No. 22-

IN THE

Supreme Court of the United States

FALL LINE PATENTS, LLC.,

Petitioner,

v.

UNIFIED PATENTS, LLC FKA UNIFIED PATENTS, INC.; AND KATHERINE K. VIDAL, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The question presented is the same as that in *Arthrex Inc. v. Smith & Nephew, Inc., Arthrocare Corp; and United States of America*, No. 22-639 (filed January 8, 2023):

The Federal Vacancies Reform Act of 1998 ("FVRA") establishes "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of a vacant presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a). The FVRA specifies which individuals are eligible to serve as acting officers and for how long. *Id.* §§ 3345, 3346. In this case, the U.S. Patent and Trademark Office ("PTO") invoked its general delegation authority to adopt a succession plan that differs from the exclusive options set forth in the FVRA. The PTO's Director is a presidentially appointed, Senate-confirmed officer. But the PTO's Agency Organization Order 45-1 provides for the Commissioner for Patents to run the agency when the positions of Director and Deputy Director are both vacant. Pursuant to that order, Commissioner for Patents Andrew Hirshfeld, performing the functions and duties of the Director, denied review of a Patent Trial and Appeal Board ruling that invalidated Arthrex's patent claims in an inter partes review. The question presented is:

Whether the Commissioner for Patents' exercise of the Director's authority pursuant to an internal agency delegation violated the Federal Vacancies Reform Act.

PARTIES TO THE PROCEEDINGS BELOW

Petitioner Fall Line Patents, LLC was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals.

Respondents Unified Patents, LLC was the petitioner in the proceedings before the Patent and Trial Appeal Board and appellees in the court of appeals.

Respondent Katherine K. Vidal, Under Secretary Of Commerce For Intellectual Property And Director Of The United States Patent And Trademark Office, was an intervenor in the court of appeals.

CORPORATE DISCLOSURE STATEMENT

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

RELATED PROCEEDINGS

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

- *Fall Line Patents, LLC* v. Unified Patent, LLC, No. 2019-1956 (Fed. Cir.), judgments entered on July 28, 2020 and December 19, 2022

- Unified Patents Inc. v. Fall Line Patents, LLC, Case IPR2018-00043 (P.T.A.B.), final written decision entered on December 6, 2021.

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Fall Line Patents, LLC., respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.[1]

OPINIONS BELOW

The court of appeals' opinion (App., *infra*, 1a-7a) is unreported. The Commissioner for Patents' order denying review of the Patent Trial and Appeal Board's final written decision (App., *infra*, 8a-9a) is unreported.

STATEMENT OF JURISDICTION

The court of appeals entered its decision on December 19, 2022. App., *infra*, 1a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL, STATUTORY, AND REGULATORY PROVISIONS INVOLVED

Relevant provisions of the Appointments Clause, U.S. Const. art. II, § 2; the Federal Vacancies Reform Act of 1998, 5 U.S.C. §§ 3345-3349d, and the U.S. Patent and Trademark Office's Agency Organization Order 45-1 (Nov. 7, 2016), are reproduced in the appendix. App., *infra*, 25a-41.

PRELIMINARY STATEMENT

This case has been before the Court once before, in *United States* v. *Fall Line Patents.*, No. 20-853 (2021). In 2017, three administrative patent judges ("APJs") at the

1. Because it presents the same question, this petition is the same as the petition filed by Arthrex.

U.S. Patent and Trademark Office ("PTO") purported to invalidate claims in one of Fall Line's patents, without any possibility for review by a presidentially appointed, Senate-confirmed principal officer. This Court granted review, vacated the judgment below, and remanded so Fall Line could seek review by a properly appointed officer at the PTO. The case (like *Arthrex*) now returns to the Court because the agency—invoking its own internal succession plan for vacant offices—never provided that review.

In its 2021 decision in *Arthrex*, this Court held that APJs could not enter final decisions invalidating patents without an opportunity for review by a superior executive officer. Under the Appointments Clause, the Court explained, only a principal officer appointed by the President and confirmed by the Senate could invalidate a patent without opportunity for review by a superior. APJs, however, are appointed only as inferior officers by the Secretary of Commerce. The Court remanded so Fall Line could seek review by a properly appointed officer.

On remand, Fall Line did not get the remedy the Court directed. There was no presidentially appointed, Senate-confirmed officer at the PTO: The Director's office was vacant. Nor had the President appointed an Acting Director to run the PTO in the Director's absence under the Federal Vacancies Reform Act of 1998 ("FVRA"), 5 U.S.C. §§ 3345-3349d. Instead, Commissioner for Patents Andrew Hirshfeld, an inferior officer, was running the agency pursuant to the PTO's internal organization plan.

This case now presents a new but equally important question of federal law: whether an agency can establish its own succession plan that permits a subordinate to

run the agency without Senate confirmation. In the FVRA, Congress authorized "acting" officers to perform temporarily the duties of an office that ordinarily requires a presidentially appointed, Senate-confirmed officer, providing three different methods for appointment. But Congress carefully limited who may serve and for how long. Congress made that statute "the *exclusive means* for temporarily authorizing an acting official to perform the functions and duties" of a vacant presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a) (emphasis added).

The PTO's actions here flout those requirements. Commissioner Hirshfeld was not appointed as Acting Director under the FVRA. The PTO simply made up its own succession plan by "delegating" all the Director's authority to Commissioner Hirshfeld during a vacancy.

The issue is recurring and important. For years, agencies have been using their delegation authority to evade the FVRA's requirements. That practice violates the plain text of the statute and its mandate of exclusivity. It also disregards the statutory history, which shows that Congress enacted the FVRA to put an end to *this precise practice*. Courts and academics alike have sounded the alarm, warning that agencies have been using their delegation authority to end-run the Senate's advice-and-consent function and the narrow exceptions Congress afforded. The Court should grant review to vindicate Congress's constitutional prerogatives and the FVRA's clear statutory design.

STATEMENT

I. Statutory And Regulatory Background

Congress enacted the Federal Vacancies Reform Act to establish "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of a vacant presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a). Congress designed that statute "to uphold the Senate's prerogative to advise and consent to nominations [by] placing a limit on presidential power to appoint temporary officials." S. Rep. No. 105-250, at 4 (1998). This case arises out of an agency's efforts to thwart that design by adopting its own succession plan that defies the options Congress enacted.

A. The Federal Vacancies Reform Act

Under the Appointments Clause, the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint * * * Officers of the United States."

U.S. Const. art. II, § 2. Congress, however, can "vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments." *Ibid.* The Appointments Clause thus requires Senate confirmation for "principal officers," but permits Congress to adopt other methods for "inferior officers"—*i.e.*, those "whose work is directed and supervised at some level" by their superiors. *Edmond* v. *United States*, 520 U.S. 651, 658-661, 663 (1997).

"The Senate's advice and consent power is a critical 'structural safeguard[ ] of the constitutional scheme.'"

NLRB v. *SW Gen., Inc.*, 137 S. Ct. 929, 935 (2017). Nonetheless, "[s]ince President Washington's first term, Congress has given the President limited authority to appoint acting officials to temporarily perform the functions of a vacant [presidentially appointed, Senate-confirmed] office without first obtaining Senate approval." *Ibid.* In 1868, Congress passed the Vacancies Act to expand that authority. Act of July 23, 1868, ch. 227, 15 Stat. 168. In *United States* v. *Eaton*, 169 U.S. 331 (1898), this Court rejected an Appointments Clause challenge to the practice of allowing inferior officers to exercise a principal officer's authority temporarily during a vacancy. The Court reasoned that a "subordinate officer * * * charged with the performance of the duty of the superior for a limited time and under special and temporary conditions * * * is not thereby transformed into the superior and permanent official." *Id.* at 343.

In *Eaton*'s wake, Executive Branch efforts to avoid Senate confirmation outside the narrow circumstances permitted by Congress have provoked considerable controversy. "During the 1970s and 1980s, * * * [t]he Department of Justice took the position that, in many instances, the head of an executive agency had independent authority apart from the Vacancies Act to temporarily fill vacant offices." *SW Gen.*, 137 S. Ct. at 935. "Specifically, the Department of Justice maintain[ed] that where a department's organic act * * * authorizes [the agency head] to delegate [her] powers and functions to subordinate officials or employees as she sees fit, such authority supersedes the Vacancies Act's restrictions * * * ." S. Rep. No. 105-250, at 3. Under that theory, an agency could empower a subordinate to exercise a principal officer's authority at length without complying with the statutory requirements for acting officers.

Congress considered that delegation theory "wholly lacking in logic, history, or language." S. Rep. No. 105-250, at 3. It responded by enacting the Federal Vacancies Reform Act of 1998 ("FVRA"), Pub. L. No. 105-277, § 151, 112 Stat. 2681, 2681-611 (1998) (codified as amended at 5 U.S.C. §§ 3345-3349d). Congress enacted that statute "to create a *clear and exclusive* process to govern the performance of duties of offices * * * when a Senate confirmed official has died, resigned, or is otherwise unable to perform the functions and duties of the office." S. Rep. No. 105-250, at 1 (emphasis added). Congress did so "to uphold the Senate's prerogative to advise and consent to nominations [by] placing a limit on presidential power to appoint temporary officials." *Id.* at 4.

A "primary reason" for the FVRA's enactment was Congress's belief that "the Justice Department's interpretation of the existing statute must be ended." S. Rep. No. 105-250, at 4. Congress sought to "foreclose[] the argument raised by the Justice Department that [its delegation authority], rather than the Vacancies Act, appl[ies] to vacancies in that department." *Id.* at 17. Congress also sought to "foreclose[ ] the argument that similar language of * * * delegation contained in the organic statutes of other departments, rather than the Vacancies Act, applies to those departments." *Ibid.* In short, Congress sought to "expressly negate[ ] the DOJ position." Morton Rosenberg, Cong. Rsch. Serv., *The New Vacancies Act: Congress Acts To Protect the Senate's Confirmation Prerogative* 9 (Nov. 2, 1998); see also *SW Gen.*, 137 S. Ct. at 935-936 (repeatedly citing this CRS report).

To that end, the FVRA strictly limits who may serve as an acting officer during a vacancy and for how long. Section 3345 sets forth three options. First, by default, "the first assistant to the office * * * shall perform the functions and duties of the office temporarily." 5 U.S.C. § 3345(a)(1). Second, "the President (and only the President) may direct a person who serves in [another] office for which appointment is required to be made by the President, by and with the advice and consent of the Senate, to perform the functions and duties of the vacant office temporarily." *Id.* § 3345(a)(2). Third, "the President (and only the President) may direct an officer or employee of [the same] Executive agency to perform the functions and duties of the vacant office temporarily" so long as that person has "served in a position in such agency for not less than 90 days" during the preceding year and has a "rate of pay * * * equal to or greater than * * * GS-15." *Id.* § 3345(a)(3). Section 3346 imposes a 210-day time limit for acting service, although the statute extends that period if the President submits a nominee for confirmation or if the vacancy coincides with a presidential transition. *Id.* §§ 3346, 3349a(b).

Section 3347 makes those three statutory options mandatory: The statute sets forth "the *exclusive means* for temporarily authorizing an acting official to perform the functions and duties" of a presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a) (emphasis added). Responding to the specific abuse that motivated the legislation, Section 3347 adds that "[a]ny statutory provision providing general authority to the head of an Executive agency * * * to delegate duties statutorily vested in that agency head to, or to reassign duties among, officers or employees of such Executive agency" cannot

substitute for the statute's three exclusive methods. *Id.* § 3347(b).

