

LIMITS TO ADMINISTRATIVE APPOINTMENTS

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I. INTRODUCTION

The Appointments Clause states in part, “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.”¹ That language is construed narrowly in *Freytag v. Commissioner*,² which nevertheless upholds appointment of a special trial judge by the Chief Judge of the United States Tax Court.³ Agreeing with the result and with the characterization of the special trial judge as an “inferior Officer,” Justices O’Connor, Kennedy and Souter joined a minority opinion written by Justice Scalia.⁴ The minority nevertheless objects both to the Court’s reaching the issue and to the majority’s characterizing the appointment in question as one made by a “Court of Law” rather than one made by the “Head of a Department.”⁵

In 2007, Professor John Duffy flagged recent appointments to the United States Patent and Trademark Office (PTO) Board of Patent Appeals and Interferences (BPAI) as potentially invalid.⁶ Relying primarily on the Appointments Clause and *Freytag*, he suggested that appointments made by the PTO Director⁷ under 35 U.S.C. § 6(a)⁸ might not conform because they were not

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¹ U.S. CONST. art. II, § 2, cl. 2.

² 501 U.S. 868, 883–84 (1991).

³ *Id.* at 890–92.

⁴ *Id.* at 892 (Scalia, J., concurring).

⁵ *Id.* at 901.

⁶ John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 2007 PATENTLY-O PAT. L.J. 21, 21, <http://www.patentlyo.com/lawjournal/files/Duffy.BPAI.pdf>.

⁷ See 35 U.S.C. § 3(a) (2006). The Director is also Under Secretary of Commerce and is “appointed by the President, by and with the advice and consent of the Senate.” *Id.*

made by the Secretary of Commerce.⁹ The same logic also calls into question appointments to the PTO Trademark Trial and Appeal Board (TTAB) under Lanham Act § 17(b).¹⁰

No one seems to have raised a challenge to a TTAB decision on that basis, but one was belatedly made to a BPAI decision in *In re Translogic Technology, Inc.*¹¹ Despite arguments made in a petition for rehearing and rehearing en banc,¹² the Federal Circuit chose not to consider the issue,¹³ and the Supreme Court did likewise.¹⁴

News of that case also inspired another belated challenge—this time to members of the Copyright Royalty Board (CRB), whom the Librarian of Congress appoints.¹⁵ A supplemental brief raising the issue was filed by Royalty Logic, LLC—one of several petitioners already challenging an order of the CRB—on May 13, 2008, well after the original pleadings had been filed.¹⁶ The court nevertheless allowed the filing and issued an order directing opposing parties to respond.¹⁷ This brief comment considers appointments to all three

⁸ See *id.* § 6(a). In relevant part, it provided that “administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.” *Id.* Section 3(b)(3), regarding other PTO employees appointed by the Director, was not seen as problematic. As discussed below, only section 6 has since been amended.

⁹ Duffy, *supra* note 6, at 27–28.

¹⁰ 15 U.S.C. § 1067(b) (2006). Section 17(b) provided that “[t]he [TTAB] shall include . . . administrative trademark judges who are appointed by the Director.” As discussed below, it, too, has since been amended.

¹¹ *In re Translogic Tech., Inc.*, No. 2006-1192, 2007 WL 3388523, at *1 (Fed. Cir. Oct. 26, 2007).

¹² *Id.* at *8–15.

¹³ See *In re Translogic Tech., Inc.*, 504 F.3d 1249 (Fed. Cir. 2007), *cert. denied sub nom* *Translogic Tech., Inc. v. Dudas*, 129 S. Ct. 43 (2008) (mem.).

¹⁴ *Translogic Tech., Inc. v. Dudas*, 129 S. Ct. 43 (2008) (mem.).

¹⁵ 17 U.S.C. § 801(a) (2006).

¹⁶ See *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 571 F.3d 69, 72 (D.C. Cir. 2009) (rejecting the challenge as untimely); see also Motion of Appellant Royalty Logic, LLC for Leave to File Supplemental Brief, *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 571 F.3d 69 (D.C. Cir. 2009) (No. 07-1123) (on file with author). Kenneth D. Freundlich, the attorney who filed the brief, later explained to the court that “that the issue simply had not occurred to him until[] several months after filing his opening brief.” *Intercollegiate*, 571 F.3d at 76.

¹⁷ *Id.* The supplemental brief for the CRB, available online, warrants close reading by anyone concerned about, e.g., the Board’s constitutional status. Supplemental Brief for the Copyright Royalty Board, *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 571 F.3d 69, 72 (D.C. Cir. 2009) (No. 07-1123), 2008 WL 5631012.

boards and describes changes subsequently made to the Lanham and Patent Acts.

