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APPOINTMENTS AND ILLEGAL ADJUDICATION: THE AIA THROUGH A CONSTITUTIONAL LENS

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Abstract

In 2011, Congress enacted the America Invents Act ("AIA"), largely in order to provide more effective mechanisms for invalidating, or cancelling, already-issued patents. The statute provides for inter partes review, in which patents, on the request of third parties, can be cancelled by an administrative body, the Patent Trial and Appeal Board (PTAB), subject to deferential judicial review. The constitutionality of this scheme is currently (as of January 9, 2018) before the Supreme Court in Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, but the arguments in that case understandably focus on the consistency of inter partes review with modern case law. This article instead looks at the Constitution's original meaning (which, in the particulars relevant to this problem, bears only modest resemblance to modern case law) and finds two fundamental defects in the AIA. First, executive agents, such as the PTAB judges, cannot cancel vested patent rights, because such action deprives patent holders of property "without due process of law." As an original matter, due process of law requires judicial action for a deprivation of vested rights. The federal courts recognized this basic fact in the nineteenth century with regard to both land patents and invention patents. Perhaps one can apply the inter partes mechanism to patents granted after enactment of the AIA in 2011 if one views application of this mechanism as a "defeasibility condition" built into the patent grants, but that condition did not exist for patents issued prior to 2011. Second, all but one of the PTAB officials who adjudicate patent validity are appointed by the Secretary of Commerce, in a fashion appropriate for inferior officers of the United States. But the decisions of the PTAB, which by statute take place in panels of three officers, are the final word within the executive department. There are no internal appeals to any executive body outside the PTAB. Any executive actor who issues final decisions on behalf of the United States is constitutionally a principal rather than inferior officer and must be appointed by the President with the advice and consent of the Senate. Accordingly, all of the PTAB judges, and not merely the Director of the PTO, must be appointed as principal officers in order for the PTAB to perform its statutory function.*

In 2011, Congress enacted the America Invents Act ("AIA"),[1] largely in order to provide more effective mechanisms for invalidating, or cancelling, already-issued patents. Patents can

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always be invalidated by courts in infringement actions brought to enforce them if the court determines that the patent is legally deficient;[2] the question has long been whether and how patents can be invalidated or cancelled through administrative rather than judicial proceedings. Building on mechanisms first put into place by statute in 1980,[3] the AIA creates a number of new mechanisms for executive department review and cancellation of patents.

The mechanism on which I focus here is *inter partes* review, which allows panels of the newly-created Patent Trial and Appeal Board ("PTAB")[4] to determine, upon appropriate application by third parties, whether previously-issued patents should have been issued – or should have been issued in the form in which they were issued.[5] I leave it to others who actually know the subject[6] to describe the details of the *inter partes* review process and to assess its consequences and wisdom. My sole concern here, as an administrative and constitutional scholar with no background in patents or intellectual property more generally, is with whether

though the final product may not reflect it, other valuable comments came from Paul Gugliuzza, Renee Lettow Lerner, Mike Meurer, Artie Rai, Greg Reilly, and participants at two conferences at the Antonin Scalia Law School. Needless to say, only I should be held responsible for the contents of this article.

[1] Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of U.S.C. Titles 28 and 35).

[2] *See* Paul R. Gugliuzza, *(In)valid Patents*, 92 NOTRE DAME L. REV. 271, 279 (2016). Technically, a court in such a case does not "invalidate" the patent – no more than a court that finds a statute unconstitutional "invalidates" the statute. The court, in both cases, simply does not give legal effect to a particular instrument when determining the parties' legal rights in a specific dispute. But assuming that the court decision has estoppel effects, *see* Blonder-Tongue Labs, Inc. v. Univ. of Ill. Foundation, 402 U.S. 313 (1971), nothing other than a modest measure of clarity is lost by describing the decision as "invalidating" or "cancelling" the unlawful patent.

[3] Pub. L. No. 96-517, ch. 30, 94 Stat. 3015 (1980). For a brief discussion of the 1980 provisions, see Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. 881, 893-95 (2015).

[4] *See* 35 U.S.C. § 6(a) (2012).

[5] *See* 35 U.S.C. §§ 311-19 (2012).

[6] I teach Administrative Law, Evidence, and Property, with occasional forays into Corporations and Food and Drug Law. My scholarly focus is on constitutional history, constitutional theory, jurisprudence, separation of powers, and doctrinal administrative law. With regard to patents and intellectual property more generally: "This I know from nothing." Tom Lehrer, *Lobachevsky*, SONGS BY TOM LEHRER (Lehrer Records 1953).