Section 3348 specifies certain consequences for non-compliance. "An action taken by any person who is not acting under [the FVRA] in the performance of any function or duty of a vacant office to which this section * * * appl[ies] shall have *no force or effect*." 5 U.S.C. § 3348(d)(1) (emphasis added). For purposes of "this section"—*i.e.*, Section 3348—the term "function or duty" includes a "function or duty of the applicable office" that "is established by statute" and "is required by statute to be performed by the applicable officer (*and only that officer*)." *Id.* § 3348(a)(2)(A) (emphasis added).

B. The PTO's Agency Organization Order 45-1

This case arises from the U.S. Patent and Trademark Office. The PTO's powers and duties are vested in an Under Secretary of Commerce for Intellectual Property (also known as the "Director") who is "appointed by the President, by and with the advice and consent of the Senate." 35 U.S.C. § 3(a)(1). The Secretary of Commerce appoints a Deputy Under Secretary (or "Deputy Director") who "shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director." *Id.* § 3(b)(1). The statute does not address who runs the agency if *both* offices are vacant. The FVRA thus supplies the governing rules in those circumstances.

1. Despite the FVRA's declaration that its three mechanisms for temporary appointments are exclusive, the PTO has invoked its authority to delegate functions

within the agency to prescribe its own succession plan in the event of a vacancy. The PTO's organic statute grants the Director broad authority to delegate functions to other officers and employees. See 35 U.S.C. § 3(b)(3)(B) (Director may "delegate * * * such of the powers vested in the Office as the Director may determine"); Pub. L. No. 106-113, § 4745, 113 Stat. 1501, 1501A-587 (1999) (Director "may delegate any of [her] functions * * * as the official may designate"). In 2002, the PTO invoked that authority to provide that the Commissioner for Patents—an inferior officer appointed by the Secretary of Commerce, 35 U.S.C. § 3(b)(2)(A)—would run the agency when the top two offices were vacant: "If both the Under Secretary and the Deputy Under Secretary positions are vacant, the Commissioner for Patents * * * will perform the functions and duties of the Under Secretary." Agency Organization Order 45-1 § II.D (June 24, 2002) (reproduced at C.A. Dkt. 160 Ex. C).

The current version of that order, from November 2016, is similar: "If both the Under Secretary and the Deputy Under Secretary positions are vacant, the Commissioner for Patents * * * will perform the non-exclusive functions and duties of the Under Secretary." Agency Organization Order 45-1 § II.D (Nov. 7, 2016) (reproduced at C.A. Dkt. 161-2 and App., *infra*, 181a-182a). That succession plan diverges from the three options in the FVRA, which require that a vacancy in the Director's office be filled by the Director's "first assistant" (*i.e.*, the Deputy Director), another Senate-confirmed officer, or a senior PTO official designated by "the President (and only the President)." 5 U.S.C. § 3345(a)(1)-(3).

2. In 2014, when another Commissioner for Patents was temporarily running the agency, the PTO published a Notice of Delegation that attempted to defend the arrangement. See U.S. Patent & Trademark Off., *Notice of Delegation to Commissioner for Patents and Notice of Delegation to Commissioner for Trademarks* (Oct. 30, 2014). The PTO explained that "Commissioner Focarino has not been, and need not be, appointed 'Acting Director' of the USPTO under the Vacancies Reform Act (VRA) of 1998." *Ibid.* "Appointment of a VRA-authorized 'Acting Officer,'" it asserted, "is only needed to allow an individual to perform duties * * * that are exclusive to that particular [presidentially appointed, Senate-confirmed] Officer." *Ibid.* (citing 5 U.S.C. § 3348(a)(2)). In the PTO's view, "*[a]ll* of the Director's duties under Titles 35 and 15 * * * are delegable (*i.e.*, non-exclusive) duties" because there was no "clear statutory language providing that *only* the [Director] can perform the dut[ies]." *Ibid.* (emphasis altered).

3. When President Trump left office in January 2021, the Director and Deputy Director of the PTO both promptly resigned. See Hailey Konnath, *USPTO Deputy Director Laura Peter Resigns, Following Iancu*, Law360, Jan. 20, 2021. Under the PTO's internal organization plan, Commissioner for Patents Andrew Hirshfeld assumed the Director's duties. *Ibid.*

Commissioner Hirshfeld was not nominated by the President or confirmed by the Senate—he is an inferior officer appointed by the Secretary of Commerce. 35 U.S.C. § 3(b)(2)(A). He was not appointed "Acting Director" through any of the FVRA's three methods. Instead, he performed the Director's functions and duties pursuant

to the PTO's Agency Organization Order 45-1 § II.D (Nov. 7, 2016). Commissioner Hirshfeld held that role for nearly fifteen months, until the Senate finally confirmed Kathi Vidal as Director in April 2022. 168 Cong. Rec. S1987 (Apr. 5, 2022).

II. Proceedings Below

A. Background

Fall Line Patents, LLC, owns U.S. Patent No. 9,454,748 (the " '748 patent"), entitled "System and Method for Data Management." App., *infra*, 2a.

In 2017, Fall Line was the Respondent in an inter partes review of the patent at the PTO. App., *infra*, 2a. A panel of APJs on the Patent Trial and Appeal Board found the challenged claims unpatentable. *Ibid.*

B. The Court of Appeals' and This Court's Prior Decisions

1. The Federal Circuit vacated and remanded the case to the Board "for proceedings consistent with this court's decision in *Arthrex*." App., *infra*, 21a. In its 2019 Arthrex opinion, the court of appeals had held that the APJs lacked authority to decide the case. Under the Appointments Clause, it explained, principal officers must be appointed by the President and confirmed by the Senate; only inferior officers may be appointed by department heads. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1327-28 (Fed. Cir. 2019). The APJs were appointed as inferior officers by the Secretary of Commerce. *Id.* at 1338. But they purported to wield broad independent powers

in inter partes reviews, issuing decisions that were not reviewable by any superior executive officer. *Id.* at 1329. The Secretary of Commerce, moreover, had only limited power to remove them from office. *Id.* at 1333. The Federal Circuit found APJs' broad authority to be inconsistent with their appointment as inferior officers. *Id.* at 1335.

The Federal Circuit sought to remedy that defect by severing the statutory restrictions on removing APJs from office. *Id.* at 1337. The court remanded the Arthrex case to the PTO for a new hearing before a different panel of APJs. *Id.* at 1340.

2. This Court vacated the Federal Circuit's decision in the Arthrex case. *United States* v. *Arthrex Inc.*, 141 S. Ct. 1970 (2021). The Court agreed that "the unreviewable authority wielded by APJs during inter partes review is incompatible with their appointment by the Secretary to an inferior office." 141 S. Ct. at 1985. "[T]he exercise of executive power by inferior officers must at some level be subject to the direction and supervision of an officer nominated by the President and confirmed by the Senate." *Id.* at 1988.

Rather than sever APJs' tenure protections, the Court trimmed the provisions that prevented the PTO's Director—a presidentially appointed, Senate-confirmed officer—from single-handedly reviewing APJ decisions. 141 S. Ct. at 1986-1987. Section 6(c) of the Patent Act provides that "[o]nly the Patent Trial and Appeal Board may grant rehearings" of Board decisions. 35 U.S.C. § 6(c). Although the Director sits as one member of the Board along with hundreds of APJs, all cases must be "heard by at least 3 members." *Id.* § 6(a), (c). The Court held that

"Section 6(c) cannot constitutionally be enforced to the extent that its requirements prevent the Director from [single-handedly] reviewing final decisions rendered by APJs." 141 S. Ct. at 1987. "Section 6(c) otherwise remains operative as to the other members of the [Board]." *Ibid.*

The Court held that "the appropriate remedy is a remand to the Acting Director for him to decide whether to rehear the petition." 141 S. Ct. at 1987. "[A] limited remand to the Director," it explained, "provides an adequate opportunity for review by a principal officer." *Id.* at 1987-1988.

C. Commissioner Hirshfeld's Denial of Review

Fall Line filed a petition for Director review with the PTO. App. , *infra*, 9a. But the "opportunity for review by a principal officer" envisioned by this Court never materialized. The Director and Deputy Director positions were both vacant, and Commissioner Hirshfeld was running the PTO pursuant to Agency Organization Order 45-1. Fall Line disputed whether Commissioner Hirshfeld—who was neither the Director nor even an Acting Director—could rule on its petition consistent with the FVRA.

The PTO referred Fall Line's petition to Commissioner Hirshfeld nonetheless. *Ibid.* Commissioner Hirshfeld summarily denied the petition in his capacity as "Commissioner for Patents, Performing the Functions and Duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office." *Ibid.* His order states that "the request for Director review is denied" and that "the

Patent Trial and Appeal Board's Final Written Decision is the final decision of the agency." *Ibid.*

D. The Court of Appeals' Decision

The court of appeals affirmed based on its decision in *Arthrex,Inc. v. Smith & Nephew, Inc.*, 35 F.4th 1328, 1331 (Fed. Cir. 2022). App., *infra*, 7a.

1. In its decision in *Arthrex* on remand from this Court, the court of appeals rejected Arthrex's argument that the FVRA precluded Commissioner Hirshfeld from exercising the Director's authority. In the court's view, the FVRA applied only to non-delegable duties. *Id.* at 1335. The FVRA, the court stated, defines "function or duty" narrowly to include only functions or duties "required * * * to be performed by the applicable officer (and only that officer)." *Id.* at 1336 (citing 5 U.S.C. § 3348(a)(2)). "This statutory language is unambiguous: the FVRA applies only to functions and duties that a [presidentially appointed, Senate-confirmed] officer alone is permitted by statute or regulation to perform." *Id.* at 11a. "It does not apply to *delegable* functions and duties." *Ibid.* (emphasis added).

The court of appeals acknowledged that its "reading of § 3348(a)(2) renders the FVRA's scope 'vanishingly small.' " *Id.* at 1337. "The government readily admits that only 'a very small subset of duties' are non-delegable." *Ibid.* "The Department of Justice agrees: 'Most, and in many cases all, the responsibilities performed by a [presidentially appointed, Senate-confirmed] officer will not be exclusive.' " *Ibid.* (quoting *Guidance on Application of Federal Vacancies Reform Act of 1998*, 23 Op. O.L.C.

60, 72 (1999)). "Pertinent here, the government contends that the FVRA imposes no constraints whatsoever on the PTO because all the Director's duties are delegable." *Id.* at 1338. The court found it "disquieting that the government views the FVRA as impacting such a 'very small subset of duties' and not impacting the PTO at all." *Ibid.* But it held that the "plain language of the statute" compelled its interpretation. *Ibid.*

The court of appeals then turned to whether "reviewing rehearing requests is a delegable duty of the Director or a duty that the Director, and only the Director, must perform." *Ibid.* "The Patent Act," it observed, "bestows upon the Director a general power to delegate 'such of the powers vested in the [PTO] as the Director may determine.' " *Ibid.* (quoting 35 U.S.C. § 3(b)(3)(B)). The court saw "nothing in the Patent Act indicating that the Director may not delegate this rehearing request review function." *Ibid.*

The court acknowledged that Section 6(c) provides that "[o]nly the Patent Trial and Appeal Board may grant rehearings." *Id.* at 1339. And this Court had ruled that Section 6(c) was unconstitutional *only* "to the extent that its requirements prevent *the Director* from reviewing final decisions rendered by APJs." *Ibid.* (emphasis added). Consequently, after this Court's decision, the Director is the only person who can single-handedly review a Board decision. In the court of appeals' view, however, "[t]hat the Appointments Clause requires that a [presidentially appointed, Senate-confirmed officer] have review authority does not mean that a principal officer, once bestowed with such authority, cannot delegate it to other agency officers." *Ibid.*

The court thus concluded that "the duty to decide rehearing requests is delegable." *Ibid.* Because "[t]he FVRA does not restrict who may perform the delegable functions and duties of an absent [presidentially appointed, Senate-confirmed] officer," "the Commissioner's order denying Arthrex's rehearing request on the Director's behalf did not violate the FVRA." *Ibid.*

REASONS FOR GRANTING THE PETITION

This case presents an important and recurring issue critical to the Senate's advice-and-consent function. To prevent the Executive Branch from bypassing the Senate confirmation requirement and putting unconfirmed officers in important positions for indefinite periods, Congress enacted the FVRA as "the exclusive means for temporarily authorizing an acting official to perform the functions and duties" of a vacant presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a). The Federal Circuit's decisions in *Arthrex* and this case make the FVRA anything *but* exclusive. It renders the FVRA irrelevant. So long as an agency head has authority to delegate functions to subordinates—and essentially all of them do—the FVRA's carefully crafted restrictions are a sideshow.

