

No. \_\_\_\_\_

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**In The  
Supreme Court of the United States**

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VILOX TECHNOLOGIES, LLC, EUGENE H. LUOMA,  
AND DALI WIRELESS INC.,

*Cross-Petitioners,*

v.

ANDREI IANCU, UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR,  
U.S. PATENT AND TRADEMARK OFFICE,

*Cross-Respondent.*

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**On Petition For Writ Of Certiorari To The  
Court Of Appeals For The Federal Circuit**

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**CONDITIONAL CROSS-PETITION FOR WRIT OF  
CERTIORARI BY VILOX TECHNOLOGIES, LLC,  
EUGENE H. LUOMA AND DALI WIRELESS INC.**

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## QUESTIONS PRESENTED

The Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 35, 125 Stat. 284 (2011) (“AIA”) created a scheme whereby issued patents are challenged before a panel of administrative patent judges (“APJs”). Under the AIA, the Secretary of Commerce appoints all APJs, except for the Director of the Patent Office who is appointed by the President. *Id.*, 125 Stat. 313, § 6(a). Patent holders challenged the APJs’ appointment under the Appointment Clause, and the U.S. Court of Appeals for the Federal Circuit found that as principal officers, APJs could not be appointed by the Secretary. The court of appeals’ remedy was to sever “for cause” termination protection from the Patent Act, supposedly to downgrade APJs to inferior officers who could properly be appointed by the Secretary.

Numerous petitions are now before the Court seeking review of one or more aspects of this holding. *E.g.*, Nos. 19-1434, -1452, -1458, -1459, 20-74 and -92. The present petition (No. 20-74) is a mass hold petition filed by the Government. This cross-petition adopts the Arthrex patentee’s challenge of the severance remedy (19-1458) while supplying additional reasons for the cert grant, and requests a hold in light of the Government’s mass hold petition. The questions presented are:

1. Whether the court of appeals’ severance remedy of the Appointments Clause violation of Administrative Patent Judges (APJs) is consistent with congressional intent, where Congress has long considered

**QUESTIONS PRESENTED—Continued**

tenure protections essential to secure the independence and impartiality of administrative judges.

2. Whether the court of appeals correctly held that the elimination of APJ tenure protections was sufficient to render APJs inferior officers, even though their decisions still are not reviewable by any principal executive officer.

## **PARTIES TO THE PROCEEDINGS BELOW**

In Federal Circuit Case No. 2019-2057, cross-petitioner Vilox Technologies, LLC was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals. Cross-respondent Unified Patents, Inc. was the petitioner in Patent Office proceedings and appellee in the court of appeals. Cross-respondent Iancu was an intervenor in the court of appeals.

In Federal Circuit Case No. 2019-2315, cross-petitioner Eugene H. Luoma was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals. Cross-respondent GT Water Products, Inc. was the petitioner in Patent Office proceedings and appellee in the court of appeals. Cross-respondent Iancu was an intervenor in the court of appeals.

In Federal Circuit Case No. 20-1045, cross-petitioner Dali Wireless Inc. was the patent owner in proceedings before the Patent Trial and Appeal

**PARTIES TO THE PROCEEDINGS BELOW—**  
Continued

Board and the appellant in the court of appeals.\* Cross-Respondent CommScope Technologies LLC was the petitioner in the Patent Office proceedings and appellee in the court of appeals. Cross-respondent Iancu was an intervenor in the court of appeals.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to this Court's Rule 29.6, cross-petitioners Vilox Technologies, LLC and Eugene H. Luoma state that they each have no parent corporation and that no publicly held company owns 10% or more of its stock.

Dali Wireless Inc. has a parent corporation that holds 10% or more of its stock—Dali Systems Co., Ltd.

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\* Dali Wireless is not identically situated as other cross-petitioners as a procedural matter; its appeal was resolved—through contested motions practice by both the respondent and the government before briefing—by *Arthrex* and remanded to the PTAB. Dali does not contest the Government's request to hold its petition for certiorari in No. 20-74 pending the outcome of the petition in *Arthrex* (Nos. 19-1434 and 19-1459), and will be filing a waiver of its brief in opposition in No. 20-74. Dali nonetheless agrees that, if the Court grants certiorari on the Government's petition and holds cases like Dali's for the disposition of that petition, it should also ensure that it receives briefing on the viability of the constitutional remedy the Federal Circuit imposed for the violation that it found. Dali further agrees that that remedy is inappropriate for reasons including those asserted herein. Dali thus joins in this cross-petition to that extent.

