No. 07-_____

IN THE
Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,

Petitioner,

v.

JON W. DUDAS, DIRECTOR,
PATENT AND TRADEMARK OFFICE,

Respondent.

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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QUESTIONS PRESENTED

Under the Appointments Clause of the Constitution, art. II, § 2, cl. 2, Congress may vest the appointment of inferior officers in the President, in the Courts of Law, or in the Heads of Departments. In this case, one of the three members of a panel of the Board of Patent Appeals and Interferences ("Board") of the United States Patent and Trademark Office ("PTO") that ruled on the claims of Petitioner's patent was appointed by the Director of the PTO, who is not the Head of a Department.

The Questions Presented are:

1. Whether one of the members of the panel of the Board was appointed in violation of the Appointments Clause; and

2. If so, whether there must be a vacatur of the Board's decision.

PARTIES TO THE PROCEEDING AND RULE 29.6 DISCLOSURE

In addition to the parties listed in the caption, three corporate entities intervened in the proceedings before the United States Court of Appeals for the Federal Circuit: Hitachi, Ltd., Hitachi America, Ltd., and Renesas Technology America, Inc. (the "Hitachi Intervenors").

Translogic Technology, Inc. ("Petitioner") has no parent company. No publicly held company owns 10 percent or more of Translogic's stock.

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The opinion of the Court of Appeals (Pet. App. 1a-28a) is reported at 504 F.3d 1249. The decision of the Board of Patent Appeals and Interferences ("Board") of the United States Patent and Trademark Office ("PTO") (Pet. App. 29a-112a) and the Board's decision on rehearing (Pet. App. 121a-141a) are not reported.

JURISDICTION

The decision of the U.S. Court of Appeals for the Federal Circuit affirming the Board's rejection of Petitioner's patent was entered on October 12, 2007. (Pet. App. 1a-28a.) A timely petition for rehearing and rehearing *en banc* was denied on January 24, 2008. (Pet. App. 118a.) This Court's jurisdiction rests on 28 U.S.C. § 1254(1). The Federal Circuit had jurisdiction pursuant to 35 U.S.C. § 141.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The United States Constitution, art. II, § 2, cl. 2, provides:

> [The President] by and with the Advice and Consent of the Senate, shall appoint . . . 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.

35 U.S.C. § 6(a) provides in pertinent part:

> There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director [of the Patent and Trademark Office], the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director [of the PTO].

STATEMENT OF THE CASE

This case involves a constitutional issue of great importance. Since early 2000, all new members of the United States Patent and Trademark Office's Board of Patent Appeals and Interferences have been appointed by the Director of the PTO, who is not the Head of a Department as required by the Appointments Clause.[1]

The PTO stated, in its response to the Petitioner's request for rehearing or rehearing *en*

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[1] *See* John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 2007 *Patently-O Patent L.J.* 21, http://www.patentlyo.com/lawjournal/files/Duffy.BPAI.pdf.

banc in the Federal Court, that the issues in this case could involve "many thousands of Board decisions entered over the past seven years." The number of cases requiring a judicial remedy is actually much smaller, because this Court has accorded "*de facto* validity" to the past acts of inferior officers where a party has made a broad, facial challenge to every act undertaken by such officers. *See Buckley* v. *Valeo*, 424 U.S. 1, 142 (1976) (applying "*de facto* validity" where a party challenged all prior acts of inferior officers).

This Court has, however, granted a judicial remedy in a much smaller subset of Appointments Clause cases, like this one, where it has jurisdiction to review a particular action by the inferior officer. *See Ryder* v. *United States*, 515 U.S. 177, 180-85 (1995) (unanimously concluding that "[t]o the extent these civil cases [referring to *Buckley* and certain voting rights cases] may be thought to have implicitly applied a form of the *de facto* officer doctrine, we are not inclined to extend them beyond their facts"). In a case on all fours with this one, the Court corrected on direct review a violation that arose when a non-Article III judge sat on a three-judge panel of an Article III court. *See Nguyen* v. *United States*, 539 U.S. 69, 83 (2003). The cases that would be affected by this Court's ruling, should it agree with Petitioner, would only be those that have or will have gone to the Federal Circuit and can still be brought before this Court.