Does the Executive Branch want to avoid a contentious confirmation fight over an appointee who would not qualify under the FVRA's three options? No problem. It can simply use an internal succession plan to put its own designee in charge without confirmation. Does the Executive Branch want to leave that appointee in office indefinitely? No problem. It can ignore the FVRA's time limits too. The Federal Circuit's holding takes a statute

that Congress plainly designated mandatory and renders it, not merely optional, but essentially superfluous.

Far from disputing those consequences, the court of appeals conceded them. The court agreed that its ruling renders the FVRA's scope "vanishingly small." 35 F.4th at 1337. The court found it "disquieting" that "the government views the FVRA as impacting such a 'very small subset of duties' and not impacting the PTO at all." *Ibid.* But the court stuck with its interpretation anyway.

The court of appeals' decision is not merely contrary to the FVRA's text. It drains an important federal statute of all practical effect. Congress plainly intended the FVRA to impose meaningful limits on the Executive Branch's use of temporary appointments to evade Senate confirmation. Yet the Executive Branch persists in advancing strained interpretations that read the statute out of the U.S. Code. The Federal Circuit bought into that approach. This Court should not. The Court should grant review and put an end to the continued evasion of statutory provisions crucial to protecting the Senate's constitutional advice-and-consent prerogative.

I. This Case Presents An Exceptionally Important And Recurring Question Of Law

The Federal Circuit's decision presents an issue of utmost importance. The court interpreted the FVRA in a way that, by the court's own admission, deprives the statute of virtually all practical effect. And it did so by interpreting the statute to permit the precise abuse Congress sought to prohibit.

A. The Federal Circuit's Decision Drains the FVRA of Virtually All Practical Effect

The FVRA provides three mechanisms for temporarily filling vacant offices and declares those mechanisms "exclusive." 5 U.S.C. §§ 3345(a), 3347(a). The Federal Circuit, however, held that the FVRA permits an agency to use its internal delegation authority to devise its own succession plan for a vacancy—even if that plan departs from the FVRA's prescriptions. That far-reaching holding drains the FVRA of all practical effect.

Like essentially all agencies, the PTO has broad delegation authority. See 35 U.S.C. § 3(b)(3)(B) (Director may "delegate * * * such of the powers vested in the Office as the Director may determine"); Pub. L. No. 106-113, § 4745, 113 Stat. 1501, 1501A-587 (1999) (similar). Consistent with those provisions, the PTO declared in 2014 that "*[a]ll* of the Director's duties under Titles 35 and 15 * * * are delegable (*i.e.*, non-exclusive) duties." U.S. Patent & Trademark Off., *Notice of Delegation to Commissioner for Patents and Notice of Delegation to Commissioner for Trademarks* (Oct. 30, 2014). The government confirmed that it was taking that position below. "[T]he FVRA imposes *no constraints whatsoever* on the PTO," it asserted, "because all the Director's duties are delegable." *Arthrex*, 35 F.4th at 1338. The court of appeals agreed, despite finding it "disquieting" that "the government views the FVRA as * * * not impacting the PTO at all." *Ibid.*

The impact of the Federal Circuit's decision extends beyond the PTO to the farthest reaches of government. For one thing, Congress routinely includes broad delegation

provisions in agency enabling statutes. See, *e.g.*, 28 U.S.C. § 510 (Department of Justice); 22 U.S.C. § 2651a(a)(4) (State Department); 31 U.S.C. § 321(b)(2) (Treasury Department); 10 U.S.C. § 113(d) (Defense Department). "[G]eneral statutory provisions authorizing agency heads to * * * delegate functions are extraordinarily widespread." Nina A. Mendelson, *L.M.-M.* v. *Cuccinelli and the Illegality of Delegating Around Vacant Senate-Confirmed Offices*, Yale J. on Reg.: Notice & Comment (Mar. 5, 2020). Indeed, "*[a]ll* executive departments have such provisions." Morton Rosenberg, Cong. Rsch. Serv., *The New Vacancies Act: Congress Acts To Protect the Senate's Confirmation Prerogative* 1 (Nov. 2, 1998) (emphasis added). The Federal Circuit's decision thus renders the FVRA all but irrelevant for the vast majority of agencies.

For another thing, courts hold that federal officers have presumptive authority to delegate their duties even absent an express delegation provision. See *Fleming* v. *Mohawk Wrecking & Lumber Co.*, 331 U.S. 111, 122-123 (1947) (holding that Administrator of Office of Price Administration had implied authority to delegate); *Ethicon Endo-Surgery, Inc.* v. *Covidien LP*, 812 F.3d 1023, 1031 (Fed. Cir. 2016) (citing "the longstanding rule that agency heads have implied authority to delegate to officials within the agency, even without explicit statutory authority"); *Kobach* v. *U.S. Election Assistance Comm'n*, 772 F.3d 1183, 1190 (10th Cir. 2014) (circuits "unanimous"); *U.S. Telecom Ass'n* v. *FCC*, 359 F.3d 554, 565 (D.C. Cir. 2004). Tellingly, when the PTO sought to justify its succession plan, it emphasized the *absence* of any prohibition on delegation. See *Notice of Delegation*, *supra* ("The USPTO Director's duties specified above

are delegable because they lack statutory language such as 'only,' 'exclusively,' or 'alone.' "). The Federal Circuit's decision thus would render the FVRA irrelevant even absent express delegation authority.[2]

Given the ubiquity of delegation authority, the Federal Circuit's holding renders the FVRA inoperative across virtually the entire federal bureaucracy. The government makes no effort to hide that consequence of its theory. The ink was barely dry on the FVRA when the Office of Legal Counsel, advancing the theory that prevailed below, declared that "[m]ost, and in many cases all, the responsibilities performed by a [presidentially appointed, Senate-confirmed] officer will not be exclusive." *Guidance on Application of Federal Vacancies Reform Act of 1998*, 23 Op. O.L.C. 60, 72 (1999). The government reiterated below that only "a very small subset of duties" are nondelegable. *Arthrex*, 35 F.4th at 1337.

The Federal Circuit acknowledged that its interpretation "renders the FVRA's scope 'vanishingly small.'" *Ibid.* The court found it "disquieting" that "the government views the FVRA as impacting such a 'very small subset of duties' and not impacting the PTO at all." *Ibid.* That disquiet speaks loudly in favor of review. Any decision that renders the FVRA a dead letter—and frustrates Congress's efforts to preserve the Senate's

2. There are very rare instances where Congress requires an agency head to personally perform a specific duty. See, *e.g.*, *United States* v. *Giordano*, 416 U.S. 505, 513-514 (1974) (construing 18 U.S.C. § 2516 to require the Attorney General or designated Assistant Attorney General to personally authorize wiretap applications). But one has to search far and wide to come up with even a handful of examples.

critical power of advice and consent—should not go unreviewed.

B. The Federal Circuit's Decision Defies Congress's Clear Intent in Enacting the FVRA

The Federal Circuit's decision also thwarts Congress's unambiguous purpose in enacting the FVRA. Congress passed the FVRA to create a "clear and exclusive process" for temporary appointments. S. Rep. No. 105-250, at 1 (1998). Congress sought "to uphold the Senate's prerogative to advise and consent to nominations [by] placing a limit on presidential power to appoint temporary officials." *Id.* at 4.

The Federal Circuit's decision renders the statute wholly ineffective to accomplish that goal. Under the court's ruling, the FVRA is manifestly *not* exclusive. If the Executive Branch foresees a contentious confirmation battle, it can simply delegate authority to the officer instead—whether or not the nominee qualifies under any of the FVRA's three categories of acting officers, and whether or not the nominee goes on to serve months or years beyond the statutory deadline. So long as the officer signs orders, not as an "*acting* officer," but as "so-and-so performing the *functions and duties* of the office"—like Commissioner Hirshfeld did here, *Arthrex*, 35 F.4th at1339-40—the FVRA imposes no limits whatsoever on the officer's authority. The Federal Circuit's ruling severely thwarts Congress's effort to defend the Senate's confirmation power.

The Federal Circuit's decision, moreover, endorses the precise abuse Congress was trying to end. As this

Court explained in *SW General*, "[d]uring the 1970s and 1980s, interbranch conflict arose over the Vacancies Act." *NLRB* v. *SW Gen., Inc.*, 137 S. Ct. 929, 935 (2017). "The Department of Justice took the position that, in many instances, the head of an executive agency had independent authority apart from the Vacancies Act to temporarily fill vacant offices." *Ibid.* The "independent authority" the Department invoked was the exact same delegation theory the PTO relied on here: "[T]he Department of Justice maintain[ed] that where a department's organic act * * * authorizes [the agency head] to delegate [her] powers and functions to subordinate officials or employees as she sees fit, such authority supersedes the Vacancies Act's restrictions * * * ." S. Rep. No. 105-250, at 3.

Congress enacted the FVRA to end that abuse. Congress considered the Department of Justice's delegation theory "wholly lacking in logic, history, or language." S. Rep. No. 105-250, at 3. It concluded that "the Justice Department's interpretation of the existing statute must be ended" and passed the statute to "foreclose[]" that theory. *Id.* at 3, 17; see also Rosenberg, *supra*, at 9 (statute "expressly negates the DOJ position"). Under the Federal Circuit's decision, Congress failed to achieve its principal objective in enacting the statute. See Mendelson, *L.M.-M.*, *supra* ("Legal approval of delegation around a vacant office * * * would render the 1998 FVRA wholly inadequate to address the very Clinton-era actions that formed the legislative context for the statute's enactment."). On the merits, of course, the statutory text must govern. But the clear disconnect between the Federal Circuit's interpretation and Congress's repeatedly stated objectives underscores the importance of this Court's review.

C. The Issue Is Widely Recurring

The question presented is both recurring and important. The Executive Branch has repeatedly used delegations to circumvent the FVRA's limits. Those actions have provoked a raft of litigation and dispute.

1. Agencies routinely use their delegation authority to evade the FVRA. During the George W. Bush Administration, for example, the Department of Justice relied on delegations to empower Steven Bradbury to run the Office of Legal Counsel after the Senate repeatedly refused to confirm him. See Bob Bauer & Jack Goldsmith, *After Trump: Reconstructing the Presidency* 319 (2020); Letter from Gary L. Kepplinger, U.S. Gov't Accountability Off., to Richard J. Durbin *et al.* (June 13, 2008). The Obama Administration used a delegation to allow a career official to run the Bureau of Alcohol, Tobacco, and Firearms rather than face a contentious confirmation proceeding. See Bauer & Goldsmith, *supra*, at 319.