## RELATED PROCEEDINGS

The following proceedings are directly related to this case within the meaning of Rule 14.1(b)(iii):

- *Vilox Techs., LLC v. Unified Patents Inc.*, No. 2019-2057 (Fed. Cir.), judgment entered on Jan. 21, 2020, rehearing denied on Apr. 7, 2020;
- *Eugene H. Luoma v. GT Water Prods., Inc.*, No. 2019-2315 (Fed. Cir.), judgment entered on Jan. 19, 2020, rehearing denied on May 15, 2020;
- *Dali Wireless Inc. v. Commscope Technologies LLC*, No. 2020-1045 (Fed. Cir.), judgment entered on April 29, 2020.

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**PETITION FOR A WRIT OF CERTIORARI**

Vilox Technologies, LLC, Eugene H. Luoma, and Dali Wireless Inc., respectfully conditionally cross-petition for a writ of certiorari to review the judgments of the United States Court of Appeals for the Federal Circuit in these cases. This is a conditional cross-petition under Supreme Court Rule 12.5 related to a petition by the Government through Andrew Iancu (Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent and Trademark Office) in No. 20-74. This is also a joint petition meeting the requirements of Supreme Court Rule 12.4, insofar as the judgments here “involve identical or closely related questions.”

**OPINIONS BELOW**

The order of the court of appeals in *Vilox Technologies, LLC v. Unified Patents Inc.*, No. 2019-2057 (App. 9a-10a to the Government’s Petition in No. 20-74) is unreported.

The order of the court of appeals in *Luoma v. GT Water Products, Inc.*, No. 2019-2315 (App. 3a-4a to the Government’s Petition in No. 20-74) is unreported.

The order of the court of appeals in *Dali Wireless Inc. v. Commscope Technologies LLC*, No. 2020-1045 (App. 64a-65a to the Government’s Petition in No. 20-74) is unreported.



## STATEMENT OF JURISDICTION

The judgment of the court of appeals in *Vilox Technologies, LLC v. Unified Patents Inc.*, No. 2019-2057, was entered on January 21, 2020. A petition for rehearing in that case was denied on April 7, 2020 (App. 91a-92a to the Government’s Petition in No. 20-74).

The judgment of the court of appeals in *Luoma v. GT Water Products, Inc.*, No. 2019-2315, was entered on January 17, 2020. A petition for rehearing in that case was denied on May 15, 2020 (App. 125a-128a to the Government’s Petition in No. 20-74).

The judgment of the court of appeals in *Dali Wireless Inc. v. Commscope Technologies LLC*, No. 2020-1045, was entered on April 29, 2020.

On March 19, 2020, by general order, the Court extended the time to file petitions for certiorari to 150 days after the relevant judgment (rather than 90 days). In addition, Supreme Court Rule 12.5 permits the filing of this cross-petition within 30 days of the July 27, 2020 docketing of the initial July 23, 2020 petition. This Court has jurisdiction under 28 U.S.C. § 1254(1).



## PRELIMINARY STATEMENT

1. This conditional cross-petition arises from the Government’s filing of a “hold” petition, seeking to expand any relief it receives on its *Arthrex* cert petition (No. 19-1434) across thirty-nine (39) additional

proceedings. The Government’s “lead” cert petition challenges the Federal Circuit’s determination of a constitutional violation in the appointment of APJs. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (2019) (petitions for cert pending, Nos. 19-1434, 19-1452 and 19-1458). The incomplete nature of the Government’s “hold” petition necessitates this conditional cross-petition.

The Government largely omits analysis of the *Arthrex* patent owner’s call for review of the court of appeals’ remedy. The patent owner in No. 19-1458 seeks review of the severability remedy applied by the Federal Circuit. The cross-petitioners here believe that the Court should also distribute any relief that the patent owner in No. 19-1458 receives (or that any patent owner in any Appointments Clause case receives) across the same range of thirty-nine proceedings.

While cross-petitioners present this as a “hold” cross-petition (the mirror image of the Government’s), they include independent arguments in support of cert, to meet the eventuality that the Court might seek a vehicle other than *Arthrex* itself for reviewing this important constitutional issue.

2. These cases arise out of Congress’s decision to grant administrative patent judges (“APJs”) final authority to revoke previously issued patents. No superior officer in the Executive Branch can review their decisions. The court of appeals recognized that, given their power and independence, APJs are principal

officers and were appointed in violation of the Appointments Clause.