As explained below, there is no serious dispute that one of the PTO patent judges who issued the decision on review was appointed in violation of the Appointments Clause. PTO patent judges are

inferior officers, and the judge in this case was appointed by the Director of the PTO, who is not the Head of a Department. This Court has described such an appointment as a "structural constitutional" violation because the Appointments Clause "focuses on the danger of one branch's aggrandizing its power at the expense of another branch" and "preserves another aspect of the Constitution's structural integrity by preventing the diffusion of the appointment power." *Freytag* v. *Comm'r of Internal Revenue*, 501 U.S. 868, 878 (1991). Thus, this Court has "'heard here and determined upon [their] merits'" Appointments Clause objections even where they "'ha[ve] not been raised in the District Court or in the Court of Appeals or even in this Court until the filing of a supplemental brief upon a second request for review.'" *Id.* at 879 (quoting *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 536 (1962) (plurality opinion)).

The PTO argued in its response to Petitioner's rehearing request that the Appointments Clause challenge should have been raised before the Board rendered its decision. But the Board does not announce its panel members prior to briefing and Petitioner did not know their identity until the oral argument. Moreover, "[a]gencies do not ordinarily have jurisdiction to pass on the constitutionality of any federal statutes." *Nebraska* v. *EPA*, 331 F.3d 995, 997 (D.C. Cir. 2003) (citing *Thunder Basin Coal Co.* v. *Reich*, 510 U.S. 200, 214 (1994)). That is particularly so with respect to a claim, as in this case, that an agency's statute is unconstitutional. "It [i]s hardly open to . . . an administrative agency . . . to entertain a claim that the statute which created it

was in some respect unconstitutional." *Robertson* v. *Fed. Election Comm'n*, 45 F.3d 486, 489 (D.C. Cir. 1995).

Petitioner did not raise the Appointments Clause issue in its merits brief to the Federal Circuit because the article by Professor John Duffy exposing the unconstitutionality of the PTO's appointments process, *supra* note 1, was not published until July 2007, months after briefing and oral argument were complete. Nonetheless, the Appointments Clause issue was fully developed in the petition for rehearing and rehearing *en banc*. The Federal Circuit declined to decide the issue when it denied that petition.

REASONS FOR GRANTING THE WRIT

I. This Case Presents A Structural Constitutional Issue That This Court Has Regularly Decided.

The panel of the Board of Patent Appeals and Interferences that rejected Petitioner's patent was constituted in violation of the Appointments Clause because one of its three members was appointed by the Director of the PTO, who is not the Head of a Department or otherwise qualified to appoint inferior officers of the United States.

The Federal Circuit's failure to decide the Appointments Clause issue can never become the subject of a conflict with other circuits or with a state court because the Federal Circuit has exclusive jurisdiction over appeals from the Board. *See* 28 U.S.C. § 1295; 35 U.S.C. §§ 141, 145. In such cases,

this Court has not hesitated to review important questions of constitutional or federal statutory law. *See e.g.*, *KSR Int'l Co.* v. *Teleflex, Inc.*, 127 S. Ct. 1727 (2007) (reviewing Federal Circuit decision under § 103 of Title 35, the "obviousness" provision of the Patent Act); *Microsoft Corp.* v. *AT&T Corp.*, 127 S. Ct. 1746 (2007) (reviewing decision under § 271(f) of Title 35, the infringement provision of the Patent Act). Petitioner's case similarly involves 35 U.S.C. § 6, over which the Federal Circuit has exclusive jurisdiction, but raises a constitutional, as opposed to statutory, issue. As discussed throughout this petition, this Court has addressed Appointments Clause violations on their merits because of the threat they pose to fundamental separation of powers principles. *See Freytag*, 501 U.S. at 879; *Glidden*, 370 U.S. at 536.