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the procedure for *inter partes* review in the AIA is constitutional. That question has reached the United States Supreme Court in *Oil States Energy Services v. Green's Energy Group*,[7] but from the briefing and argument in the case, it does not appear as though the most fundamental constitutional issues posed by the AIA will be addressed in that case. My task here is to address them.

The PTAB consists of "[t]he Director [a.k.a the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office], the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges."[8] 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."[9] In constitutional terms, the administrative patent judges are appointed in a manner appropriate for inferior officers of the United States, because the Secretary of Commerce who appoints them is a "Head[] of Department[]."[10] The Director, by contrast, is appointed by the President with the advice and consent of the Senate.[11] The Deputy Director and the two Commissioners are appointed by the Secretary of Commerce.[12] The end

[7] 639 Fed. Apx. 639 (2016), *cert. granted*, 137 S.Ct. 2239 (2017).

[8] 35 U.S.C.§ 6(a) (2012).

[9] *Id.*

[10] *See* U.S. CONST. art. II, § 2, cl. 2 ("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"). The administrative patent judges are appointed in this manner only because a constitutional infirmity in the appointment process for their predecessors on the Board of Patent Appeals and Interferences was identified and highlighted by Professor John Duffy. *See* John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 77 GEO. WASH. L. REV. 904 (2009); *see infra* --.

[11] *See* 35 U.S.C. § 3(a)(1) (2012).

[12] *See id*. §§ 3(b)(1), 3(b)(2)(A).

result is that only one of the members of the PTAB is appointed in a manner constitutionally appropriate for principal officers of the United States. More on that later.

The PTAB's role includes conducting *inter partes* review proceedings[13] in panels of at least three judges.[14] The potential consequences of that role are set out by statute very clearly:

> (a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).
>
> (b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate *canceling any claim of the patent finally determined to be unpatentable*, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.[15]

The italicized language indicates the substantive nature of the PTAB's authority: the ability to cancel all or part of an existing patent. The appeal mentioned in subsection (b) of the statute is an appeal to the Federal Circuit Court of Appeals.[16]

This scheme is clearly unconstitutional in at least one respect and probably unconstitutional in another. First, and most obviously, it allows an executive official to cancel a vested property right in an already-issued patent. That is a feat that, under the Constitution, can be performed only by a judicial actor in accordance with governing law. The whole concept of due process of law, reflected in the Constitution's careful allocations of authority among the various federal institutions and then confirmed and clarified in the Fifth Amendment, limits the

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[13] *See id*.. § 6(b)(4) (2012).

[14] *See id*. § 6(c).

[15] *Id*. § 318(a)-(b) (emphasis added).

[16] *See id*. § 141.

ability of legislative and executive officials to deprive subjects of life, liberty, or (in this case) property without the intervention of courts and judicial process. As Nathan Chapman and Michael McConnell trenchantly observed, "due process has from the beginning been bound up with the division of the authority to deprive subjects of life, liberty, or property between independent political institutions."[17] Modern due process law, which focuses on the *procedures* used by executive agents to effect deprivations rather than on the *substance* of the deprivations and on the identity of the institutions engaging in them, has strayed far from the Constitution's original meaning. If one understands separation of powers as a substantive principle, the core of due process of law is actually substantive rather than procedural.[18]

Second, to the extent that this executive cancellation authority is somehow valid (and, as I will later explain, it might be valid with respect to a modest subset of patents), the statute appears to make the PTAB the final executive authority on patent cancellation decisions. If that is so, then the PTAB judges are principal rather than inferior officers under the Constitution, which means that they must be appointed by the President with the advice and consent of the Senate rather than by the Secretary of Commerce.[19] As currently composed, the PTAB is not constitutionally capable of exercising its statutory functions under the AIA.

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[17] Nathan S. Chapman & Michael W. McConnell, *Due Process as Separation of Powers*, 121 Yale L.J. 1672, 1681 (2012).

[18] *See* Gary Lawson, *Take the Fifth . . . Please! The Original Insignificance of the Fifth Amendment's Due Process of Law Clause*, 2017 B.Y.U. L. REV. --, -- (2017 (forthcoming) ("The principle of legality, at least in its executive guise, is substantive rather than procedural. It concerns what the 'executive Power' can do, not how or by what procedures it can do it.").

[19] *See* U.S. CONST. art. II, § 2, cl. 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").