The court, however, did not leave it to Congress to fix the problem by providing for APJs to be appointed by the President and confirmed by the Senate. And it did not change anything about the nature of final APJ decisions that would demote APJs to inferior or non-officer status. Instead, it eliminated the tenure protections that shield APJs from political influence. This particular severance remedy not only contravenes congressional intent, but fails to cure the Appointments Clause violation.

Congress has long considered tenure protections essential to ensure that administrative judges are impartial and independent. Those objectives were particularly pressing here. Patents are property rights, often valuable ones. For centuries, Article III courts judged their validity. In establishing a new administrative scheme for review, Congress intended a judicial-type process that was adjudicative and fair.

By making APJs removable for policy reasons, political reasons, or no reason at all, the court eliminated a key safeguard Congress has traditionally deemed essential to make administrative adjudicative processes fair.

The court's remedy, moreover, does not remedy anything. Even without tenure protections, APJs are still principal officers because they still have the power to issue final decisions on behalf of the agency without any possibility of review by a principal officer. They are

thus still appointed in a manner that violates the Appointments Clause.

Congress would not have created a regime in which the fate of patents rests with subordinate officers issuing final decisions while trying to please their superiors and preserve their jobs. Adjudications, even in administrative agencies, should be apolitical. The court invented a new review scheme that Congress would never have envisioned.

## **I. CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

Under the Constitution's Appointments Clause, officers of the United States must be appointed by the President with the advice and consent of the Senate. 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." *Id.* This case concerns the application of the Appointments Clause to the Patent Office's administrative patent judges.

### **A. Appointment of Administrative Patent Judges**

The position of administrative patent judge, formerly known as "examiner-in-chief," started in 1861. Act of Mar. 2, 1861, ch. 88, § 2, 12 Stat. 246, 246. Those officers were appointed in the traditional manner for principal officers—"by the President, by and with the

advice and consent of the Senate.” *Id.*; *see also* Pub. L. No. 82-593, sec. 1, § 3, 66 Stat. 792, 792 (1952).

In 1975, Congress gave the Secretary of Commerce authority to appoint examiners-in-chief. Pub. L. No. 93-601, § 1, 88 Stat. 1956, 1956 (1975). At the same time, it required them to be “appointed under the classified civil service,” granting them the tenure protections long held by other federal civil servants. *Id.* § 2, 88 Stat. at 1956.

In 1999, Congress retitled examiners-in-chief “administrative patent judges” and transferred appointment authority to the Director of the Patent Office—someone who is not a department head and consequently not capable of appointing any officers. Pub. L. No. 106-113, app. I, § 4717, 113 Stat. 1501A-521, 1501A-580 to -581 (1999). Congress continued tenure protections by classifying administrative patent judges as “subject to the provisions of title 5, United States Code, relating to Federal employees.” *Id.* § 4713, 113 Stat. at 1501A-577 (enacting 35 U.S.C. § 3(c)).

In 2008, a law professor wrote that the new appointment scheme was “almost certainly unconstitutional.” John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 2007 *Patently-O Patent L.J.* 21, 21. Congress then gave back to the Secretary his appointment authority, Pub. L. No. 110-313, § 1(a), 122 Stat. 3014, 3014 (2008) (codified at 35 U.S.C. § 6(a)). Administrative patent judges 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 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 a broad range of procedural protections. 5 U.S.C. § 7513(b)-(e).

### **B. Authority of Administrative Patent Judges**

While diluting the appointment process for administrative patent judges, Congress expanded their powers. Traditionally, examiners-in-chief served on a Board of Appeals that reviewed examiner decisions, such as denials of patent applications. Pub. L. No. 690, § 3, 44 Stat. 1335, 1335-1336 (1927). They had no authority to invalidate previously issued patents. Only Article III courts had that power. 35 U.S.C. § 282(b).

In 1980, Congress created an administrative scheme known as *ex parte* reexamination to allow inventors (or any other person) to get a second Patent Office review of their previously issued patents. Pub. L. No. 96-517, § 1, 94 Stat. 3015, 3015 (1980). Congress granted the Board power to hear appeals from those decisions. *Id.* sec. 1, § 306, 94 Stat. at 3016 (*citing* 35 U.S.C. § 134). In 1984, Congress renamed the Board the Board of Patent Appeals and Interferences and directed it to conduct interference proceedings to resolve priority-of-invention disputes between competing

applicants. Pub. L. No. 98-622, § 201-202, 98 Stat. 3383, 3386-3387 (1984).