The denial of Petitioner's right to a hearing before a properly-constituted panel of the Board had serious consequences in this case. The Board's order was given determinative effect in a companion patent infringement case. In *Translogic Technology Inc.* v. *Hitachi, Ltd., et al.*, Nos. 2005-1387, 2006-1333, slip op. at 2 (Fed. Cir. Oct. 12, 2007) (Pet. App. 113a-117a), the Federal Circuit set aside a jury verdict for $86.5 million in favor of Petitioner based upon its affirmance of the Board's action in this case.

II. The Federal Circuit Left Uncorrected An Appointments Clause Violation That the PTO Did Not Dispute.

The PTO does not dispute that one of the three PTO patent judges who rejected Petitioner's patent

was appointed in violation of the Appointments Clause of the United States Constitution. Specifically, Administrative Patent Judge Nappi was appointed after March 29, 2000,[2] when a new statute providing for appointment of such judges by the Director of the PTO took effect. *See* Duffy, *supra* note 1, at 21.

Under *Freytag* v. *Commissioner of Internal Revenue*, 501 U.S. 868, 881-82 (1991), and *Nguyen* v. *United States*, 539 U.S. 69, 83 (2003), it is clear that one member of the Board's panel that decided the validity of Petitioner's patent did so in violation of the Appointments Clause. That defect is obvious. The Appointments Clause allows Congress to vest the appointment of inferior Officers only in the President alone, the Courts of Law, or the Heads of Departments. It is undisputed that PTO patent judges are "inferior officers" and that the Director of the PTO is not the "Head of a Department."

This Court has strictly interpreted the Appointments Clause:

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[2] *See U.S. Patent and Trademark Office, Bruce H. Stoner, Jr., Chief Administrative Patent Judge, An Introduction to the Board* 7 (Sept. 9, 2002), http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentID=8638; *see also* Bruce H. Stoner, Jr., *Extrajudicial Statements—Welcome: From Patent Judge to Private Practice*, *The Patent Lawyer*, Spring 2004, at 24, http://www.aplf.org/images/pdf/APLF-Patent-Lawyer-Spring-2004.pdf (noting that Administrative Patent Judge Nappi assumed his duties in April 2004).

> Despite Congress' authority to create offices and to provide for the method of appointment to those offices, "Congress' power . . . is inevitably bounded by the express language of Article II, cl. 2, and unless the method it provides comports with the latter, the holders of those offices will not be Officers of the United States."

Freytag, 501 U.S. at 883 (quoting *Buckley*, 424 U.S. at 138-39). The Court has instructed that the Appointments Clause must not be read "as merely dealing with etiquette or protocol," *Buckley*, 424 U.S. at 125, but instead must be understood as addressing "one of the American revolutionary generation's greatest grievances against executive power"—the "manipulation of official appointments," *Freytag*, 501 U.S. at 883 (quotation marks omitted). "[T]he power of appointment to offices was deemed the most insidious and powerful weapon of eighteenth century despotism." *Id.* (quotation marks omitted). "The Framers understood . . . that by limiting the appointment power, they could ensure that those who wielded it were accountable to political force and the will of the people." *Id.* at 884.

PTO patent judges are not those "Officers of the United States" (such as members of the President's Cabinet) who must be appointed by the President with the advice and consent of the Senate, but they are, pursuant to this Court's decision in *Freytag*, "inferior Officers" whose appointments are subject to the Appointments Clause.

"Any appointee exercising significant authority pursuant to the laws of the United States

is an Officer of the United States, and must, therefore, be appointed in the manner prescribed by § 2, cl. 2, of Article II." *Freytag*, 501 U.S. at 881 (quoting *Buckley*, 424 U.S. at 126) (alterations omitted). In *Freytag*, this Court concluded that "special tax judges" of the U.S. Tax Court are inferior officers subject to the Appointments Clause, and not merely employees of the Tax Court, because: (1) their office is established by law, with their duties, salary, and means of appointment specified by statute; (2) they perform "more than ministerial tasks;" (3) they "take testimony, conduct trials, rule on the admissibility of evidence, and have the power to enforce compliance with discovery orders;" and (4) they "exercise significant discretion." *Id.* at 881-82. The Court reached this conclusion even though special tax judges in some cases are authorized "only to hear the case and prepare proposed findings and an opinion," with the "actual decision then . . . rendered by a regular judge." *Id.* at 873.