II. WERE THE APPOINTMENTS VALIDLY MADE?

It is difficult to regard members of the BPAI, CRB, or TTAB as not satisfying the requirements for appointment of “inferior Officers” under the Appointments Clause. *Freytag* notwithstanding, courts could regard appointments of such officers as valid. One option would be to regard the BPAI and the TTAB, as the *Freytag* majority suggested, as “Courts of Law” despite their being created under Article I rather than Article III.¹⁸ If so, the Director, as a member of each board,¹⁹ becomes the equivalent of the Chief Judge of the U.S. Tax Court.

Alternatively, the Director, although subject to *policy* supervision by the Secretary of Commerce,²⁰ could be regarded as the head of a department. In that regard, *Butterworth v. United States ex rel. Hoe*²¹ seems compelling. In 1884, the Patent Commissioner, as then denominated, was subject to supervision by the Secretary of the Interior within whose department the Patent Office²² resided.²³ With regard to adjudicative matters of the kind now resolved by the BPAI and TTAB, however, the Commission was found to be independent and subject to review by the courts alone.²⁴ To regard the presidential appointee who currently occupies an essentially identical position as other than the head of a department seems to exalt form over substance. The stakes make it difficult to believe that courts would choose neither that nor the previously mentioned basis for upholding adjudications of suspect appointees.

As for the CRB, that board might be regarded as a “Court of Law” under *Freytag*, but the Librarian of Congress who appoints members is not one himself, so appointments cannot be ones made by a court of law.²⁵ That makes

¹⁸ See *Freytag v. Comm’r*, 501 U.S. 868, 888–92 (1991).

¹⁹ See Lanham Act § 17(b), 15 U.S.C. § 1067(b) (2006); 35 U.S.C. § 6(a) (2006).

²⁰ 35 U.S.C. § 2(a); *cf. id.* § 2(b) (setting forth the powers of the director of the PTO).

²¹ 112 U.S. 50 (1884).

²² Not until 1975 was “Trademark” added to the name of the Office. See Pub. L. No. 93-596, 88 Stat. 1949 (1975).

²³ See *Butterworth*, 112 U.S. at 52.

²⁴ See *id.* at 64 (“[I]n matters of this description, in which the action of the Commissioner is quasi-judicial, the fact that no appeal is expressly given to the Secretary is conclusive that none is to be implied.”).

²⁵ See *Freytag v. Comm’r*, 501 U.S. 868, 890–92 (1991).

no difference, however, if the Librarian is the head of a department.²⁶ The name of the office may suggest otherwise, but the Librarian is indeed the head of a department. The Librarian is appointed by the President,²⁷ and occupies a position equivalent to cabinet secretaries who oversee various departments. Thus, the Librarian should be capable of appointing “inferior Officers.”

Moreover, no one seems to dispute the Librarian’s power to appoint Copyright Registers²⁸ or, despite the arguably legislative tasks assigned the official making the appointment, the Register’s capacity to adjudicate.²⁹ Hence, it is difficult to think of any basis for finding their appointment by the Librarian to be illegitimate unless the Register’s appointment is likewise illegitimate.³⁰ CRB decisions therefore seem to be well beyond the pale.

III. CURATIVE PATENT AND TRADEMARK LEGISLATION

Potential problems with appointment of PTO board members were nevertheless seen to warrant prompt legislative action. On June 25, 2008, a bill was introduced in the House,³¹ and on August 12, 2008, the President signed an identical Senate version into law.³²

Future appointments to the PTO boards must now be made by the Secretary of Commerce,³³ who is also given authority to ratify prior appointments.³⁴ Those curative measures, however, affect only future decisions.

²⁶ See *id.* at 901 (Scalia, J., concurring).

²⁷ 2 U.S.C. § 136 (2006); see also *Eltra Corp. v. Ringer*, 579 F.2d 294, 300 (4th Cir. 1978); 139 CONG. REC. E810 (1993) (statement of Librarian James H. Billington).

²⁸ See 17 U.S.C. § 701(a) (2006).