In 1999, Congress created inter partes reexamination, an administrative scheme for reviewing previously issued patents, but with third-party participation. Pub. L. No. 106-113, app. I, § 4604(a), 113 Stat. at 1501A-567. Congress also granted the Board authority to hear appeals from those decisions. *Id.* sec. 4604(a), § 315, 113 Stat. at 1501A-569 (*citing* 35 U.S.C. § 134).

These cases concern Congress's most recent increase in administrative patent judge authority: the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011). The AIA created the Patent Office's first adjudicative schemes for revoking previously issued patents. Ex parte and inter partes reexaminations were "examinational" proceedings in which patent examiners directed the process, applying the same procedures that govern 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 enacted a process intended to be "objective, transparent, clear, and fair to all parties." 157 Cong. Rec. 3433 (Mar. 8, 2011) (Sen. Kyl). Congress created a "party-directed, adversarial" agency process that "mimics civil litigation." *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1352, 1355 (2018).

Specifically, the AIA replaced inter partes reexamination with three new 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 (codified at 35 U.S.C. § 311 et seq.). Panels of the Patent Trial and Appeal Board, which consists of approximately 260 administrative patent judges as well as the Patent Office’s Director, Deputy Director, and two Commissioners, conduct all such proceedings. *Id.* § 7(a), 18(a)(1), 125 Stat. at 313, 329 (codified at 35 U.S.C. § 6(a)-(b)); Gov’t C.A. Reh’g Pet. 4. Each panel must include “at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director.” 35 U.S.C. § 6(c). The Director is the only Board member appointed by the President and confirmed by the Senate. *Id.* § 3(a)-(b), 6(a). APJs continued to be appointed by the Secretary of Commerce and removable only for cause. 35 U.S.C. § 3(c), 6(a).

A person can petition for inter partes review on the ground that the patented 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 statute then calls for an adversarial proceeding in which both sides can take discovery, submit evidence and briefs, and present oral argument. *Id.* § 316(a). The petitioner need only prove invalidity by a preponderance of the evidence. *Id.* § 316(e). The Patent Office refers to those proceedings as “trial[s].” 37 C.F.R. § 42.100(a).

At the end of the proceeding, the Board issues a final written decision on the patentability of the claims. 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).

## II. STATEMENT OF THE CASE

In *Arthrex*, the court of appeals vacated and remanded a Board decision invalidating claims of a patent. 941 F.3d at 1325. On appeal, Arthrex argued that the APJs who presided over its case were appointed in violation of the Appointments Clause. It claimed that APJs are principal officers who must be appointed by the President and confirmed by the Senate, rather than inferior officers who may be appointed by the Secretary of Commerce. *Id.* at 1327. The Government intervened to defend the appointments.

The court of appeals held that APJs are principal officers who must be appointed by the President and confirmed by the Senate. Under *Edmond v. United States*, 520 U.S. 651 (1997), it explained, “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 1328-29 (*quoting* 520 U.S. at 663). *Edmond* describes 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." *Id.*

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. *Id.* at 1329-31. Although the Patent Office's Director is a Board member, Board panels must include at least three members. *Id.* at 1329. As a result, the Director cannot "single-handedly review, nullify or reverse" APJ decisions. *Id.*

On the second factor, supervision and oversight, the court explained that the Director can promulgate regulations and issue policy guidance. *Id.* at 1331-32. He can also decide whether to institute an inter partes review and designate panels. *Id.* In the court's view, that authority favored inferior officer status. *Id.* at 1332.

As to the third factor, removal power, the court identified significant limitations. While the Director can designate APJs to panels, that authority is "not nearly as powerful as the power to remove from office without cause." *Id.* at 1333. The Secretary can remove an APJ from office only for "misconduct \* \* \* likely to have an adverse impact on the agency's performance of its functions." *Id.*

The court held that these factors together made APJs principal officers. *Id.* at 1335. As a result, the Secretary could not have appointed them constitutionally.

On the remedy, the court observed that “[s]evering the statute is appropriate if the remainder of the statute is ‘(1) constitutionally valid, (2) capable of functioning independently, and (3) consistent with Congress’ basic objectives in enacting the statute.’” *Id.* (quoting *United States v. Booker*, 543 U.S. 220, 258-259 (2005)). The court severed the for-cause removal protections for APJs. *Id.* at 1337-38. 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.* The court also 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 1338.