PTO patent judges exercise significantly greater authority than special tax judges. As Professor Duffy explains, *see* Duffy, *supra* note 1, at 22-23, PTO patent judges are officers established by law, *see* 35 U.S.C. § 6, and "are full members of the Board . . . . Their powers include the ability to run trials, take evidence, rule on admissibility and compel compliance with discovery orders."[3] Panels

[3] Duffy, *supra* note 1, at 22, citing 37 C.F.R. §§ 41.125 (Board's power to rule on motions), 41.150-51 (Board's powers to order discovery), 41.152 (applying the Federal Rules of Evidence to contested cases).

consisting of at least three members of the Board, as in this case, hear appeals, *see* 35 U.S.C. § 6(b), and the Board's decision may be appealed to an Article III court, *see id.* §§ 141, 145. The Director of the PTO retains only a limited role with respect to the Board. *See* Duffy, *supra* note 1, at 23. Comparing PTO patent judges serving on the Board to the special tax judges in *Freytag*, it is clear that PTO patent judges exercise authority that goes beyond that of the special tax judges in *Freytag*.

Under the Appointments Clause an inferior officer such as a PTO patent judge must be appointed by: "the President . . . , . . . the Courts of Law, or . . . the Heads of Departments." U.S. CONST. art. II, § 2, cl. 2. Under 35 U.S.C. § 6(a), however, PTO patent judges since March 29, 2000 have been appointed by the Director of the PTO.[4] As the Director is not the President, only two other possibilities would satisfy the Appointments Clause: (1) the PTO is a department with the Director as its head; or (2) the PTO is one of "the Courts of Law." For good reason, the PTO made neither of these arguments in the Federal Circuit.

First, the PTO Director is not the Head of a Department. This Court has construed "Heads of Departments" strictly and has determined that it allows appointments only by heads of "executive

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[4] *See* Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, §§ 4717, 4731, 113 Stat. 1501, 1501A-580-81 (1999); *see also* Duffy, *supra* note 1, at 26.

divisions like Cabinet-level departments." *Freytag*, 501 U.S. at 886. This Court so held after conducting an extensive historical analysis and noting that "[t]he Clause reflects our Framers' conclusion that widely distributed appointment power subverts democratic government." *Id.* at 885. The PTO is by statute "an agency of the United States, within the Department of Commerce," 35 U.S.C. § 1(a); *see also* 15 U.S.C. § 1511(4), and the Director, as head of a subunit of the Department of Commerce, is not a Head of Department under *Freytag*. Instead, the PTO Director is "an Under Secretary of Commerce for Intellectual Property." 35 U.S.C. § 3(a)(1).

Second, the PTO is not a Court of Law. To determine whether an entity is a Court of Law, *Freytag* holds that courts must examine an entity's "functions to define its constitutional status and its role in the constitutional scheme," and requires courts further to look to whether an entity "exercises judicial, rather than executive, legislative, or administrative power." 501 U.S. at 890-91. By statute, the PTO is "responsible for the granting and issuing of patents and the registration of trademarks." 35 U.S.C. § 2(a)(1). Unlike the Tax Court in *Freytag*, which was "independent of the Executive and Legislative Branches," 501 U.S. at 891, the PTO is an executive agency that is "subject to the policy direction of the Secretary of Commerce," 35 U.S.C. § 1(a); *see also* 15 U.S.C. § 1511(4) (the PTO "shall be under the jurisdiction and subject to the control of the Secretary of Commerce"). Indeed, besides PTO patent judges, agency officials such as the Director, the Commissioner for Patents, and the

Commissioner for Trademarks, are authorized to sit on the Board. *See id.* § 6(a).