Those abuses have accelerated rapidly since. According to observers, the Trump Administration took delegations to "new extremes." Bauer & Goldsmith, *supra*, at 315. It delegated authority to Nancy Berryhill to run the Social Security Administration after her time as Acting Commissioner expired. See Letter from Thomas H. Armstrong, U.S. Gov't Accountability Off., to President Trump (Mar. 6, 2018); *e.g.*, 83 Fed. Reg. 13,862, 13,863 (Apr. 2, 2018). It delegated authority to fill a vacancy in the Department of Education. See Memorandum from Betsy DeVos to Nathan Bailey (June 5, 2017). By 2019, "almost twice as many vacant offices were being carried out by officials exercising delegated authority as by acting

officials under the FVRA." Bauer & Goldsmith, *supra*, at 324.

The Biden Administration has not reversed that trajectory. When it recently nominated the Acting Administrator of the Department of Labor's Wage and Hour Division to run that division permanently, it "dropped th[e] 'acting' name and 'delegated' the duties of the position to her under a new title, allowing her to lead the agency while her nomination [was] pending in the Senate." Rebecca Rainey, *Loophole Lets DOL Install Wage Chief While Nomination Is Pending*, Bloomberg Law, Aug. 2, 2022. The Administration thus used a delegation to evade the precise provision this Court interpreted in *SW General*, 137 S. Ct. at 938.

2. Those delegations have spawned litigation. In *L.M.M.* v. *Cuccinelli*, 442 F. Supp. 3d 1 (D.D.C. 2020), for example, the Acting Secretary of Homeland Security appointed Kenneth Cuccinelli to a newly created position as "first assistant" to a vacant office. *Id.* at 10-11. The court invalidated the appointment because Cuccinelli was not a genuine "first assistant." *Id.* at 26. It then rejected the argument that it should let Cuccinelli's actions stand because the FVRA applies only to "non-delegable duties." *Id.* at 31. "Because similar vesting and delegation statutes can be found throughout the Executive Branch," the court noted, "the logic of this position would cover all (or almost all) departments subject to the FVRA." *Ibid.* "It was the pervasive use of those vesting-and-delegation statutes * * * that convinced Congress of the need to enact the FVRA." *Id.* at 34. The government appealed, but then promptly dismissed its appeal. No. 20-5141, 2020 WL 5358686 (D.C. Cir. Aug. 25, 2020).

Similarly, in *Bullock* v. *U.S. Bureau of Land Management*, 489 F. Supp. 3d 1112 (D. Mont. 2020), the Bureau of Land Management delegated authority to William Perry Pendley to exercise the functions and duties of the Director while that office was vacant. *Id.* at 1118-1119. The court held that the delegation was an "unlawful attempt[ ] to avoid * * * the statutory requirements of the FVRA." *Id.* at 1127. The government appealed, but Pendley left office, and the Ninth Circuit dismissed the appeal as moot. No. 20-36129, Dkt. 21 at 3 (9th Cir. July 8, 2021); No. 20-36129, Dkt. 22 (9th Cir. Aug. 10, 2021).

In *Public Employees for Environmental Responsibility* v. *National Park Service*, No. 19-cv-3629, 2022 WL 1657013 (D.D.C. May 24, 2022), the Secretary of the Interior delegated authority to a career official to run the National Park Service during a vacancy. *Id.* at *9-10. The court held that the delegation was "an end-run around the requirements of the FVRA, which provides 'the exclusive means for temporarily authorizing an acting official to perform the functions and duties of [a presidentially appointed, Senate-confirmed office].' " *Id.* at *11 (quoting 5 U.S.C. § 3347(a)). The government dismissed its appeal. No. 22-5205, 2022 WL 4086993 (D.C. Cir. Sept. 2, 2022); see also *Asylumworks* v. *Mayorkas*, 590 F. Supp. 3d 11, 23 (D.D.C. 2022) (holding that "the FVRA does not limit the functions and duties subject to 5 U.S.C. § 3348(d) to only those denominated as 'nondelegable'"); *Behring Reg'l Ctr. LLC* v. *Wolf*, 544 F. Supp. 3d 937, 944-947 (N.D. Cal. 2021) (similar), appeal dismissed, No. 21-16421, 2022 WL 602883 (9th Cir. Jan. 7, 2022).

Another court took a different approach in *Kajmowicz* v. *Whitaker*, 42 F.4th 138 (3d Cir. 2022). There, Attorney

General William Barr ratified the "bump stock" rule that Acting Attorney General Matthew Whitaker issued when he was allegedly serving in violation of the FVRA. *Id.* at 145-146. Citing the decision below, the Third Circuit held that the FVRA did not apply because there were "no express nor implicit restrictions on the Attorney General's ability to subdelegate his rulemaking authority." *Id.* at 148-151. The court acknowledged the Federal Circuit's observation that this interpretation rendered the statute "vanishingly small," but suggested that Congress could always "recalibrate" the statute. *Id.* at 151.[3]

3. Scholars have criticized the Executive's use of delegations to evade the FVRA. Professor Nina Mendelson urges that "a central congressional goal [of the FVRA] was to eliminate agency use of internal delegation to avoid Vacancies Act limits on acting appointments." Nina A. Mendelson, *The Permissibility of Acting Officials: May the President Work Around Senate Confirmation?*, 72 Admin. L. Rev. 533, 560 (2020). "Nonetheless, administrations have continued to invoke the delegation strategy, effectively creating a cadre of shadow acting officials." *Id.* at 561; see also Nina A. Mendelson, *L.M.-M.* v. *Cuccinelli and the Illegality of Delegating Around*

3. See also *Stand Up for California!* v. *U.S. Dep't of Interior*, 994 F.3d 616, 621-625 & n.2 (D.C. Cir. 2021) (addressing related delegation issues but not deciding FVRA claim), cert. denied, 142 S. Ct. 771 (2022); *Schaghticoke Tribal Nation* v. *Kempthorne*, 587 F.3d 132, 134 (2d Cir. 2009) (addressing FVRA challenge where regulation expressly authorized multiple officers to perform function), cert. denied, 562 U.S. 947 (2010). Although this Court denied petitions in both *Stand Up for California!* and *Schaghticoke*, neither petition raised an FVRA claim. See Pet. in No. 21-696; Pet. in No. 09-1433.

Vacant Senate-Confirmed Offices, Yale J. on Reg.: Notice & Comment (Mar. 5, 2020) (citing "widespread" strategy of "delegat[ing] around a vacancy in a Senate-confirmed post, allotting the full suite of responsibilities to an unconfirmed individual, someone typically ineligible to 'act' under the FVRA's qualifications, time limits, or both"); Jody Freeman & Sharon Jacobs, *Structural Deregulation*, 135 Harv. L. Rev. 585, 647 (2021); Thomas A. Berry, *Closing the Vacancies Act's Biggest Loophole*, Cato Briefing Paper No. 131 (Jan. 25, 2022).

Even scholars who are more agnostic about the practice's impropriety recognize that it creates a gaping hole in the FVRA. Professor Anne Joseph O'Connell observes that "the Vacancies Act now appears to provide an easy workaround in many cases: delegate the tasks of the vacant office." Anne Joseph O'Connell, *Actings*, 120 Colum. L. Rev. 613, 633 (2020). "Presidents can strategically use delegation to keep their preferred officials in control of certain administrative functions long past the Vacancies Act's time limits." *Id.* at 635; see also Anne Joseph O'Connell, Admin. Conf. of U.S., *Acting Agency Officials and Delegations of Authority* 60 (Dec. 1, 2019) (reporting that ten out of fourteen agencies surveyed admitted to using delegations to address vacancies).

4. This petition presents an even stronger basis for review than *SW General*, the only prior case where this Court has considered the FVRA. That case involved a relatively technical question: whether an FVRA provision that prohibits certain persons from serving as acting officers when the President nominates them to permanent office applies only to first assistants or to all three categories of potential acting officers. 137 S. Ct.

at 935 (discussing 5 U.S.C. § 3345(b)). The government acknowledged in its petition that "[t]he court below appears to have been the first appellate court to construe the instant FVRA provision," and the only other appellate decision since then had "agreed with the view of the panel below." Pet. in No. 15-1251, at 29. Nonetheless, the government urged that the case presented "a question of exceptional importance," *id.* at 26, and the Court granted review, 579 U.S. 917 (2016).

Unlike the narrow technical question in *SW General*, this case presents an issue of existential importance to the FVRA: whether an agency can effectively opt out of the statute by invoking delegation authority that every agency possesses with respect to virtually every function it wields. The Federal Circuit was not exaggerating when it said that its interpretation rendered the FVRA's scope "vanishingly small." *Arthrex*, 35 F.4th at 1337. This Court should not stand idly by while lower courts interpret an important federal statute into oblivion.

II. The Court Of Appeals' Interpretation Is Incorrect

The court of appeals adopted the government's interpretation of the FVRA, despite serious misgivings, because it read the statutory text as compelling that result. *Id.* at 1338. The text does no such thing.

A. The FVRA Does Not Permit Agencies To Use Delegation Authority To Invent Their Own Succession Plans

The FVRA states in no uncertain terms that it is "the *exclusive means* for temporarily authorizing an acting

official to perform the functions and duties" of a vacant presidentially appointed, Senate-confirmed office. 5 U.S.C. § 3347(a) (emphasis added). The PTO's organization order violates that provision because it establishes a succession plan that departs from the FVRA's three statutory options. Commissioner Hirshfeld was not the "first assistant" to the Director—the Deputy Director was. 5 U.S.C. § 3345(a)(1); 35 U.S.C. § 3(b)(1). Commissioner Hirshfeld was not already serving in another Senate-confirmed position—he was appointed by the Secretary of Commerce. 5 U.S.C. § 3345(a)(2); 35 U.S.C. § 3(b)(2)(A). And the President never personally appointed Commissioner Hirshfeld as Acting Director, as required under the third option. 5 U.S.C. § 3345(a)(3). If the FVRA's three options are exclusive, the PTO's homegrown *fourth* option cannot possibly be valid.

The PTO's intent to create a substitute appointment mechanism is unmistakable. The agency did not merely delegate certain functions to other officers in the ordinary course of its operations. Agency Organization Order 45-1 is a succession plan: It delegates *all* the Director's functions to another officer, *only* in the event of a vacancy. It is that specific *use* of the delegation power to address a vacancy, and only a vacancy, that makes the order an obvious attempt to create an extra-statutory appointment mechanism in violation of Section 3347(a). "[A]lthough agency heads may be broadly empowered to reallocate particular functions among agency officials and assign them non-exclusively in the ordinary course of running the agency," "[c]learly, the FVRA does not permit an agency head to delegate the entire set of powers of a Senate-confirmed post elsewhere in response to a vacancy." Mendelson, *L.M.-M.*, *supra*.

The Federal Circuit ignored the plain meaning of Section 3347(a) on the ground that Section 3348 defines "function or duty" to include only functions or duties "required * * * to be performed by the applicable officer (and only that officer)." *Arthrex*, 35 F.4th at 1335-36. (quoting 5 U.S.C. § 3348(a)(2)(A)) (emphasis omitted). Because essentially all functions are delegable, and because delegable functions by definition are not required to be performed by "only that officer," the court ruled that Section 3348 effectively renders Section 3347(a) a nullity. That interpretation is wrong for multiple reasons.