The court then ordered a new hearing before a different panel of APJs under *Lucia v. SEC*, 138 S. Ct. 2044 (2018). *Arthrex*, 941 F.3d at 1340. The court rejected the Government’s argument that *Lucia* did not apply because *Arthrex* did not raise its challenge before the Board. *Id.* Because “the Board was not capable of providing any meaningful relief to this type of Constitutional challenge,” it would have been “futile for *Arthrex* to have made the challenge there.” *Id.* at 1339.

The Government and Smith & Nephew sought rehearing *en banc*. Arthrex also sought rehearing, arguing that the court’s remedy was contrary to congressional intent and did not cure the Appointments Clause violation. The court of appeals denied rehearing *en banc*, over three dissents joined by a total of four judges. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 953 F.3d 760 (Fed. Cir. 2020).

The dissenting judges disagreed with the panel’s remedy. “By eliminating Title 5 removal protections for APJs,” they reasoned, “the panel is performing major surgery to the statute that Congress could not possibly have foreseen or intended.” *Id.* at 769 (Dyk, J., joined by Newman, Wallach, and Hughes, JJ., dissenting). “Removal protections for administrative judges have been an important and longstanding feature of Congressional legislation, and this protection continued to be an important feature of the AIA enacted in 2011 \* \* \* .” *Id.* “[R]emoval protections were seen as essential to fair performance of the APJs’ quasi-judicial role.” *Id.* at 771; *see also id.* at 781 (Hughes, J., joined by Wallach, J., dissenting).

### **III. THE CROSS-PETITIONERS’ PROCEDURAL STATUS**

All three cross-petitioners are patent owners who had their patents invalidated by PTAB APJ panels before the *Arthrex* decision and raised Appointments Clause objections in their first filings with the court of appeals. The court of appeals vacated the decisions

below and remanded in light of *Arthrex*. Thus, all three cross-petitioners have received a decision by the court of appeals holding that the agency decision-makers in their proceedings were unconstitutionally appointed, and that their objection was properly preserved. In all three cases, the Government (through the Patent Office Director) intervened to postpone or oppose such an *Arthrex* remand, but the court of appeals overruled the Government's objection.



### **REASONS FOR GRANTING THE PETITION**

The America Invents Act authorizes administrative patent judges to revoke previously issued patents with no review by any presidentially appointed, Senate-confirmed executive officer. The court of appeals correctly held that Congress's attempt to vest that authority in APJs renders them principal officers, and that APJs are not appointed in the manner the Appointments Clause requires for such officers. The court's remedy, however, warrants this Court's review.

The Government should not revoke valuable property rights except through fair procedures administered by neutral decision-makers. Congress has insisted on tenure protections for administrative judges to ensure that impartiality. The court of appeals excised those protections for APJs.

All of the *Arthrex* petitioner's reasons in No. 19-1458 for granting the petition apply to this cross-petition, and therefore justify the Court holding this

cross-petition if it grants review of the petition in No. 19-1458. The cross-petition can also be independently granted because the *Arthrex* panel's remedy for the Appointments Clause violation takes away APJs' vested property rights in federal employment without due process of law, would not have been preferred by Congress, and overlooks the constitutionally sound and non-disruptive remedy of downgrading APJs to inferior or non-officer status.

**I. Removing APJ Tenure Protection to Make Their Jobs More Political Does Not Validly Remedy the Appointments Clause Violation**

The court of appeals correctly concluded that APJs are unconstitutionally appointed. That decision nevertheless devised a remedy that is no remedy at all. The remedy does not require the re-appointment of a single APJ, does not alter future appointments to require nomination by the President and confirmation by the Senate (the required mode for principal officers), and does not change anything about the character of APJ validity decisions that might downgrade APJ employment status from principal officer to that of an inferior or non-officer.

Instead, the Federal Circuit unilaterally abolished APJ tenure protections.<sup>1</sup> The panel deemed that, for all

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<sup>1</sup> The *Arthrex* remedy appears to replace one type of unconstitutionality with another. Federal employees possess a property right in their employment. *King v. Alston*, 75 F.3d 657, 661 (Fed. Cir. 1996) (identifying property right intrinsic to the same Section 7513 employment provision applicable to APJs) (*citing Cleveland*

future PTAB decisions, APJs are inferior officers, thus making their decisions constitutionally sound from that day forward. *Arthrex*, 941 F.3d at 1338. The result of this non-remedial “remedy” has been a wave of seemingly meaningless remands and mulligans. Hundreds of parties (like cross-petitioners) must repeat proceedings before a new panel assembled from the same roster of APJs who were unconstitutionally appointed in the first place. Only now, APJs have no protection from termination if their decisions do not please their political bosses.