The Board must sit with at least three duly-appointed members. *See* 35 U.S.C. § 6(a). Because at least one member deciding Petitioner's case was not duly appointed, the Board's decision must be vacated. As this Court has held, an order entered by a three-judge panel where one judge was not qualified at the outset to serve should be vacated and remanded for further proceedings. *See Nguyen* v. *United States*, 539 U.S. 69, 82-83 (2003).

III. Violation of the Appointments Clause in a Matter on Direct Review Requires Vacation of the Board's Decision.

A. The "*De Facto* Officer" Doctrine Does Not Apply in a Case on Direct Review.

Before the Federal Circuit, the PTO invoked the "*de facto* officer" doctrine described in *Buckley* v. *Valeo*, 424 U.S. 1 (1976), where this Court accorded *de facto* validity in response to a challenge to all past acts of the Federal Election Commission. The PTO's argument, however, rests upon one paragraph in *Buckley*, *see* 424 U.S. at 142, that this Court has, in a subsequent unanimous decision, limited:

> To the extent these civil cases [referring to *Buckley* and certain voting rights cases] may be thought to have implicitly applied a form of the *de facto* officer doctrine, we are not inclined to extend them beyond their facts.

Ryder v. *United States*, 515 U.S. 177, 184 (1995) (refusing to apply the *de facto* officer doctrine in a challenge on direct review to the composition of the Coast Guard Court of Military Review). The PTO virtually ignored this Court's most recent decision refusing on direct review to apply the *de facto* officer doctrine to a case, on all fours with this one, involving the appointment of a non-Article III judge to a three-judge panel of an Article III court. *See Nguyen*, 539 U.S. at 83 (remanding for a hearing before a properly-constituted panel).

The paragraph in *Buckley* relied upon by the PTO addresses a challenge entirely different from the issue in this case. *Buckley* accorded "*de facto* validity" to all of "[t]he past acts of the [Federal Election] Commission, just as would be the case with respect to legislative acts performed by legislators held to have been elected in accordance with an unconstitutional apportionment plan." 424 U.S. at 142. *Buckley*, however, is not analogous to a case on direct review like this one because the Court has specifically refused to apply the *de facto* officer doctrine where a party challenges on *direct review* a specific action taken by an improperly appointed officer in a case it has jurisdiction to review.

This Court's recent decisions make clear that the approach taken in *Buckley* to facial challenges of all past acts of an improperly-appointed officer is inapplicable in a challenge on direct review to the constitutionality of the decision being reviewed. For example, *Ryder* unanimously rejected the argument that *Buckley* and *Connor* v. *Williams*, 404 U.S. 549 (1972) (a voting rights case that "did not involve a defect in a specific officer's title, but rather a

challenge to the composition of an entire legislative body," *Ryder*, 515 U.S. at 183), should apply to cases on direct review. As the Court explained:

> We think that one who makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case is entitled to a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred. Any other rule would create a disincentive to raise Appointments Clause challenges with respect to questionable judicial appointments.

Id. at 182-83. The Court further noted that a decision to reverse the judgment due to an Appointments Clause violation would "affect only 7 to 10 cases pending on direct review" and thus would avoid any "grave disruption or inequity." *Id.* at 185. Similarly, in this case, only a small subset of the Board's decisions are presently subject to direct review. *See supra* pp. 2-3. In *Ryder*, the Court reversed the petitioner's convictions and remanded for a hearing before a properly appointed panel. *Id.* at 188.

In *Nguyen*, the Court reached the same result, vacating a Ninth Circuit decision where one member of the three-judge panel was not an Article III judge and thus could not serve on a Ninth Circuit panel. 539 U.S. at 82-83. Moreover, while the *Ryder* petitioner had "made a timely challenge" to the composition of the Coast Guard Court of Military Review while his case was pending before that court, in *Nguyen* the Court heard the petitioners' challenge

to the composition of the Ninth Circuit panel even though petitioners had not raised the issue until the petition for certiorari. *Id.* at 73. (Here, Petitioner asked the Federal Circuit to decide the Appointments Clause issue in its rehearing request; the Federal Circuit denied the request without opinion.) The Court in *Nguyen* declined to hold that the panel's action was valid *de facto*, noting that at issue was not a "'merely technical' defect of statutory authority." *Id.* at 77 (quoting *Glidden*, 370 U.S. at 535). Rather, the Court noted that "we have agreed to correct, at least on direct review, violations of a statutory provision that 'embodies a strong policy concerning the proper administration of judicial business' even though the defect was not raised in a timely manner." *Id.* at 78 (quoting *Glidden*, 370 U.S. at 536).

