Limits to Administrative Appointments[1]

Updated Aug. 15, 2008[2]

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Professor Duffy has flagged recent appointments to the United States Patent and Trademark Office (PTO) Board of Patent Appeals and Interferences (BPAI) as likely to be invalid.[3] Relying primarily on Art. II, § 2, cl. 2 of the U.S. Constitution, the Appointments Clause, and Freytag v. Commissioner of Internal Revenue,[4] he argues that appointments made under 35 U.S.C. § 6(a) do not conform because they are made by the PTO Director,[5] instead of the Secretary of Commerce.[6] The same logic makes appointments to the PTO Trademark Trial and Appeal Board (TTAB) under § 17(b) of the Lanham Act[7] equally suspect.

No related challenge to a TTAB decision seems yet to have been raised, but one was belatedly made to a BPAI decision in In re Translogic Technology, Inc., 504 F.3d 1249 (Fed. Cir. 2007). Despite arguments made in a petition for rehearing en banc,[8] the court chose not to consider the issue. News of that case nonetheless apparently inspired another belated challenge — this time to members of the Copyright Royalty Board (CRB) appointed under 17 U.S.C. § 801(a). It was filed before the D.C. Circuit in Royalty Logic v. CRB on May 13th, 2008.[9]

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1 Based on a May 28, 2008 comment of the same title at ipFrontline, http://www.ipfrontline.com/depts/article.asp?id=19219&deptid=4 (visited July 13, 2008). I appreciate helpful suggestions made by my colleague, Professor William Grimes.

2 See at end.

3 John F. Duffy, *Are Administrative Patent Judges Unconstitutional?* 2007 Patently-O Patent L.J. 21, http://www.patentlyo.com/lawjournal/files/Duffy.BPAI.pdf (visited July 13, 2008).

4 501 U.S. 868 (1991).

5 *See also* § 3(b)(3) regarding other PTO employees appointed by the Director.

6 *Id.* at 27-28.

7 15 U.S.C. § 1067.

8 2007 WL 3388523 *8-16.

9 Docket 07-1168.

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.” That language was construed narrowly in *Freytag,* but the opinion nevertheless upholds appointment of a special trial judge by the Chief Judge of the United States Tax Court.[10] 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. The minority opinion objects to the Court’s reaching the issue and 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.”[11]

It is difficult to regard members of the BPAI, CRB or TTAB as other than “inferior Officers” subject to the Appointments Clause. Despite that, I’m skeptical that courts would regard their appointments as invalid under *Freytag.* One option is to regard the BPAI and the TTAB, as suggested by the *Freytag* majority, as “Courts of Law” despite their being created under Article I rather than Article III. If so, the PTO Director, as a member of each board, becomes the equivalent of the Chief Judge of the U.S. Tax Court.

Alternatively, the PTO Director, although subject to *policy* supervision by the Secretary of Commerce,[12] could be regarded as the head of a department. In that regard, Butterworth v. United States ex rel. Hoe[13] seems compelling. *Butterworth* finds the Patent Commissioner to be independent of the Secretary with regard to adjudicative matters and subject to review by only the courts.[14] To see such people as other than

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10 *Freytag,* 501 U.S. at 890-92.

11 *Freytag,* 501 U.S. at 901.

12 35 U.S.C. § 2(a); compare § 2(b).

13 112 U.S. 50 (1884).

14 *See* 112 U.S. 50 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.”).

heads of departments seems to exalt form over substance. The stakes at the PTO make it difficult to believe that courts will choose neither of those alternatives.

As for the CRB, it may be slightly less of a stretch to view the CRB as a court of law under *Freytag,* but the Librarian of Congress who appoints its members is not himself a member. That makes no difference, however, if the Librarian is the head of a department. The name of the office suggests otherwise, but the Librarian is appointed by the President[15] and is at least theoretically subject to nthe same kind of supervision as the Secretary of Commerce or any Cabinet member.

Moreover, it seems indisputable that Copyright Registers, like members of the CRB, are inferior officers, and it is difficult to think of any basis for distinguishing their legitimacy under the Appointments Clause. No one seems to dispute the Librarian's power to appoint Registers under 17 U.S.C. § 701(a) or, despite the arguably legislative tasks assigned the official making the appointment, the Register's capacity to adjudicate under 17 U.S.C. § 410(a).[16] CRB decisions therefore seem to be well beyond the pale.

Although nothing seems to be needed for the CRB, a bill has been introduced to require that appointments to the BPAI and TTAB be made by the Secretary of Commerce in consultation with the PTO Director.[17] That removes doubts about only future decisions.

Attempting to deal with defects in prior decisions, the same bill would also subject challenges to the *de facto* officer doctrine. That doctrine "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 or election to office is

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15 2 U.S.C. § 136; *see also* Librarian James H. Billington's testimony at 139 Cong. Rec. E810 (1993).

A portion of the Librarian's testimony appears at 6.19 in my casebook, Introduction to Administrative Process (2008), at http://www.piercelaw.edu/tfield/aprobk.pdf. Also, excerpts from *Butterworth, supra* note 12, and *Eltra, infra* note 15, are at 6.7 and 6.15, respectively.

16 At least since Eltra Corp. v. Ringer, 579 F.2d 294 (4th Cir. 1978).

17 H.R. 6362, June 25, 2008.

deficient."[18] Whether it would be helpful without legislative action is far from clear.[19] Either way, a legislative mandate seems to have little value in resolving the legitimacy of decisions subject to constitutional scrutiny.

On August 12, 2008, S. 3295 (Pub. Law 110-313, 122 Stat. 3014) was signed into law. It requires that future appointments to the PTO boards be made by the Secretary of Commerce in consultation with the PTO Director.

To deal with arguable defects in prior decisions, it also permits the Secretary to ratify prior appointments and subjects challenges to decisions of suspect appointees to the de facto officer doctrine. The latter "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 or election to office is deficient." Nguyen v. United States, 539 U.S. 69, 77 (2003).

Should prior decisions of questioned appointees be valid, however, those measures are unnecessary. Conversely, if such decisions are invalid on constitutional grounds, one must wonder whether subsequent legislative action can save them.

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18 Nguyen v. United States, 539 U.S. 69, 77 (2003).

19 *Id.* Differences between circumstances presented there and discussed here are stark.