For one thing, Section 3348 says nothing about delegations. It refers to functions or duties that are "established by statute" and "required by statute to be performed by the applicable officer (and only that officer)." 5 U.S.C. § 3348(a)(2)(A). That language excludes functions that Congress vests in multiple officers. It does not exclude functions that Congress requires one specific officer to perform, merely because that officer can enlist others. See, *e.g.*, *Cuccinelli*, 442 F. Supp. 3d at 31-32 (provision requires that "the function or duty at issue is assigned to one particular office," not that "the function may not be reassigned and is not subject to the department head's general vesting-and-delegating authority"); *Behring*, 544 F. Supp. 3d at 946 ("The FVRA does not define function or duty as required by 'a statute that designates one officer to perform a non-delegable duty or function.' ").

Section 3348, moreover, is not an *exception* to Section 3347(a). The statute does not say that the FVRA's three appointment methods are exclusive *unless* an agency delegates non-exclusive functions. Rather, Section 3347(a) is a freestanding prohibition on non-statutory

temporary appointments. Section 3348, in turn, provides one particular remedy when an officer exercises the exclusive functions of a vacant office: The actions "shall have no force or effect." 5 U.S.C. § 3348(d)(1). Nothing in the FVRA makes Section 3348 the *only* remedy for violations. See *SW Gen., Inc.* v. *NLRB*, 796 F.3d 67, 78-79 (D.C. Cir. 2015) (assuming availability of other remedies despite inapplicability of Section 3348), aff 'd, 137 S. Ct. 929, 938 n.2 (2017); Valerie C. Brannon, Cong. Rsch. Serv., *The Vacancies Act: A Legal Overview* 16-20 (rev. Aug. 1, 2022) (discussing remedies); Nina A. Mendelson, *Arthrex on Remand: Commissioner of Patents Drew Hirshfeld and the Problem of Shadow Acting Officials*, Patently-O (Mar. 24, 2022) ("[T]he FVRA's enforcement provision is not the sole means of enforcing the FVRA."). The delegability of a function might be relevant to whether a party can invoke Section 3348's potent *remedies*. But it has no bearing on whether there was a *violation of Section 3347(a)* in the first place.

The court of appeals invoked the Senate Report's statement that "[t]he functions or duties of the office that can be performed only by the head of the executive agency are * * * defined as the *non-delegable* functions or duties of the officer." *Arthrex*, 35 F.4th at 1336. (quoting S. Rep. No. 105-250, at 18). That argument is a strawman. No one disputes that agency heads can delegate functions, or that subordinates can continue to perform delegated functions even if the agency head's office becomes vacant. The problem here is that the PTO used its delegation authority to prescribe a substitute succession plan by delegating *all* the functions of the agency head to another officer, and *only* in the event of a vacancy. It is that specific *use* of the delegation power to circumvent the FVRA's three options

for temporary appointments that violates Section 3347(a)'s mandate of exclusivity.

Even if the Federal Circuit's reading of Section 3348 were plausible in isolation, it would still defy the statute's broader structure. It is a "cardinal rule" of statutory interpretation that "a statute is to be read as a whole." *King* v. *St. Vincent's Hosp.*, 502 U.S. 215, 221 (1991). A court must "fit, if possible, all parts [of a statute] into an harmonious whole." *FDA* v. *Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000). The Federal Circuit's interpretation of Section 3348 drains Section 3347(a) of all practical force. Because every agency has authority to delegate, the court's interpretation makes the FVRA's mandate of exclusivity an empty gesture.

The Federal Circuit's interpretation also renders another provision, Section 3347(b), a complete nullity. Section 3347(b) clarifies that general delegation statutes are not a substitute for acting appointments. 5 U.S.C. § 3347(b). Under the Federal Circuit's construction, that clarification accomplishes nothing. To the contrary, under that court's approach, general delegation statutes are a *complete* substitute.[4]

The court of appeals should not have interpreted the FVRA to render its impact "vanishingly small" and to defy

4. The court of appeals held that Section 3347(b) does not apply to the PTO because the PTO technically is not an "Executive agency" as defined by 5 U.S.C. § 105. *Arthrex*, 35 F.4th at 1339. Regardless, Section 3347(b) still bears strongly on Section 3348's meaning. The Federal Circuit's interpretation renders Section 3347(b) irrelevant with respect to every agency to which it *does* apply.

Congress's plain intent unless there were truly no other reasonable construction. Nothing in the statute compelled the court's extreme result.

B. The PTO Director's Review Authority Is an Exclusive Function

Wholly apart from whether the FVRA permits an agency to use its delegation authority to prescribe its own succession plan—and it does not—the Federal Circuit's decision is erroneous on its own terms. The Director's authority to review APJ decisions *is* an exclusive non-delegable function.

Section 6(c) of the Patent Act provides that "[o]nly the Patent Trial and Appeal Board may grant rehearings" and that *all* cases must be "heard by at least 3 members." 35 U.S.C. § 6(c). In its prior decision in this case, this Court held that "Section 6(c) cannot constitutionally be enforced to the extent that its requirements prevent *the Director* from [single-handedly] reviewing final decisions rendered by APJs." *Arthrex*, 141 S. Ct. at 1987 (emphasis added). "Section 6(c) otherwise remains operative as to the other members of the [Board]." *Ibid.*

Following that decision, the Director's new authority to single-handedly review Board decisions is a power that the Director and only the Director possesses. Before, *no one* could single-handedly review Board decisions. 35 U.S.C. § 6(c). This Court lifted that bar, but *only* for "the Director." 141 S. Ct. at 1987. Because Section 6(c) remains operative for everyone else, the Director's single-handed review power over APJ decisions is an exclusive function.

The Federal Circuit urged that, while "the Appointments Clause requires that a [presidentially appointed, Senate-confirmed officer] have review authority," that "does not mean that a principal officer, once bestowed with such authority, cannot delegate it to other agency officers." *Arthrex*, 35 F.4th at 1339. Of course, the *Appointments Clause* does not prevent a principal officer from delegating the authority. But the *Patent Act* itself—Section 6(c)—does precisely that: It prevents any other individual from single-handedly reviewing APJ decisions. A principal officer's general delegation authority does not include authority to delegate functions to subordinates who are statutorily prohibited from performing them. Section 6(c) imposes that prohibition here. This Court lifted Section 6(c)'s bar only to the extent it "prevents *the Director* from reviewing [Board] decisions." *Arthrex*, 141 S. Ct. at 1987 (emphasis added). The Court said nothing about lifting Section 6(c)'s bar for *other* Board members. To the contrary, "Section 6(c) otherwise remains operative as to the other members of the [Board]." *Ibid.*

The Court, of course, had no basis to lift Section 6(c) to the extent it prohibits other Board members from reviewing decisions. "[W]hen confronting a constitutional flaw in a statute," the Court explained, it must "limit the solution to the problem" and "give 'full effect' * * * to whatever portions of the statute are 'not repugnant' to the Constitution." *Arthrex*, 141 S. Ct. at 1986. The Court granted the Director authority to single-handedly review Board decisions because the Constitution *required* that remedy—it provided the necessary oversight by a properly appointed principal officer. *Id.* at 1987. Nothing in the Constitution requires that the Director be able to delegate that power to others or hand it off in the event of a vacancy,

even if it might be convenient or desirable to do so. This Court therefore could not—and did not— authorize such delegation in the face of Section 6(c)'s clear prohibition.

The court of appeals' reasoning thus founders even on its own terms. For that reason, too, the Court should grant the petition and reverse.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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MARCH 2023

APPENDIX

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APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED DECEMBER 19, 2022

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2019-1956

FALL LINE PATENTS, LLC,

Appellant,

v.

UNIFIED PATENTS, LLC, FKA
UNIFIED PATENTS, INC.,

Appellee.

KATHERINE K. VIDAL, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Intervenor.

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00043.

Decided: December 19, 2022

Before HUGHES, BRYSON, and STARK,[1] *Circuit Judges.*

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1. Circuit Judge O'Malley retired on March 11, 2022. Circuit Judge Stark was added to the panel after Circuit Judge O'Malley retired from the Court.

Appendix A

HUGHES, *Circuit Judge*.

In the wake of *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 210 L. Ed. 2d 268 (2021), we remanded to the U.S. Patent and Trademark Office to allow appellant Fall Line Patents, LLC to seek Director rehearing of a final written decision of the Patent Trial and Appeal Board. Then-Commissioner for Patents Andrew Hirshfeld, who had been delegated the functions and duties of the Director during a vacancy of the office, denied the request for rehearing. Fall Line challenges whether Commissioner Hirshfeld had the constitutional and statutory authority to act on requests for Director review. Our recent decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 35 F.4th 1328 (Fed. Cir. 2022), says that he did. Consequently, we affirm.

I

Fall Line Patents, LLC was the respondent in an inter partes review proceeding that resulted in a final written decision by the Patent Trial and Appeal Board finding claims 16-19, 21 and 22 of U.S. Patent No. 9,454,748 B2 unpatentable. Fall Line appealed that decision to this Court, and, on July 28, 2020, we issued a nonprecedential decision that rejected Fall Line's real-party-in-interest challenge as unreviewable under 35 U.S.C. § 314(d) but vacated and remanded in view of our then-binding precedent in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). *Fall Line Pats., LLC v. Unified Pats., LLC*, 818 F. App'x 1014 (Fed. Cir. 2020). Following the Supreme Court's decision in *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 210 L. Ed. 2d 268 (2021), the Supreme

Court granted certiorari and vacated our decision in this case. *Iancu v. Fall Line Pats., LLC*, 141 S. Ct. 2843, 210 L. Ed. 2d 957 (2021).

We then entered an order remanding the case to the U.S. Patent and Trademark Office for the limited purpose of allowing Fall Line the opportunity to request Director rehearing, which Fall Line did. The offices of Director and Deputy Director were vacant at the time, however, and so the responsibility of addressing Fall Line's request fell to the Commissioner of Patents, Andrew Hirshfeld. Commissioner Hirshfeld ultimately denied the rehearing request.

We then reinstated the appeal and granted Fall Line's request for supplemental briefing to address whether Commissioner Hirshfeld had the requisite authority to act on the request for further review. Fall Line argued that he did not, and that his exercise of the Director's authority violated the Appointments Clause and the Federal Vacancies Reform Act (FVRA). *See* Appellant's Second Supplemental Brief at 2-4.

After Fall Line submitted its supplemental brief, we held in *Arthrex Inc. v. Smith & Nephew, Inc.* (*Arthrex II*) that (1) "the Commissioner's exercise of the Director's authority while that office was vacant did not violate the Appointments Clause," and (2) "the Commissioner's order denying Arthrex's rehearing request on the Director's behalf did not violate the FVRA." 35 F.4th 1328, 1335, 1339 (Fed. Cir. 2022). Furthermore, we explained how "the Patent Act broadly empowers the President, acting

through the Director, to delegate the Director's duties as he sees fit." *Id.* at 1335. In light of that decision, we issued an order directing Fall Line to "show cause . . . as to why we should not summarily affirm in light of *Arthrex* [*II*]." ECF No. 124 at 2.

Fall Line submits that it has an additional argument—not considered by us in *Arthrex II*—as to why delegation to Commissioner Hirshfeld was improper. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(A).