B. The Constitutional Violation Here is Not a "Technical Defect."

Before the Federal Circuit, both the PTO and the Hitachi Intervenors attempted to portray the Appointments Clause violation in this case as a merely "technical defect." Far from it: This Court has held that a "merely technical" defect involves, for example, *constitutionally* appointed judges who have been improperly assigned through misapplication of a *statute* to a different district. *See Ryder*, 515 U.S. at 181; *Nguyen*, 539 U.S. at 77-78 (both citing *McDowell* v. *United States*, 159 U.S. 596 (1895) and *Ball* v. *United States*, 140 U.S. 118 (1891)). As the Court explained in *Nguyen*, "[t]he difference between the irregular judicial designations in *McDowell* and *Ball* and the impermissible panel designation in this instant case is therefore the difference between an

action which could have been taken, if properly pursued, and one which could never have been taken at all." 539 U.S. at 79. Thus, the actions of a *validly-appointed* judge serving in the wrong district might be upheld as valid on a *de facto* basis in very limited circumstances. But this Court has never sustained on direct review the actions of an individual who is incompetent to serve as a judge in the first place. As "[t]his Court [has] succinctly observed: 'If the statute made him incompetent to sit at the hearing, the decree in which he took part was unlawful, and perhaps absolutely void, and should certainly be set aside or quashed by any court having authority to review it by appeal, error or certiorari.'" *Id.* at 78 (quoting *Am. Constr. Co.* v. *Jacksonville, T. & K. W. Ry. Co.*, 148 U.S. 372, 387 (1893)).

Thus, in *Ryder*, this Court specifically contrasted "technical" defects with a violation of the Appointments Clause, noting that Ryder's "claim is based on the Appointments Clause of Article II of the Constitution—a claim that there has been a 'trespass upon the executive power of appointment,' rather than the mere misapplication of a *statute* providing for the assignment of already appointed judges to serve in other districts." *Ryder*, 515 U.S. at 182 (quoting *McDowell*, 159 U.S. at 598) (emphasis added; citation omitted).

In contrast to a "merely technical" defect, the substantial question Petitioner raises goes to a "basic constitutional protection[] designed in part for the benefit of litigants." *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 536 (1962) (plurality opinion). As this Court explained in *Freytag*, the Court has applied the Appointments Clause strictly because the history of

"[t]he Clause reflects our Framers' conclusion that widely distributed appointment power subverts democratic government." 501 U.S. at 885. Allowing PTO patent judges to be appointed in direct violation of the Clause would subvert the very purpose of the Clause. Such challenges to this "basic constitutional protection" should "be examinable at least on direct review." *Glidden*, 370 U.S. at 536.

The PTO in the Federal Circuit sought to obscure the difference between a broad challenge to a technical defect and a narrow challenge on direct review to a constitutional violation by attempting to portray Petitioner's challenge as reaching "thousands of Board decisions entered over the past seven years." But Petitioner challenges only the appointment of one PTO patent judge in a matter that remains under direct review. There is simply no basis for according *de facto* validity to a constitutional violation implicating a specific action being challenged on direct review.

C. The Appointments Clause Issue Need Not and Could Not Be Raised Before the Board.

In the Federal Circuit, the PTO sought to avoid the Appointments Clause violation in this case by arguing that Petitioner "waived" its Appointments Clause objection by not raising it before the Board. This waiver argument fails on numerous grounds.

First, the Board does not announce the names of panel members who will be hearing an appeal until after a party has submitted its brief, and Petitioner did not know the identity of the panel

members until the argument, making it impossible to raise such a challenge through the agency's prescribed manner for hearing arguments.