Part I of this article develops the first claim, primarily through resort to first principles of structural constitutionalism but also drawing on case-law analogies between invention patents and land patents. The law regarding land patents proves to be an especially illuminating context for understanding the Constitution's permissible mechanisms for federal deprivations of vested rights. My goal in this analysis is to explain why the PTAB's cancellation function cannot be squared with the Constitution's original meaning. I emphasize that this is a descriptive claim about the relationship between the statute and the original meaning of the United States Constitution. It is not a prediction of how any particular legal actors will behave, nor does it attempt to assess whether the AIA is consistent with what any particular legal actors (such as Supreme Court justices and/or their law clerks) have said or will likely say about the Constitution, the patent system, or executive administration more generally. This analysis does not depend in any way on the outcome of the *Oil States Energy Services* case, because this analysis is not an attempt to describe or predict case law. Those case-oriented questions might well be very important. Arguably, they are far more important to any real-world patent holders than are academic musings about the actual meaning of the Constitution. They simply are not my questions here.

Part II explains, far more briefly because the point is simpler, why the PTAB judges, assuming the validity of their cancellation authority, are principal officers under the Appointments Clause and therefore have not been validly appointed to their positions. As a matter of original meaning, an inferior officer must, at a minimum, answer to someone in the executive department other than the President. The PTAB cancellations are administratively final. They are the last word in the executive department on a matter of federal law. Anyone who has the last word in the executive department on a matter of federal law is, of necessity, a

principal officer. Because PTAB administrative judges and the four other PTAB members other than the Director are not appointed by the President with the advice and consent of the Senate, they cannot perform the cancellation function that the AIA attempts to vest in them. And the Director cannot do it personally because the PTAB must operate in panels of at least three judges. The only escape from this conclusion is to read into the statute something that does not appear to be there: a residual authority on the part of the Director unilaterally to overturn any decision by a PTAB panel with which the Director disagrees.

Nothing that I say here bears at all on the wisdom of administrative patent cancellations – or even on the wisdom of having patents at all.[20] Nor, at the risk of tedium, am I trying to reconcile any of my claims with case law, past or present. I am simply pointing out that one cannot simultaneously embrace both the PTAB and the Constitution.[21] I am not arguing which one is the better companion.[22]

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[20] Indeed, I confess to a standard libertarian suspicion of patents, s*ee* Gary Lawson, *Truth, Justice, and the Libertarian Way(s)*, 91 B.U. L. REV. 1347, 1355 (2011), but it is not something to which I have devoted very much thought.

[21] Interestingly, the PTAB does not suffer, or at least does not obviously suffer, from the constitutional defects that normally plague federal agencies. Many agencies, such as the Department of Housing and Urban Development, the National Labor Relations Board, and the Social Security Administration, deal with matters far outside the enumerated powers of the national government. That is not a problem for the PTAB. *See* U.S. CONST. art. I, § 8, cl. 8 (giving Congress power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"). Nor does the PTAB administer what I call "goodness and niceness statutes" that flagrantly sub-delegate legislative power to executive agencies. The patent statutes are hardly models of clarity, but neither do they simply instruct the PTAB to go forth and do good. If they violate the constitutional principle against sub-delegation of legislative authority, *see* GARY LAWSON & GUY SEIDMAN, "A GREAT POWER OF ATTORNEY": UNDERSTANDING THE FIDUCIARY CONSTITUTION 107-26 (2017), they do not do so blatantly.

[22] Anyone who thinks that I am being at all facetious has not read my work on the relationship between constitutional meaning and constitutional adjudication. The ascertainment of constitutional meaning and the prescription of appropriate constitutional adjudication are very different enterprises that require very different justificatory grounds. Interpretative theory can tell you what the Constitution means. Only moral theory can tell you whether and when you should care what the Constitution means. *See, e.g.*, Gary Lawson, *Originalism without Obligation*, 93 B.U. L. REV. 1309 (2013).

I. Illegal Adjudication

Forget invention patents for a moment and think about a different kind of legal instrument that also bears the label "patent": land patents granted by the United States government. The law and history of land patents has much to teach us about the constitutionality of the AIA.

At one point or another, the United States government has owned three-quarters of the country's land mass. That is because, with the exception of Texas and Hawaii, which joined the union through direct annexation of previously independent nations, all land beyond the confines of the original thirteen nations-turned-states was acquired through various acts of the national government, ranging from acceptance of land cessions from the original states (both before and after ratification of the Constitution) to purchase to discovery to conquest.[23]

As a landowner of almost unimaginable scope and size, the national government has long had to figure out what to do with all of that land. Some of it has been given to states. Much of it has been transferred to private ownership; indeed, the original rationale for ceding land to the national authority was to allow that land to be sold in order to pay off war debts. Much of it remains in federal ownership, awaiting potential future disposition. And much of the acquired territory was already validly owned by private actors as a result of grants from previous European sovereign owners. In order to sort out all of the various title claims and to pursue

[23] For a detailed treatment of the various forms of acquisition from a constitutionalist perspective, see GARY LAWSON & GUY SEIDMAN, THE CONSTITUTION OF EMPIRE: TERRITORIAL EXPANSION AND AMERICAN LEGAL HISTORY (2004). For a strictly historical account, see PAUL WALLACE GATES, HISTORY OF PUBLIC LAND LAW DEVELOPMENT 75-85 (1968).

federal policies, the national government has always needed some mechanism for identifying and transferring titles to land within the federal domain.