²⁹ *Id.* § 410(a). No one has challenged the Register’s ability to adjudicate since *Eltra Corp.*

³⁰ *SoundExchange, Inc. v. Librarian of Congress* notes a related issue of whether Board members must be appointed as *principal* officers. 571 F.3d 1220, 1226–27 (D.C. Cir. 2009) (Kavanaugh, J., concurring). Yet, again, their appointment under 17 U.S.C. § 801(a) is the same as the Register’s under § 701(a). Moreover, as in *Intercollegiate Broad. Sys. v. Copyright Royalty Board*, 571 F.3d 69, 72 (D.C. Cir. 2009), “no party here has timely raised a constitutional objection.” *SoundExchange*, 571 F.3d at 1227.

³¹ H.R. 6362, 110th Cong. (2008).

³² Appointment of Administrative Patent Judges and Administrative Trademark Judges, Pub. L. No. 110-313, 122 Stat. 3014 (2008).

³³ Lanham Act § 17(b), 15 U.S.C.A. § 1067(b) (West 2009) (“The [TTAB] shall include . . . administrative trademark judges who are appointed by the Secretary of Commerce, in consultation with the Director.”); 35 U.S.C.A. § 6(a) (West 2009) (“The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary of Commerce, in consultation with the Director.”).

³⁴ 122 Stat. 3014 added subsection (c) to 35 U.S.C. § 6, which reads:

Attempting to overcome arguable defects in prior BPAI decisions, the new § 6(d) provides, “It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge’s having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.”³⁵ The new Lanham Act § 17(d) likewise attempts to overcome arguable defects in prior TTAB decisions; it reads the same, except that “trademark judge” replaces “patent judge” in both instances.³⁶

The de facto officer doctrine brought into play by those amendments “confers validity upon acts performed by a person acting under the color of official title even though it is later discovered that the legality of that person’s appointment to office is deficient.”³⁷

IV. LOOKING AHEAD

Future decisions of the BPAI and TTAB are no longer subject to question, but those made by appointees of the Director, rather than the Secretary of Commerce, remain open to challenge. Challenges should fail on either of two bases given above.³⁸ If not, it seems doubtful that legislative action could save decisions made by officials appointed in contravention of the Constitution, but that is unlikely to make any difference.

Had the Supreme Court regarded the issue as serious, it could have been addressed in *Translogic Technology*³⁹ despite its being belatedly raised.⁴⁰ That

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

35 U.S.C.A. § 6 (West 2009). The new Lanham Act § 17(c) reads the same, except for replacing “patent judge” with “trademark judge” in both instances. Lanham Act § 17(c), 15 U.S.C.A. § 1067(c) (West 2009).

³⁵ 35 U.S.C.A. § 6(d) (West 2009).

³⁶ Lanham Act § 17(d), 15 U.S.C.A. § 1067(d) (West 2009).

³⁷ *Nguyen v. United States*, 539 U.S. 69, 75–76 (2003) (quoting *Ryder v. United States*, 515 U.S. 177, 180 (1995)).

³⁸ See *supra* text accompanying notes 19–24.

³⁹ *In re Translogic Tech., Inc.*, 504 F.3d 1249 (Fed. Cir. 2007), cert. denied sub nom *Translogic Tech., Inc. v. Dudas*, 129 S. Ct. 43 (2008) (mem.).

⁴⁰ See *Nguyen*, 539 U.S. at 84 (Rehnquist, C.J., dissenting) (where even the dissent agreed that “[e]xercise of our certiorari jurisdiction was warranted”).

was, however, particularly unlikely in a civil case.⁴¹ In such circumstances, the Court seems likely to apply the de facto officer doctrine without, and regardless of, legislative prompting.⁴²

As for the CRB, *Intercollegiate Broadcast System, Inc. v. Copyright Royalty Board*⁴³ notes:

[T]he potential for far-reaching consequences counsels against resolving the Appointments Clause question on this record. The Librarian of Congress appoints not only the Copyright Royalty Judges but also the Register of Copyrights. To hold that the Librarian is not the head of a department within the meaning of the Appointments Clause would invalidate the Judges' determinations and call into question the status of every registered American copyright. We decline to resolve this "important question[] of far-reaching significance," on the basis of hasty, inadequate, and untimely briefing.⁴⁴

Even in that instance, the stakes are enormous. As Judge Kavanaugh points out in another, essentially coterminous, case,

[B]illions of dollars and the fates of entire industries can ride on the [CRB]'s decisions. The Board thus exercises expansive executive authority analogous to that of, for example, FERC, the FCC, the NLRB, and the SEC. But unlike the members of those similarly powerful agencies, since 2004 [CRB] members have not been nominated by the President and confirmed by the Senate.⁴⁵

He seems to find it compelling that, "Board members are appointed by the Librarian of Congress alone. Board members are removable by the Librarian, but only for cause."⁴⁶

Judge Kavanaugh, thus, asks whether Copyright Royalty Judges are principal, rather than inferior, officers who must be nominated by the President

⁴¹ See, e.g., *Ryder v. United States*, 515 U.S. 177, 184 (1995) (refusing to extend an implied form of the de facto doctrine used in two civil cases to a criminal case).