Second, this is a constitutional challenge to the statute under which the Board's members were appointed, and "[a]gencies do not ordinarily have jurisdiction to pass on the constitutionality of any federal statutes." *Nebraska* v. *EPA*, 331 F.3d 995, 997 (D.C. Cir. 2003) (citing *Thunder Basin Coal Co.* v. *Reich*, 510 U.S. 200, 214 (1994)). "Because the constitutionality of a statutory provision is an issue beyond [the agency's] competence to decide, exhaustion is futile." *Ryan* v. *Bentsen*, 12 F.3d 245, 247 (D.C. Cir. 1993) (citing *Weinberger* v. *Salfi*, 422 U.S. 749, 765-66 (1975)); *see Reiter* v. *Cooper*, 507 U.S. 258, 269 (1993) (exhaustion is required only "[w]here relief is available from an administrative agency"); *see also McCarthy* v. *Madigan*, 503 U.S. 140, 147-48 (1992).

This restriction applies here with special force, where Petitioner seeks a ruling that a section of the PTO's own statute is unconstitutional. "It [i]s hardly open to . . . an administrative agency . . . to entertain a claim that the statute which created it was in some respect unconstitutional." *Robertson* v. *Fed. Election Comm'n*, 45 F.3d 486, 489 (D.C. Cir. 1995). That is especially so in this case, given that the Board is a sub-unit of the PTO, which is itself a sub-unit of the Department of Commerce, and has no authority to hold that a statute administered under the authority of the Department of Commerce is unconstitutional.

Third, this Court has made clear in Appointments Clause cases that where an Appointments Clause challenge is "neither frivolous

nor disingenuous," and the "alleged defect in the appointment . . . goes to the validity of the . . . proceeding that is the *basis* for this litigation," *Freytag*, 501 U.S. at 879 (emphasis added), the challenge should be heard on its merits. Indeed, this Court has noted that it has heard Appointments Clause challenges even where they "'ha[ve] not been raised in the district court or in the court of appeals or even in this Court until the filing of a supplemental brief upon a second request for review.'" *Freytag*, 501 U.S. at 879 (quoting *Glidden*, 370 U.S. at 536 (citing *Lamar* v. *United States*, 241 U.S. 103 (1916))). The Court has thus noted that "*Glidden* expressly included Appointments Clause objections to judicial officers in the category of nonjurisdictional structural constitutional objections that could be considered on appeal" regardless of whether they were raised below. *Id.* at 878-79.[5]

As in *Freytag*, the Appointments Clause argument raised by Petitioner is substantial because "the alleged defect in the appointment . . . goes to the validity of the . . . proceeding that is the basis of this litigation." *Id.* at 879. Thus, not only is the Court entitled to hear Petitioner's Appointments Clause

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[5] The constitutional violation at issue in this case thus differs significantly from the Administrative Procedure Act ("APA") challenge to the appointment of an administrative examiner in *United States* v. *L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33, 35 (1952). *L.A. Tucker* involved an argument that an agency had not complied with a section of the APA, where there was no "excuse for [the] failure to raise the objection." *Id.* at 35. The present case, in contrast, involves an Appointments Clause violation that the Board was not authorized to resolve.

challenge, the "strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers," *Glidden*, 370 U.S. at 536, weighs heavily in favor of the Court doing so.

No party has refuted Petitioner's argument that its administrative appeal was heard by a panel including a PTO patent judge who was appointed in violation of the Appointments Clause, and yet no Article III court has addressed that contention on its merits. Justice Harlan's statement in *Glidden Co.* provides a fitting conclusion for this petition:

> The alleged defect of authority here relates to basic constitutional protections designed in part for the benefit of litigants. It should be examinable at least on direct review, where its consideration encounters none of the objections associated with the principle of res judicata, that there be an end to litigation. . . . [There is a] strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers. . . . We hold that it is . . . open to these petitioners to challenge the constitutional authority of the judges below.

370 U.S. at 536-37 (citations omitted).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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