Two Federal Circuit Judges commented during the rehearing stage on the haste and carelessness of their colleagues’ remedy analysis. They observed that “*Arthrex* disposed of the [remedy] question in a few sentences,” without a “fulsome severance analysis.” *Arthrex, Inc. v. Smith & Nephew, Inc.*, 953 F.3d 760, 787 (Fed. Cir. 2020) (Hughes, J. and Wallach, J., dissenting from denial of reh’g *en banc*). Their concern was well-founded. Converting APJs to at-will employees conflicts with the goals and policy behind the Framers’ placement of the Appointments Clause into our Constitution. It throws to the political winds what should be technological determinations. APJs who step wrongly (*i.e.*, rule contrary to a department head’s desired adjudication outcome) risk their jobs. Millions, or even billions, of dollars of adjudicated outcomes are,

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*Bd. of Educ. v. Loudermill*, 470 U.S. 532, 538-39 (1985)). The *Arthrex* remedy extinguishes those property rights. No APJ or APJ interest group filed any appearance or had any say.

because of the decision, more politically accountable to the President and his appointees.

These are all patent validity adjudications. Such decisions in theory have an objectively right or wrong answer, albeit under legal standards that include subjective elements.<sup>2</sup> Such decisions mainly resolve where a particular technology sits along the spectrum of technological innovation. Is it anticipated, or not anticipated? Would it have been obvious, or not obvious? A patent claim should either be objectively valid or objectively invalid, at least in theory. The *Arthrex* remedy is incorrect because it makes determinations concerning technology *more* political, not less so.

As Judge Dyk observed (with concurrence from three other Federal Circuit judges): “By eliminating Title 5 removal protections for APJs, the panel is performing major surgery to the statute that Congress could not possibly have foreseen or intended.” *Arthrex*, 953 F.3d 769 (Dyk, J., dissenting from denial of reh’g *en banc*). Making APJs politically accountable by dint of removing their Title 5 tenure protection conflicts

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<sup>2</sup> Whether a patent claim is anticipated depends on interpretation of the scope of the claim, which depends on findings about what a person of ordinary skill in the art at the time of the invention would have perceived. Whether a patent claim would have been obvious depends on weighing numerous factors, including the difference between the scope of the claim and the level of ordinary skill in the art. *Teva Pharms. USA, Inc. v. Sandoz Inc.*, 906 F.3d 1013, 1022-24 (Fed. Cir. 2018). These standards are intrinsically subjective, lending considerable camouflage to a decision-maker who is motivated to choose one outcome over another for reasons outside of the record.

with Congressional purpose concerning job security, as first established in the 1946 Administrative Procedures Act for ALJs, and 1975 Patent Act amendments for APJs. *Id.* at 769-71. Since 1975, despite numerous modifications of the Patent Act both big and small, Congress preserved APJ tenure protection for the precise reason that personnel who conduct adjudication within Executive agencies should not be “mere tools of the agency and subservient to the agency heads in making their proposed findings of fact and recommendations.” *Id.* at 770. Judge Dyk (with three other Judges) pointed out, without rebuttal from their fellow Judges, that “ALJs in general and APJs in particular have been afforded longstanding and continuous protection from removal” by Congress. *Id.* at 771. And they additionally noted that after the *Arthrex* panel decision, Congress convened a subcommittee hearing at which one Member stated that eliminating tenure protection was “inconsistent with the idea of creating an adjudicatory body [capable of] providing independent impartial justice.” *Id.* at 772.

Thus, Congress only enacts patent laws that ensure no political appointee’s thumb sits on the scales of justice via control over APJ jobs. Such an outcome subverts, rather than serves, the interests of justice.<sup>3</sup>

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<sup>3</sup> The panel decision also shows the Federal Circuit’s lack of awareness that not all APJs are similarly situated. A large subset of APJs work exclusively on *ex parte* patent application appeals. See USPTO PTAB Standard Operating Procedure 1 (rev. 15, Sept. 20, 2018) at 4 (“As described further below, some judges are assigned to be paneled only on *ex parte* appeals, while other judges are also assigned to be paneled on cases in other jurisdictions of