⁴² Moreover, Chief Justice Rehnquist, who wrote for a unanimous Court in *Ryder*, was joined in dissent by three colleagues in *Nguyen*. *Nguyen v. United States*, 539 U.S. 69, 80 (2003) (Rehnquist, C.J., dissenting). *Nguyen*, too, was a criminal case, but he argued that "Petitioners have not shown that the claimed error seriously affected the fairness, integrity, or public reputation of judicial proceedings." *Id.* at 89. Had it been a civil case, *Nguyen* might well have gone the other way.

⁴³ 571 F.3d 69 (D.C. Cir. 2009).

⁴⁴ *Id.* at 76 (alteration in original) (citation omitted) (quoting *Carducci v. Regan*, 714 F.2d 171, 177 (D.C. Cir. 1983)).

⁴⁵ *SoundExchange v. Librarian of Congress*, 571 F.3d 1220, 1226 (D.C. Cir. 2009) (Kavanaugh, J., concurring).

⁴⁶ *Id.* It is unclear when or how such issues arose. Nothing was seen in party briefs, nor was Judge Kavanaugh on the panel asked to resolve the above-mentioned challenge by *Royalty Logic*.

and confirmed by the Senate “because they are not removable at will and their decisions regarding royalty rates apparently are not reversible by the Librarian of Congress or any other Executive Branch official.”⁴⁷

He concludes:

If [they] are in fact principal officers, then the present means of appointing Board members is unconstitutional. But no party here has timely raised a constitutional objection. We therefore may resolve the case without deciding whether the Board is constitutionally structured, and so I join the opinion of the Court.⁴⁸

If Judge Kavanaugh’s instincts were correct, consequences would be far more serious than he seems to appreciate. First, as the *Intercollegiate* panel explains, everything said about the CRB is equally true of the Copyright Register, thus bringing “into question the status of every registered American copyright.”⁴⁹

Moreover, his observation, if true, would bring into question every decision of the BPAI and TTAB. First, as found in *Butterworth*,⁵⁰ absent explicit statutory authority, decisions rendered within the PTO are unreviewable by “any other Executive Branch official.”⁵¹ Indeed, *In re Alappat*,⁵² for example, makes it clear that, under current law, Board decisions cannot be reviewed even by the PTO Director.⁵³

Finally, as explained above,⁵⁴ PTO Board members are neither appointed by the President nor subject to Senate confirmation. Should that be

⁴⁷ *Id.*

⁴⁸ *Id.* at 1227.

⁴⁹ *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 571 F.3d 69, 76 (D.C. Cir. 2009).

⁵⁰ *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50, 64 (1884) (“[I]n matters of this description, in which the action of the Commissioner is quasi-judicial, the fact that no appeal is expressly given to the Secretary is conclusive that none is to be implied.”).

⁵¹ *SoundExchange v. Librarian of Congress*, 571 F.3d 1220, 1226 (D.C. Cir. 2009) (Kavanaugh, J., concurring).

⁵² 33 F.3d 1526 (Fed. Cir. 1994).

⁵³ *See, e.g., id.* at 1533:

[W]e have found no legislative history indicating a clear Congressional intent that the Commissioner’s authority to designate the members of a Board panel be limited to the designation of an original panel or that the Board be limited to exercising its rehearing authority only through the panel which rendered an original decision.

Were the Commissioner able to review BPAI decisions, reconsideration by an expanded panel, as questioned *sua sponte* in that case, would have been wholly unnecessary.

⁵⁴ *Supra* note 33 and accompanying text.

found necessary, recent amendments to the Patent and Lanham Acts⁵⁵ will have accomplished nothing. Serious implications attendant to finding all prior decisions of the CRB, Copyright Register, BPAI and TTAB seem unlikely to deter future challenges based on Judge Kavanaugh's observations. They should, however, deter other judges, and perhaps even him, from finding them tenable.

⁵⁵ See Lanham Act § 17(b), 15 U.S.C.A. § 1067(b) (West 2009) (“The [TTAB] shall include . . . administrative trademark judges who are appointed by the Secretary of Commerce, in consultation with the Director.”); 35 U.S.C.A. § 6(a) (West 2009) (“The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary of Commerce, in consultation with the Director.”).