II

Fall Line argues "that the Patent Act does not authorize delegations *to the commissioners*," even if the Act authorizes delegations to other inferior officers. Appellant's Response to Show Cause Order at 1 (emphasis in original) (citing Appellant's Second Supplemental Reply Brief at 3-5). This argument is premised on the language of 35 U.S.C. § 3(b)(3), which allows the Director to appoint officers and employees to the agency (under § 3(b)(2)(A)) and delegate duties to them (under § 3(b)(3)(B)). *See* 35 U.S.C. § 3(b)(3) ("The Director shall . . . appoint such officers . . . as the Director considers necessary to carry out the functions of the Office, . . . and delegate to them such of the powers vested in the Office as the Director may determine.").

The office of the Commissioner, however, is established by 35 U.S.C. § 3(b)(2). *See* 35 U.S.C. § 3(b)(3)(A) ("The Secretary of Commerce shall appoint a Commissioner for Patents . . . ."). Fall Line argues that because the office

of Commissioner is created by § 3(b)(2)—as opposed to § 3(b)(3)—the delegation authority found in "[§] 3(b)(3) does not apply to Commissioner Hirshfeld at all[.]" Appellant's Second Supplemental Reply Brief at 4. *See also id.* ("[C]ommisioners are uniquely ***not*** authorized to perform the duties of the Director." (emphasis in original)).

We disagree with Fall Line's argument for two reasons. *First*, we held in *Arthrex II* that the Patent Act—specifically 35 U.S.C. § 3(b)(3)(B)—authorized the delegation of the Director's duties to the Commissioner:

> Congress *did* authorize the President to select the Commissioner to temporarily perform the Director's duties. That is because the Patent Act broadly empowers the President, acting through the Director, to delegate the Director's duties as he sees fit. *See* 35 U.S.C. § 3(b)(3)(B) ("The Director shall . . . delegate to [officers and employees] such of the powers vested in the Office as the Director may determine."); Patent and Trademark Office Efficiency Act, Pub. L. No. 106-113, § 4745, 113 Stat. 1501, 1501A-587 (1999) (codified at 35 U.S.C. § 1 note) (The Director "may delegate any of [his] functions . . . to such officers and employees . . . as [he] may designate.").
>
> . . .
>
> The Patent Act bestows upon the Director a general power to delegate "such of the

> powers vested in the [PTO] as the Director may determine." 35 U.S.C. § 3(b)(3)(B). There is nothing in the Patent Act indicating that the Director may not delegate this rehearing request review function.

Arthrex II, 35 F.4th at 1334-35, 1338 (all emphases and alterations in original). Our determination that § 3(b)(3) authorized the delegation to the Commissioner forecloses Fall Line's argument to the contrary. *Deckers Corp. v. United States*, 752 F.3d 949, 959 (Fed. Cir. 2014) ("In this Circuit, a later panel is bound by the determinations of a prior panel, unless relieved of that obligation by an en banc order of the court or a decision of the Supreme Court.").

Second, we have already considered and rejected the argument that the delegation authority of § 3(b)(3)(B) is limited to delegates appointed by the Director under § 3(b)(3)(A). In arguing that delegating the authority to decide whether to institute inter partes review to the Board was improper, the appellant in *Ethicon Endo-Surgery, Inc. v. Covidien LP* argued that "the existence of 35 U.S.C. § 3(b)(3)(B), which allows the Director to delegate duties to officers and employees she appoints, evidences a congressional purpose to cabin the Director's authority with respect to delegation." 812 F.3d 1023, 1032 (Fed. Cir. 2016). We disagreed, holding that "§ 3(b)(3) cannot be read to limit the ability of the Director to delegate tasks to agency officials not mentioned in § 3(b)(3)." *Id.* at 1033.

Appendix A

III

Having considered Fall Line's final argument and found it unpersuasive, we affirm the Board's decision finding claims 16-19, 21, and 22 of the '748 patent unpatentable.

AFFIRMED

APPENDIX B — ORDER OF THE UNITED STATES PATENT AND TRADEMARK OFFICE, DATED DECEMBER 6, 2021

UNITED STATES PATENT
AND TRADEMARK OFFICE

BEFORE THE OFFICE OF THE
UNDERSECRETARY AND DIRECTOR
OF THE UNITED STATES PATENT
AND TRADEMARK OFFICE

UNIFIED PATENTS INC.,

Petitioner,

v.

FALL LINE PATENTS, LLC,

Patent Owner.

IPR2018-00043
Patent 9,454,748 B2

Entered: December 6, 2021

Before ANDREW HIRSHFELD, *Commissioner for Patents, Performing the Functions and Duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.*

Appendix B

ORDER

The Office has received a request for Director review of the Final Written Decision in this case. Ex. 3100. The request was referred to Mr. Hirshfeld, Commissioner for Patents, Performing the Functions and Duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

It is ORDERED that the request for Director review is denied; and

FURTHER ORDERED that the Patent Trial and Appeal Board's Final Written Decision in this case is the final decision of the agency.

APPENDIX C — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, DATED JULY 28, 2020

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

July 28, 2020, Decided

2019-1956

FALL LINE PATENTS, LLC,

Appellant

v.

UNIFIED PATENTS, LLC,
FKA UNIFIED PATENTS, INC.,

Appellee,

ANDREI IANCU, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Intervenor.

Decided: July 28, 2020

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00043.

Appendix C

Before O'Malley, Bryson, and Hughes, Circuit Judges.

O'Malley, *Circuit Judge.*

"In this Circuit, a later panel is bound by the determinations of a prior panel, unless relieved of that obligation by an en banc order of the court or a decision of the Supreme Court." *Deckers Corp. v. United States*, 752 F.3d 949, 959 (Fed. Cir. 2014). Of course, we should not follow our precedent blindly. *See Ramos v. Louisiana*, 140 S. Ct. 1390, 1405, 206 L. Ed. 2d 583 (2020) ("[*S*] *tare decisis* has never been treated as 'an inexorable command.'"). "Indeed, we have said that it is the province and obligation of the en banc court to review the current validity of challenged prior decisions." *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, 744 F.3d 1272, 1298 (Fed. Cir. 2014) (en banc) (O'Malley, J., dissenting) (internal quotations marks omitted). But we do not overturn our decisions lightly, particularly those that we so recently issued. We recognize that "today's legal issues are often not so different from the questions of yesterday and that we are not the first ones to try to answer them." *June Med. Servs., LLC v. Russo*, 140 S. Ct. 2103, 2134, 207 L. Ed. 2d 566 (2020) (Roberts, C.J., concurring).

Appellant Fall Line Patents, LLC ("Fall Line") asks us to ignore the constraints of our precedent with respect to two separate issues. It maintains that we have mandamus jurisdiction over the Patent Trial and Appeal Board's ("the Board") real party-in-interest determinations, notwithstanding our recent holding in *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d

1378 (Fed. Cir. 2020) that § 314(d) precludes appellate review over this institution-based requirement. *See* Appellant Supp. Br. 1-4. And it contends that this panel has the authority to modify the constitutional fix adopted by this court in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019).

We do not. Despite Fall Line's arguments otherwise, "a writ of mandamus is not intended to be simply an alternative means of obtaining appellate relief, particularly where relief by appeal has been specifically prohibited by Congress." *In re Power Integrations, Inc.*, 899 F.3d 1316, 1319 (Fed. Cir. 2018). And Fall Line's challenge to the constitutional fix adopted by this court in *Arthrex* invokes the same arguments that we rejected in our denial of en banc review in that case. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 953 F.3d 760, 763 (Fed. Cir. 2020) (Moore, J., joined by O'Malley, Reyna, and Chen, J., concurring in denial of rehearing en banc). Accordingly, we decline Fall Line's invitation to effect legal whiplash and reject the recent holdings of this court in *ESIP Series 2* and *Arthrex*. We conclude, however, that Fall Line did not waive its right to assert an Appointments Clause challenge, and *vacate* and *remand* for a new panel of APJs to consider the IPR anew.

I. Background

While the parties discuss many details regarding Unified Patents, LLC's ("Unified") revenue structure and the timeline leading to the Board's § 312(a)(2) real parties-in-interest determination, there are only a few pertinent facts of note.

Appendix C

On October 6, 2017, Unified Patents, LLC ("Unified") filed a petition for *inter partes* review of claims 16-19 and 21-22 of U.S. Patent No. 9,454,748 (the "'748 patent"). J.A. 83. At the time of the filing, the '748 patent was involved in a variety of patent matters against certain companies. J.A. 88. Unified did not list any of these companies, however, as a real party-in-interest. *Id.* Fall Line thus argued that Unified's real parties-in-interest identification was insufficient. J.A. 184.

The Board rejected Fall Line's initial § 312(a)(2) argument in its institution decision. J.A. 200-01. In its institution decision, it explained:

> Although Patent Owner argue[d] Petitioner's business model and public statements could make Petitioner's members real parties-in-interest, Patent Owner d[id] not provide any evidence indicating that any of those members are real parties-in-interest in this proceeding.

J.A. 201. Without anything more, the Board said Fall Line's allegations fell flat. The Board concluded, moreover, that the fact that Unified failed to "submit Voluntary Interrogatory Responses in the instant case" was insufficient to demonstrate that Unified's real party-in-interest designation was inaccurate. *Id.*

After institution, Fall Line sought authorization to file a motion for discovery regarding Unified's real party-in-interest designation. J.A. 17. It asked, however, to wait for a district court ruling before filing the motion. *Id.* The

Board instructed Fall Line to re-seek authorization when it was prepared to file the motion, but Fall Line never made a second request for authorization. *Id.* Nor did it raise a § 312(a)(2) challenge in its patent owner response. *Id.* Fall Line's real party-in-interest objections were not brought back to the Board's attention until a few days before the hearing, when the parties submitted their oral hearing demonstratives and related objections. *Id.* Then, during the oral hearing, Fall Line argued that the Board should consider its § 312(a)(2) challenge. *Id.*

In its final written decision, the Board concluded that Fall Line's real party-in-interest challenge was untimely, and that, even if it were to consider Fall Line's belated argument, the evidence was insufficient to support such a challenge. J.A. 17-25. Accordingly, the Board rejected Fall Line's § 312(a)(2) challenge, proceeded to address the merits of Unified's § 103 ground, and concluded that Unified had proven, by a preponderance of the evidence, that claims 16-19 and 21-22 of the '748 patent are unpatentable. J.A. 75.

Fall Line appealed. In its opening brief, Fall Line argues that it did not waive its § 312(a)(2) challenge and that Unified failed to properly identify the real parties-in-interest. Appellant Opening Br. 9-16. It also contends that the panel should vacate and dismiss the Board's final written decision because the current structure of the Board violates the Appointments Clause, and, because it asserts that the severance remedy imposed in *Arthrex* is inadequate, a remand to a new panel of APJs would not fix the constitutional violation. *Id.* at 17-18.

Appendix C

After the parties completed briefing, we held in *ESIP Series 2, LLC v. Puzhen Life USA, LLC* that § 314(d) precludes review of the Board's real party-in-interest determinations. 958 F.3d at 1386. In light of this holding, we ordered that the parties submit supplemental briefing on the issue.

II. Discussion

A. Fall Line's Real Party-in-Interest Challenge

Section 312(a) of Title 35 specifies that a petition "may be considered only if" it includes, *inter alia*, an "identification" of "all real parties in interest." 35 U.S.C. § 312(a)(2). In *ESIP Series 2*, we explained that preclusion of judicial review under § 314(d) extends to a Board decision concerning the "'real parties in interest' requirement of § 312(a)(2)." 958 F.3d at 1386. In light of the Supreme Court's decision in *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 206 L. Ed. 2d 554 (2020), we held that § 314(d) precludes our review of the real party-in-interest determination. *ESIP Series 2*, 958 F.3d at 1386 (quoting *Thryv*, 140 S. Ct. at 1373-74).