Nor can this outcome advance the Appointments Clause policy of structuring the most important governmental hires “to curb Executive abuses of the appointment power” and “to assure a higher quality of appointments.” *Edmond v. United States*, 520 U.S. 651, 659 (1997). For instance, the decision never explains how taking away job security for a class of federal employees can possibly curb, as opposed to enable, abuse of Executive appointment and removal power by political appointees. And the panel decision never explains how emplacing a structure that promotes kowtowing to the President’s appointees, as opposed to independence from them, will lead to “higher quality” personnel filling APJ jobs, or doing those jobs more accurately. The *Arthrex* remedy is facially irrational, in the context of an adjudicatory body whose job is to reach the right answer on a single issue, and in the context of the policy behind the Appointments Clause.

Given the above, the Court should either grant the petition in No. 19-1458 and hold this cross-petition, or grant this cross-petition outright. Clear errors by the

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the Board (*e.g.*, reexamination appeals and/or AIA proceedings).” For this subset of APJs, their jobs do not involve holding trials or invalidating patents, and therefore such APJs do not fit the Federal Circuit’s analysis of why APJs are “Officers of the United States,” much less principal ones. Even under the panel’s analysis, no rational basis exists to deprive such APJs of their tenure protections. Their appointments are not invalid. Even so, under a recent decision, the Federal Circuit expanded the panel’s remedy to *ex parte* appeal outcomes, without performing independent analysis of whether such APJs are “Officers of the United States.” *In re Boloro Global Ltd.*, No. 2019-2349, \_\_\_ F.3d \_\_\_, 2020 U.S. App. LEXIS 20978 (July 7, 2020).

court of appeals mean that APJs continue to adjudicate property rights despite having been unconstitutionally appointed. The Court should consider whether a judicial remedy is possible, and if not, issue appropriate holdings to permit Congress to legislate a fix.

## **II. The Panel Misread Constitutional Case Law**

The panel's tenure-removal remedy purports to follow two court decisions that applied a tenure-removal remedy to a constitutional violation (*Free Enterprise Fund* and *Intercollegiate*). But the panel misapplied the first decision, while the second decision is factually distinguishable. Thus, two prior instances of courts imposing a similar remedy does not make the panel's remedy here correct.

The *Arthrex* panel looked first to *Free Enterprise Fund v. Public Company Accounting Oversight Board*, 561 U.S. 477 (2010), as support for its tenure-removal remedy. But the panel missed two major distinctions. First, this Court removed a for-cause termination layer between the PCAO Board and the President (where originally there were two) to remedy a Separation of Powers violation, not directly to remedy an Appointments Clause problem. All discussion of transforming Board members into at-will employees beholden to the Commission was to make the Board more accountable to the President, and the President more responsible for Board actions, thus ensuring a "role for oversight by an elected President." *Id.* at 499. This ruling applied Separation of Powers principles and goals to transform

the Board into proper employees within the Executive branch. *Id.* at 499-502. By the time discussion reached the Appointments Clause, there was no need to consider whether the same judicial remedy would have cured an Appointments Clause violation, ***if only the Appointments Clause were violated.*** *Id.* at 510. While it is true that the Court noted that there was no Appointments Clause violation “given” the previously-imposed Separation of Powers remedy, *id.*, this was coincidental, and without discussion of how the case might have resolved if the Court considered solely how to remedy an Appointments Clause violation.

Second, no federal employment due process right in *Free Enterprise Fund* constrained the Court’s menu of available options. The PCAO Board Members were not federal employees for statutory purposes, and their organization exists as a private nonprofit corporation. *Id.* at 484. The Court therefore did not confront the situation here, where a vested property right in employment within the federal government should constrain what remedies may be considered.

The only other authority cited by the panel to support the tenure removal remedy is *Intercollegiate Broadcasting System, Inc. v. Copyright Royalty Board*, 684 F.3d 1332 (D.C. Cir. 2012). In that case, the D.C. Circuit uncritically followed the *Free Enterprise Fund* Separation of Powers model to implement a tenure-reduction remedy for a stand-alone Appointments Clause violation. But in doing so, that court failed to recognize that different considerations may apply to distinct types of constitutional violations, insofar as a

remedy should narrowly address the violation itself. The *Intercollegiate* panel did not explain how a remedy selected to ensure an oversight role for an elected President (as discussed in *Free Enterprise Fund*) might somehow redeem a mistaken governmental appointment of a principal officer that, at some time in the past, wrongly skipped over nomination by the President and confirmation by the Senate. It defies logic to hold that removing tenure protections of an existing officer retroactively makes the *appointment* of that officer subject to political accountability at the highest levels of the political branches (the President and the Senate), or retroactively attracts the finest and most vetted talent to the job.

