Administrative Patent Judges Ruled Unconstitutional; Corrected by Removing "For Cause" Termination

By: Barry F. Irwin and Emily Sample | November 4, 2019

The Federal Circuit unanimously held that all Administrative Patent Judges ("APJs") were Principal Officers who bypassed the constitutionally required Presidential appointment and Senate confirmation process, thus violating the Appointments Clause of the U.S. Constitution art. II, § 2, cl. 2. In the same opinion, the Federal Circuit corrected the infirmity by striking from the statute governing their employment, 35 U.S.C. § 6(a), the "for cause" removal provision of 5 U.S.C. § 7513(a) (incorporated through 35 U.S.C. § 3(c)). As such, all currently appealable cases from the Board may be heard for Appointment Clause violations and subject to remand for new proceedings before a new panel.

Although the Appointments Clause challenge was not raised before the Board during the *inter partes* review,[1] the Federal Circuit waived that requirement due to the importance of the Constitutional question. The Federal Circuit evaluated whether the United States Patent and Trademark Office Director had enough oversight to make the APJs inferior officers and therefore not subject to the Appointment Clause. The Federal Circuit analyzed this issue under the *Edmond* oversight factors: power of review, strength of supervision, and power of removal.[2] As to power of review, the Federal Circuit determined that this factor weighed against finding APJs inferior officers because the Director has no power to overturn or review the final written decisions issued by the Board. As to power of removal, the Federal Circuit found this also weighed against finding APJs inferior officers, because the Director may only remove officers "for cause." While the Court recognized the Director's strong supervisory powers to issue binding precedential decisions, institute reviews, assign panels, and promulgate rules; the Court held that such functions were insufficient to make the APJs subject to the oversight of the Director. After equating the powers of the APJs and the Director to the powers of the Copyright Royalty Judges and the Librarian, which also violated the Appointments Clause,[3] the APJs clearly violate the Appointments Clause of the Constitution.

To correct the infirmity, the Federal Circuit exercised its authority to sever the problematic provisions. Following the Supreme Court's lead in *Free Enterprise Fund* and the D.C. Circuit's approach in *Intercollegiate*, the Federal Circuit struck the application of the "for cause" removal restriction to the APJs.[4] In light of this holding, the Federal Circuit found that final written decisions "where 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, must be vacated and remanded."

---

[1] Smith & Nephew, Inc. challenged U.S. Patent No. 9,179,907 assigned to Arthrex, Inc. Through *inter partes* review, the Board found claims 1, 4, 8, 10–12, 16, 18, and 25–28 unpatentable as anticipated. This Federal Circuit appeal did not expound on the substantive merits of the *inter partes* review.

[2] *Edmond v. United States*, 520 U.S. 651, 664–65 (1997).

[3] *Intercollegiate Broadcasting System, Inc. v. Copyright Royalty Board*, 684 F.3d 1332, 1339 (D.C. Cir. 2012).

[4] *Free Enterprise Fund v. Public Company Accounting Oversight Board*, 561 U.S. 477 (2010) (holding SEC Commissioners were high officers); *Intercollegiate*, 684 F.3d at 1340.