thomas, J., concurring in part). Indeed, there is nothing inherently unconstitutional about an inferior officer enjoying a single layer of tenure protection. *Free Enterprise Fund*, 561 U.S. at 483. The Federal Circuit's attempt to recalibrate and reverse engineer

the review scheme to satisfy the *Edmond* factors was based on nothing but rank speculation.

In those cases in which severance may be appropriate, there is typically a single provision that violates the Constitution. For example, in *United States v. Jackson*, the Court severed the death penalty as a punishment for violating the Federal Kidnapping Act because the remainder of the law could function independently. 390 U.S. 570, 586 (1968). That one form of punishment was held unconstitutional and its elimination "in no way alter[ed] the substantive reach of the statute and le[ft] completely unchanged its basic operation." *Ibid.* Similarly, the federal government's inability to enforce an employment law in the several States did not affect its ability to enforce that same law in federal territories or the District of Columbia. *El Paso & N.E. Ry. Co. v. Gutierrez*, 215 U.S. 87, 94-95 (1909). So too in *Free Enterprise Fund*, in which the Court considered the constitutionality of dual-removal protections for inferior officers. 561 U.S. at 508. Upon holding those provisions unconstitutional, the Court sought to "seve[r] any problematic portions while leaving the remainder intact." *Ibid.*

Unlike *Free Enterprise Fund*, however, this case does not involve a discrete challenge to a removal protection that the court could sever. Rather, the Federal Circuit concluded that Congress incorrectly structured APJs as principal officers and determined that severing the removal protection was the "narrowest" of several possible ways to save the statute. Pet. App. 26a. The court below and the Government both openly recognized that there was a multitude of ways to achieve Congress's goal. Pet.

App. 22a. The recognition that there was more than one way to sever the statute should have signaled to the court there was no way severance could save the scheme. Severance is inappropriate whenever the court cannot "foresee which of many different possible ways the legislature might respond to the constitutional objections." *Randall v. Sorrell*, 548 U.S. at 262 (plurality).

As Arthrex and many *amici* have already pointed out, there were at least 10 ways in which Congress could have cured the constitutional issue in this case. Arthrex Br. at 58-59. For instance, Congress could (1) vest appointment of APJs in the President with advice and consent of the Senate, as it had done for over a century, *see* Act of Mar. 2, 1861, ch. 88, 35 U.S.C. § 3 (1952); (2) grant the Director sole authority to independently review the APJs' final decisions by severing the three-judge requirement, *see* Pet. App. 24a-25a; (3) create a tribunal of principal officers to review the APJs' decisions—perhaps consisting of a deputy and assistants to the Director who are all principal officers, *cf.* Pub. L. No. 93-601, 88 Stat. 1956 (1975); *see also Edmond*, 520 U.S. at 664 (citing 10 U.S.C. § 942(b)(1)); or (4) return the adjudication of patent revocability to the judiciary, which is already structured to ensure the impartial adjudication of adversarial proceedings.

Casting aside the constitutional restraints on the judicial office, the Federal Circuit picked a favorite among these policy choices. It reasoned, in effect, that a three-judge review panel contributes more to public confidence than maintaining the impartiality of APJs.

Pet. App. 24a. Such wanton speculation is not the role of the courts.

D. Severing Removal Protections Is Inconsistent with the Congressional Purpose of Inter Partes Review

The tenure protections that the Federal Circuit severed were a vital means of carrying out "Congress's basic objective in enacting the statute." *Booker*, 543 U.S. at 259.

In enacting the current iteration of inter partes review, Congress set out to create an adjudicatory process that was "adversarial" and includes "court-like procedures" in a way that "mimics civil litigation." *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1378 (2018); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1352, 1355 (2018). To ensure that APJs would remain impartial, Congress sought 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).

By contrast, Congress's rationale for divesting the President's appointment power had nothing to do with the functioning of inter partes review or the public's trust in the process. Instead, Congress vested the appointment power in the Director and then the Secretary merely to relieve the President of the "burden" of more appointments and the Senate of more confirmations. *See* Pub. L. No. 93-601, sec. 1, § 3(a), 88 Stat. 1956 (1975); S. Rep. No. 93-1401, at 2 (1974).

There is nothing indicating that, if faced with the choice, Congress would have prioritized a more expeditious appointment process for APJs over ensuring that an impartial adjudicator would preside over hearings to revoke patent rights. The Federal Circuit erred by simply guessing that Congress would have wished to hang "the Damocles' sword of removal by the President" over the heads of APJs during their adjudication of inter partes review. *Wiener v. United States*, 357 U.S. 349, 356 (1958).

Once stripped of their tenure protection, APJs who fear removal for issuing decisions counter to the wishes of their principal may adjudicate based on the their principal's views, not their own interpretation of the law and facts. And litigants can never be sure whether and to what extent inferior quasi-judicial officers relied on political considerations rather than a "neutral and detached" consideration of the case, as due process requires. *See* Elena Kagan, *Presidential Ambition*, 114 Harv. L. Rev. 2245, 2363 (2001); *cf. Ward v. Village of Monroeville*, 409 U.S. 57, 61-62 (1972).

E. The Federal Circuit's Remedy Did Not Solve the Problem

For all the legal problems with the Federal Circuit's decision to sever APJs' removal protections, the remedy did not even resolve the constitutional issue. The Federal Circuit undervalued the first two *Edmond* factors (including the need for a principal officer to review the APJs' decisions) and gave dispositive weight to the removal power. Because APJs can still adjudicate property rights on behalf of

the Executive without a presidentially appointed officer's review, APJs remain principal officers—meaning that their appointments by the Secretary of Commerce still do not comply with the Appointments Clause. *See Dep't of Transp. v. Ass'n of Am. R.R.s*, 575 U.S. 43, 64 (2015) (Alito, J., concurring) (explaining that no final decision of an inferior officer "should appear in the Federal Register unless a Presidential appointee has at least signed off on it").

Unfettered removal authority may be "a powerful tool for control," but that control is "not complete" without the power to supervise and review an inferior officer's adjudicatory decisions. *Edmond*, 520 U.S. at 664. Removal alone does not allow a principal officer to affect an APJ's decision-making in a particular case without interfering with a litigant's due-process rights. *See Myers v. United States*, 272 U.S. 52, 135 (1926). The Executive must instead rely on the *threat* of removal to control APJs whose policy decisions differ from those of the administration.

Creating the threat of removal did not resolve the Appointments Clause violation because that threat does not permit principal officers to review the decisions of APJs; indeed, the current structure does not make clear to the public who is responsible for the significant decisions made by the Executive Branch. *Cf. Free Enterprise Fund*, 561 U.S. 497-98. If, instead, APJs remain politically insulated but have their adjudicatory decisions subject to reconsideration by a principal officer, litigants (and the public generally) could assign responsibility for the decision-making, and APJs could be properly categorized as inferior officers.

In short, the inter partes review scheme that the Federal Circuit created undermines the political accountability that the Appointments Clause was designed to promote. It installs a system that destroys the independent decision-making that Congress sought to encourage while doing nothing to assign responsibility for final judgments—a result that defies *Edmond*, *Booker*, and our constitutional structure.

CONCLUSION

The Court should affirm the Federal Circuit's holding that Arthrex is entitled to a new hearing before the Patent and Trademark Appeal Board, because administrative patent judges are principal officers of the United States, yet the judges who heard Arthrex's inter partes review proceeding were not appointed by the President with the advice and consent of the Senate. The Court should reverse the Federal Circuit's decision to "remedy" the constitutional violation by severing the application of for-cause removal restrictions to administrative patent judges.

Respectfully submitted,

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