In addition, the D.C. Circuit in *Intercollegiate* (like the Federal Circuit in this case) did not reconcile its selected remedy with the Copyright Royalty Board Judges' vested federal employment property rights. Only three Copyright Royalty Board Judges exist at a given time. *Id.* at 1335. This stands in contrast to the hundreds of APJs affected by the incorrect remedy in this case (over 260). Evidently, the due process question was not as urgent at the D.C. Circuit, and also erroneously overlooked.

In short, while the *Arthrex* panel did conform its remedy to that of *Intercollegiate*, the reasoning of *Intercollegiate* itself is faulty. In addition, Congressional purpose over how to structure the Copyright Royalty Board is irrelevant to Congressional purpose over how to structure the PTAB, which implicates a

long history (discussed above) of Congress's solicitude toward tenure protection of ALJs and APJs.

### **III. This Court Can Consider if a Judicial Remedy is Possible**

The correct remedy is not that which the Federal Circuit chose. *Arthrex* (in No. 19-1458) is likely correct that no severance is possible and Congress must take responsibility through legislation. If the Court is hesitant to invalidate the entire trial portion of the AIA, another option might be available.

If certiorari is granted, one option (if there is hesitancy to invalidate the trial portion of the AIA) for the Court to consider is whether to sever the statute so that patentability determinations continue as Congress intended, except with APJs downgraded to only having the authority to issue advisory patentability decisions. This would make them either inferior or non-officers.

All that is necessary to impose this remedy is severance of the part of the statute that makes final written decisions on patentability binding. Government employees who issue nonbinding decisions do not assert the type of "significant authority" that the court of appeals held make them principal officers: they do not "render a final decision on behalf of the United States." See *Edmond*, 520 U.S. at 665. Consequently, making APJ decisions nonbinding would validate the current

mode of APJ hiring by the Secretary of Commerce.<sup>4</sup> Simultaneously, this remedy avoids mass destruction of federal employee property rights, and concomitant due process concerns. The statutory language that is ripe for severance is simply eleven words within 35 U.S.C. §§ 318(b) and 328(b) referring to a certificate “cancelling any claim of the patent finally determined to be unpatentable.”

To cross-petitioners’ knowledge, Congress has never enacted a federal administrative agency adjudicative tribunal with at-will employment for the tribunal members. That is anathema to the interests of justice, and the ideals of substantive due process. And as explained above, the Federal Circuit’s extinguishment of tenure makes the resulting law no longer fully operative as a law, since it takes away vested property

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<sup>4</sup> In *Lucia v. SEC*, the dissent would have held that officer status turns on whether final decisions of the relevant personnel are “binding.” 138 S. Ct. 2044, 2065 (2018) (Sotomayor, J., dissenting, joined by Ginsburg, J.). The majority did not reach whether this standard is correct, since the SEC ALJs exercised the same duties as Special Tax Judges of the United States Tax Court (STJs), which made STJs officers in an earlier decision (*Freytag*). *Id.* at 2051-52. Thus, while it may be an open question whether making APJ decision-making nonbinding would downgrade APJs to nonofficers, nonbinding decision-making at least downgrades them to “inferior officers.” APJ decisions would have no effect without a jury or Article III trial judge (as trier of fact) accepting their recommendations, thus inserting the supervision of persons nominated by the President and confirmed by the Senate (*i.e.*, federal trial judges). This would make APJ appointment by the Secretary of Commerce valid.

rights in federal employment without due process of law.



## CONCLUSION

This conditional cross-petition should be granted or held in view of No. 19-1458. Stakeholders in the patent system are entitled to a government that, if it gives patent invalidation authority to Executive Branch employees, at least requires such employees to be nominated by the President and confirmed by the Senate. That would have made them properly-appointed principal officers, guaranteeing the highest quality personnel to do the job, while simultaneously assuring political accountability over their hiring at the highest levels of the political branches. The *Arthrex* panel decision commendably recognizes the constitutional violation in how APJs are hired under the AIA. But the panel decision selected the wrong remedy. Cross-petitioners therefore request that, if this Court grants certiorari to consider the merits of the Federal

Circuit's Appointment Clause analysis, it also grant certiorari to consider the proper remedy.

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