Fall Line "acknowledges that this [c]ourt . . . should rule that it lacks normal appellate jurisdiction over the RPI issue" in light of *Thryv*, Appellant Supp. Br. 1, but nevertheless insists that we may review the Board's decision under our "mandamus jurisdiction." *Id.* Relying on the Supreme Court's stipulation that *Cuozzo* does not "categorically preclude review," Fall Line contends that mandamus is authorized and necessary when the

Board engages in "shenanigans." Appellant Supp. Br. 2-3 (quoting *Cuozzo*, 136 S. Ct. at 2141). According to Fall Line, in this case, such "shenanigans" constitute the Board's § 312(a)(2) determination. Appellant Supp. Br. 3.

Fall Line misrepresents the *Cuozzo* Court's qualification and misunderstands the role of mandamus. In *Cuozzo*, the Supreme Court explained that its interpretation of § 314(d) applies where the grounds for challenging the Board's decision "consist of questions that are closely tied to the application and interpretation of statutes related to [the Board]'s decision to initiate inter partes review." *Cuozzo*, 136 S. Ct. at 2141. It emphasized that its holding did not decide "the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond 'this section.'" *Id.* And to provide an example of the type of review that was not "categorically precluded" by its holding, the Court explained:

> [W]e do not categorically preclude review of a final decision where a petition fails to give "sufficient notice" such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits by, for example, canceling a patent claim for "indefiniteness under § 112" in inter partes review.

Id. at 2141-42. Thus, institution decisions that implicate constitutional or jurisdictional violations are not

"categorically precluded" from judicial review under § 314(d). The *Cuozzo* Court did not hold, however, that this court may exercise its mandamus powers to review "an ordinary dispute about the application of" an institution-related statute. *Id.* While we once relied on this precise language in *Cuozzo* to conclude that statutory prerequisites to the Director's authority to institute an IPR were not related to institution within the meaning of § 314(d), the Supreme Court disagreed with that conclusion in *Thryv*.

It is true that, in the context of concluding that § 314(d) bars appellate review of the Board's § 315(b) determination, the *Thryv* Court said it did "not decide whether mandamus would be available in an extraordinary case." *Thryv*, 140 S. Ct. at 1374 n.6. But as Justice Gorsuch recognized, we have addressed that question and concluded that mandamus is not available to address decisions that are barred from appellate review under § 314(d). *Id.* at 1389 (Gorsuch, J., dissenting) ("[T]he Court today will not say whether mandamus is available where the § 314(d) bar applies, and the Federal Circuit has cast doubt on that possibility."). Specifically, we recently held that statutory prohibitions of appellate review "cannot be sidestepped simply by styling the request for review as a petition for mandamus." *In re Power Integrations, Inc.*, 899 F.3d at 1319 (collecting cases). Where an appellant's claim is nothing more than a challenge to the Board's conclusion that the information presented in the petition warranted review, there is "no 'clear and indisputable' right to challenge [the] non-institution decision directly in this court, including by way of mandamus." *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379, 1381

(Fed. Cir. 2014). *See also GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1312 (Fed. Cir. 2015). So, while the Supreme Court side-stepped the issue in *Thryv*, we have not.

In its mandamus request, Fall Line simply rehashes the procedural timeline of its § 312(a)(2) challenge and the evidence in support of its claim. Appellant Supp. Br. 3. These are the types of arguments that appellants regularly raised in their § 312(a)(2) appeals, prior to the Supreme Court›s holding in *Thryv* and our decision in *ESIP Series 2. See, e.g., Worlds Inc. v. Bungie, Inc.*, 903 F.3d 1237 (Fed. Cir. 2018). Moreover, as evident from the Board's decision and the record, this appeal involves no issues extraneous to the Board's § 312(a)(2) determination. Accordingly, we reject Fall Line's contention that the present appeal justifies mandamus review. "For this court to entertain such claims in response to a petition for mandamus would convert the mandamus procedure into a transparent means of avoiding the statutory prohibition on appellate review of agency institution decisions." *In re Power Integrations, Inc.*, 899 F.3d at 1321.[1]

B. Fall Line's *Arthrex* Challenge

Fall Line separately argues that the Board's final written decision is erroneous because, at the time of

1. The fact that the Board's real party-in-interest determinations are not reviewable makes it particularly important that the Board conduct a critical assessment of a party's assertions regarding the real party-in-interest issue. Such a critical assessment is especially warranted in a case in which a petitioner's entire business model is to challenge patents on behalf of others. *See Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1352 (Fed. Cir. 2018).

the Board's final written decision, the structure of the Board violated the Appointments Clause. Of course, we already addressed this issue in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). There, we held that the Board's Administrative Patent Judges ("APJs") were principal officers, appointed in violation of the Appointments Clause. *Arthrex*, 941 F.3d at 1335. Because the Secretary of Commerce and the Director did not have unfettered authority to remove APJs, we determined that there was insufficient executive control over APJs. To remedy this constitutional violation, we severed the problematic removal restrictions regarding APJs and concluded that impacted cases[2] must be vacated and remanded for rehearing before a new panel of APJs. *Id.* at 1335-40. Fall Line agrees that the APJs were unconstitutionally appointed, but disagrees with the severance we adopted to cure that constitutional defect. Appellant Opening Br. 17-18. Fall Line argues that the *Arthrex* severance is inadequate because (1) it does not provide for reviewability of final agency decisions; and (2) the severance was inconsistent with Congress' intent. *Id.* Because "no properly appointed Board panel exists," Fall Line contends that we must vacate and *dismiss* the Board's written decision. *Id.* at 18.

We will not. As a panel, we are bound by our holding in *Arthrex* that severance is "an appropriate cure for an Appointments Clause infirmity" and that Congress "would

2. That is, an *Arthrex*-based remand is available in cases in which the final decision was rendered by a panel of APJs who were not constitutionally appointed and where the parties presented an Appointments Clause challenge on appeal. *Arthrex*, 941 F.3d at 1340.

have preferred a Board whose members are removable at will rather than no Board at all." 941 F.3d at 1337-38. That Fall Line disagrees with the sufficiency of the constitutional fix is of no moment.

Having rejected Fall Line's attempt to reargue the issues we addressed in *Arthrex*, however, we nevertheless find that it is entitled to a remand. Like the patent owner in *Arthrex*, Fall Line raised an Appointments Clause challenge in its opening brief before us. *Arthrex*, 941 F.3d at 1340. We have held that such litigants are entitled to an *Arthrex*-based remand.[3] *See, e.g.*, *Polaris Innovations Ltd. v. Kingston Tech. Co.*, 792 Fed. Appx. 819 (Fed. Cir. 2020); *Bedgear, LLC v. Fredman Bros. Furniture Co., Inc.*, 783 Fed. Appx. 1029 (Fed. Cir. 2019). Accordingly, because Fall Line's Appointments Clause challenge was timely and the Board's final written decision was issued

3. Unified separately argues that Fall Line waived its right to an *Arthrex*-based remand because the appellant rejected Unified's offer for a "consented remand" prior to its appeal. Unified Supp. Br. 5 (citing J.A. 5012). Unified insists that Fall Line cannot "reverse course and seek a remand at this late stage in the case." Unified Supp. Br. 6. The record reveals, however, that Fall Line did not waive an *Arthrex*-based remand. Rather, Fall Line explained that, at the time of Unified's offer, such a remand did not "make[] sense." J.A. 5012. During this period of negotiation, Fall Line still believed that this court had appellate jurisdiction to review the Board's § 312(a)(2) determination. *Id.* ("[T]he RPI issue if decided in our favor would moot the need for a remand altogether—if we were remanded, we would ultimately have to come back up again on the RPI issue."). Thus, we conclude that Fall Line has not waived its Appointments Clause challenge and is entitled to a new IPR proceeding before a constitutionally appointed panel.

before our *Arthrex* decision, the Board's decision in No. IPR2018-00043 is vacated and the case is remanded to the Board for proceedings consistent with this court's decision in *Arthrex*.

III. Conclusion

For these reasons, the Board's final written decision is vacated and remanded.

VACATED AND REMANDED

Costs

No costs.

APPENDIX D — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, DATED SEPTEMBER 29, 2020

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2019-1956

FALL LINE PATENTS, LLC,

Appellant,

v.

UNIFIED PATENTS, LLC,
FKA UNIFIED PATENTS, INC.,

Appellee,

ANDREI IANCU, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

Intervenor.

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00043.

Appendix D

ON PETITION FOR REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE, BRYSON* DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN, HUGHES, and STOLL, *Circuit Judges.*

PER CURIAM.

ORDER

Appellant Fall Line Patents, LLC filed a petition for rehearing en banc. The petition was first referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on October 6, 2020.

September 29, 2020
Date

* Circuit Judge Bryson participated only in the decision on the petition for panel rehearing.

Appendix D

FOR THE COURT

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

APPENDIX E — RELEVANT CONSTITUTIONAL, STATUTORY AND REGULATORY PROVISIONS

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

Article II, § 2

* * * * *

[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

* * * * *

2. The Federal Vacancies Reform Act of 1998, 5 U.S.C. §§ 3345-3349d, provides as follows:

§ 3345. Acting officer

(a) If an officer of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) whose appointment to office is required to be made by the President, by and

with the advice and consent of the Senate, dies, resigns, or is otherwise unable to perform the functions and duties of the office—

(1) the first assistant to the office of such officer shall perform the functions and duties of the office temporarily in an acting capacity subject to the time limitations of section 3346;

(2) notwithstanding paragraph (1), the President (and only the President) may direct a person who serves in an office for which appointment is required to be made by the President, by and with the advice and consent of the Senate, to perform the functions and duties of the vacant office temporarily in an acting capacity subject to the time limitations of section 3346; or

(3) notwithstanding paragraph (1), the President (and only the President) may direct an officer or employee of such Executive agency to perform the functions and duties of the vacant office temporarily in an acting capacity, subject to the time limitations of section 3346, if—

(A) during the 365-day period preceding the date of death, resignation, or beginning of inability to serve of the applicable officer, the officer or employee served in a position in such agency for not less than 90 days; and

(B) the rate of pay for the position described under subparagraph (A) is equal to or greater than

the minimum rate of pay payable for a position at GS-15 of the General Schedule.

(b)(1) Notwithstanding subsection (a)(1), a person may not serve as an acting officer for an office under this section, if—

(A) during the 365-day period preceding the date of the death, resignation, or beginning of inability to serve, such person—

(i) did not serve in the position of first assistant to the office of such officer; or

(ii) served in the position of first assistant to the office of such officer for less than 90 days; and

(B) the President submits a nomination of such person to the Senate for appointment to such office.

(2) Paragraph (1) shall not apply to any person if—

(A) such person is serving as the first assistant to the office of an officer described under subsection (a);

(B) the office of such first assistant is an office for which appointment is required to be made by the President, by and with the advice and consent of the Senate; and

(C) the Senate has approved the appointment of such person to such office.

(c)(1) Notwithstanding subsection (a)(1), the President (and only the President) may direct an officer who is nominated by the President for reappointment for an additional term to the same office in an Executive department without a break in service, to continue to serve in that office subject to the time limitations in section 3346, until such time as the Senate has acted to confirm or reject the nomination, notwithstanding adjournment sine die.

(2) For purposes of this section and sections 3346, 3347, 3348, 3349, 3349a, and 3349d, the expiration of a term of office is an inability to perform the functions and duties of such office.

§ 3346. Time limitation

(a) Except in the case of a vacancy caused by sickness, the person serving as an acting officer as described under section 3345 may serve in the office—

(1) for no longer than 210 days beginning on the date the vacancy occurs; or

(2) subject to subsection (b), once a first or second nomination for the office is submitted to the Senate, from the date of such nomination for the period that the nomination is pending in the Senate.

(b)(1) If the first nomination for the office is rejected by the Senate, withdrawn, or returned to the President by the Senate, the person may continue to serve as the

acting officer for no more than 210 days after the date of such rejection, withdrawal, or return.

(2) Notwithstanding paragraph (1), if a second nomination for the office is submitted to the Senate after the rejection, withdrawal, or return of the first nomination, the person serving as the acting officer may continue to serve—

(A) until the second nomination is confirmed; or

(B) for no more than 210 days after the second nomination is rejected, withdrawn, or returned.

(c) If a vacancy occurs during an adjournment of the Congress sine die, the 210-day period under subsection (a) shall begin on the date that the Senate first reconvenes.

§ 3347. Exclusivity

(a) Sections 3345 and 3346 are the exclusive means for temporarily authorizing an acting official to perform the functions and duties of any office of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) for which appointment is required to be made by the President, by and with the advice and consent of the Senate, unless—

(1) a statutory provision expressly—

(A) authorizes the President, a court, or the head of an Executive department, to designate an officer

or employee to perform the functions and duties of a specified office temporarily in an acting capacity; or

(B) designates an officer or employee to perform the functions and duties of a specified office temporarily in an acting capacity; or

(2) the President makes an appointment to fill a vacancy in such office during the recess of the Senate pursuant to clause 3 of section 2 of article II of the United States Constitution.

(b) Any statutory provision providing general authority to the head of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) to delegate duties statutorily vested in that agency head to, or to reassign duties among, officers or employees of such Executive agency, is not a statutory provision to which subsection (a)(1) applies.

§ 3348. Vacant office

(a) In this section—

(1) the term "action" includes any agency action as defined under section 551(13); and

(2) the term "function or duty" means any function or duty of the applicable office that—

(A)(i) is established by statute; and

(ii) is required by statute to be performed by the applicable officer (and only that officer); or (B)(i)(I) is established by regulation; and

(II) is required by such regulation to be performed by the applicable officer (and only that officer); and

(ii) includes a function or duty to which clause (i)(I) and (II) applies, and the applicable regulation is in effect at any time during the 180-day period preceding the date on which the vacancy occurs.

(b) Unless an officer or employee is performing the functions and duties in accordance with sections 3345, 3346, and 3347, if an officer of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) whose appointment to office is required to be made by the President, by and with the advice and consent of the Senate, dies, resigns, or is otherwise unable to perform the functions and duties of the office—

(1) the office shall remain vacant; and

(2) in the case of an office other than the office of the head of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office), only the head of such Executive agency may perform any function or duty of such office.

(c) If the last day of any 210-day period under section 3346 is a day on which the Senate is not in session, the second day the Senate is next in session and receiving nominations shall be deemed to be the last day of such period.

(d)(1) An action taken by any person who is not acting under section 3345, 3346, or 3347, or as provided by subsection (b), in the performance of any function or duty of a vacant office to which this section and sections 3346, 3347, 3349, 3349a, 3349b, and 3349c apply shall have no force or effect.

(2) An action that has no force or effect under paragraph (1) may not be ratified.

(e) This section shall not apply to—

(1) the General Counsel of the National Labor Relations Board;

(2) the General Counsel of the Federal Labor Relations Authority;

(3) any Inspector General appointed by the President, by and with the advice and consent of the Senate;

(4) any Chief Financial Officer appointed by the President, by and with the advice and consent of the Senate; or

(5) an office of an Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) if a statutory provision expressly prohibits the head of the Executive agency from performing the functions and duties of such office.

§3349. Reporting of vacancies

(a) The head of each Executive agency (including the Executive Office of the President, and other than the Government Accountability Office) shall submit to the Comptroller General of the United States and to each House of Congress—

(1) notification of a vacancy in an office to which this section and sections 3345, 3346, 3347, 3348, 3349a, 3349b, 3349c, and 3349d apply and the date such vacancy occurred immediately upon the occurrence of the vacancy;

(2) the name of any person serving in an acting capacity and the date such service began immediately upon the designation;

(3) the name of any person nominated to the Senate to fill the vacancy and the date such nomination is submitted immediately upon the submission of the nomination; and

(4) the date of a rejection, withdrawal, or return of any nomination immediately upon such rejection, withdrawal, or return.

(b) If the Comptroller General of the United States makes a determination that an officer is serving longer than the 210-day period including the applicable exceptions to such period under section 3346 or section 3349a, the Comptroller General shall report such determination immediately to—

(1) the Committee on Governmental Affairs of the Senate;

(2) the Committee on Government Reform and Oversight of the House of Representatives;

(3) the Committees on Appropriations of the Senate and House of Representatives;

(4) the appropriate committees of jurisdiction of the Senate and House of Representatives;

(5) the President; and

(6) the Office of Personnel Management.

§3349a. Presidential inaugural transitions

(a) In this section, the term "transitional inauguration day" means the date on which any person swears or affirms the oath of office as President, if such person is not the President on the date preceding the date of swearing or affirming such oath of office.

(b) With respect to any vacancy that exists during the 60-day period beginning on a transitional inauguration

day, the 210-day period under section 3346 or 3348 shall be deemed to begin on the later of the date occurring—

(1) 90 days after such transitional inauguration day; or

(2) 90 days after the date on which the vacancy occurs.

§3349b. Holdover provisions

Sections 3345 through 3349a shall not be construed to affect any statute that authorizes a person to continue to serve in any office—

(1) after the expiration of the term for which such person is appointed; and

(2) until a successor is appointed or a specified period of time has expired.

§3349c. Exclusion of certain officers

Sections 3345 through 3349b shall not apply to—

(1) any member who is appointed by the President, by and with the advice and consent of the Senate to any board, commission, or similar entity that—

(A) is composed of multiple members; and

(B) governs an independent establishment or Government corporation;

(2) any commissioner of the Federal Energy Regulatory Commission;

(3) any member of the Surface Transportation Board; or

(4) any judge appointed by the President, by and with the advice and consent of the Senate, to a court constituted under article I of the United States Constitution.

§3349d. Notification of intent to nominate during certain recesses or adjournments

(a) The submission to the Senate, during a recess or adjournment of the Senate in excess of 15 days, of a written notification by the President of the President's intention to submit a nomination after the recess or adjournment shall be considered a nomination for purposes of sections 3345 through 3349c if such notification contains the name of the proposed nominee and the office for which the person is nominated.

(b) If the President does not submit a nomination of the person named under subsection (a) within 2 days after the end of such recess or adjournment, effective after such second day the notification considered a nomination under subsection (a) shall be treated as a withdrawn nomination for purposes of sections 3345 through 3349c.

3. The U.S. Patent and Trademark Office's Agency Organization Order 45-1 (Nov. 7, 2016) provides in relevant part as follows:

Appendix E

II. Appointment and General Authority of Under Secretary and Commissioners

A. On November 29, 1999, the President signed into law the Patent and Trademark Office Efficiency Act (PTOEA), which establishes the USPTO as an agency of the United States, within the Department of Commerce (DOC).

Under Secretary and Deputy Under Secretary

B. The Under Secretary is appointed by the President, by and with the advice and consent of the Senate, and reports to the Secretary of Commerce (Secretary) with respect to policy matters. The Under Secretary, as established by 35 U.S.C. § 3, is responsible for providing policy direction and management supervision for the USPTO and the issuance of patents and registration of trademarks, and for consulting with the Patent Public Advisory Committee and the Trademark Public Advisory Committee.

C. The Under Secretary will be assisted by the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office (Deputy Under Secretary) who will act in the capacity of the Under Secretary in the event of the absence or incapacity of the Under Secretary. The Deputy Under Secretary is appointed by the Secretary upon consideration of individuals nominated by the Under Secretary.

D. The Deputy Under Secretary shall serve as Acting Under Secretary during any period in which the Under Secretary has died, resigned, or otherwise become unable to perform the functions and duties of the office, subject to the limitations set forth in the Federal Vacancies Reform Act of 1998, as amended, 5 U.S.C. § 3345 et seq. The Deputy Under Secretary shall perform the nonexclusive functions and duties of the Under Secretary when the Under Secretary dies, resigns, or is otherwise unable to perform the functions and duties of the Under Secretary, and when there is no Acting Under Secretary. If both the Under Secretary and the Deputy Under Secretary positions are vacant, the Commissioner for Patents and the Commissioner for Trademarks, in that order, will perform the non-exclusive functions and duties of the Under Secretary. In the event there is no Commissioner appointed under 35 U.S.C. § 3(b)(2), the Chief Policy Officer and Director for International Affairs, the Chief Financial Officer, the Chief Administrative Officer, or the General Counsel of the USPTO, in order of length of service in those positions, shall perform the nonexclusive functions and duties of the Under Secretary.

E. In the event of the absence or incapacity of the Under Secretary and Deputy Under Secretary, the following officials may be designated by the Under Secretary or Deputy Under Secretary, as appropriate, to perform the non-exclusive functions and duties of the Under Secretary: the Commissioner for Patents, the Commissioner for Trademarks, the Chief Policy Officer and Director for International Affairs, the Chief Financial Officer, the Chief Administrative Officer, or the General Counsel for USPTO.

F. A Commissioner performing the functions and duties of the Under Secretary will not assist the Secretary in evaluating the performance of the Commissioners.

Commissioners

G. The Secretary will appoint a Commissioner for Patents and a Commissioner for Trademarks, each of whom will serve for a five-year term. The Secretary may reappoint a Commissioner to subsequent five-year terms in accordance with PTOEA.

H. The Under Secretary will appoint such other officers, employees and agents of the Office as deemed necessary to carry out the functions of USPTO, consistent with Title 35, U.S.C.

I. In accordance with PTOEA and Title 35, U.S.C., in carrying out its functions, USPTO will be subject to the policy direction of the Secretary, but otherwise will retain responsibility for decisions regarding the management and administration of its operations and will exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions, in accordance with applicable provisions of the law.

Public Advisory Committees

J. USPTO will have a Patent Public Advisory Committee and a Trademark Public Advisory Committee.

The Secretary will appoint nine members to each committee who will serve at the pleasure of the Secretary. The Secretary will designate a chair of each Advisory Committee, each of whom will serve for a three-year term. In addition to the voting members, each Advisory Committee will include a representative of each labor organization recognized by USPTO.

K. The Under Secretary will consult with the Patent Public Advisory Committee on a regular basis on matters relating to the patent operations of USPTO, will consult with the Trademark Public Advisory Committee on a regular basis on matters relating to the trademark operations of USPTO, and will consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget (OMB) or changing or proposing to change patent or trademark user fees or patent or trademark regulations that are subject to the requirement to provide notice and opportunity for public comment under Title 5, U.S.C. § 553, as the case may be.

Administrative Patent Judges and Administrative Trademark Judges

L. The Patent Trial and Appeal Board shall include the Under Secretary, the Deputy Under Secretary, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges.

M. The Trademark Trial and Appeal Board shall include the Under Secretary, the Deputy Under Secretary,

the Commissioner for Patents, the Commissioner for Trademarks, and the administrative trademark judges.

N. Administrative patent judges and administrative trademark judges are appointed by the Secretary, in consultation with the Under Secretary.