Accordingly, federal land offices – after 1849 under the auspices of the Department of the Interior – have long been in the business of confirming and transferring land titles. The prize in the crackerjack box for a would-be owner is a *land patent*: a deed representing title to formerly federal land that is recognized as valid by the issuing sovereign authority. The United States government, through several incarnations of this administrative machinery, has issued millions of land patents over the course of more than two centuries.

Any enterprise of that size is going to make mistakes. That was particularly evident in the early years of the nation, when surveys were often indeterminate and conflicting. Whether through uncertainty, factual mistake, legal error, or outright fraud, it was (and is) inevitable that some land patents will emerge from this process that are just flat-out illegal. The formal holder of the patent never should have gotten it. The human beings responsible for granting the patent messed up. Are those errors correctible?

As a matter of both legal theory and justice, the answer has to be yes. Federal governmental actors are agents and can only act in accordance with the scope of their authority.[24] If a statute says to issue a land patent only if X, Y, and Z are true, and a land office employee issues a document based on X, Y, and not-Z, the employee has behaved unlawfully and the action has no legal force. If the piece of paper called the land patent coming from that employee is a forgery, or was unlawfully issued or procured, it conveys no durable legal right, though

[24] For a book-length defense of this claim, see GARY LAWSON & GUY SEIDMAN, "A GREAT POWER OF ATTORNEY": UNDERSTANDING THE FIDUCIARY CONSTITUTION (2017). State governmental actors by contrast, are agents only for a very small number of functions under the federal Constitution. Whether they are agents under their own state constitutions is an empirical question.

actors within the legal system will treat it as validly conferring rights until they have reason to do otherwise. In order to maintain the integrity of a system of recorded land titles, and in order for property rights to serve the function of providing reliable notice to owners and non-owners of the legal scope of their individual sovereignty, land patents must be treated as presumptively granting valid legal rights, but there must also be some legal mechanism for correcting land office errors. There must, in other words, be some mechanism for formally cancelling land patents that were erroneously issued. Such has it always been, and such will it ever be.

The big question is: Who decides, as a formal legal matter, whether an already-issued land patent was unlawfully issued and is therefore subject to cancellation? Congress? The federal courts? The President? The land office? The land office is the body that issued the land patent in the first place. Is the land office also the body that determines whether issued patents were mistakes and then cancels them? Can Congress cancel land patents, without effecting a taking of private property and paying just compensation,[25] through direct legislation? Or is cancellation of such instruments perhaps the exclusive province of the federal courts established pursuant to Article III?

From a constitutional standpoint, the answer to this question of institutional authority is pretty obvious. But the path to that obvious answer is worth taking, because it illuminates answers to other questions, including questions involving matters other than the public lands, whose answers are not so obvious – or at least do not always seem to be obvious to twenty-first-

[25] If the federal government has a power of eminent domain, then any exercise of that power will "cancel" the prior property right. This article deals solely with attempts to cancel property rights without just compensation. As an aside: It is a question of no small matter whether the federal government actually has a power of eminent domain or must instead ask states to exercise their undisputed powers in order to acquire federally desired property. *See id*. at 95-96, William Baude, *Rethinking the Federal Eminent Domain Power*, 122 YALE L.J. 1738 (2013).

century observers (and legislators) who are not accustomed to thinking about the original constitutional structure.

The Constitution does not empower a unitary national government. The Constitution does not contain any clauses that grant power to a single entity called "the United States" or the "national government" or any other synonym.[26] Instead, it creates a set of discrete institutions that operate under the umbrella of a corporate governmental entity,[27] which collectively can be described as "the national government," and it then grants various powers to those discrete institutions. Each empowered institution thus plays a distinct role in the overall organizational structure of the entity known as the United States.

The Congress, for example, is vested with "[a]ll legislative Powers herein granted."[28] Those herein grants include such things as the "Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States"[29] and the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times

[26] The one possible exception is the Guarantee Clause. *See* U.S. CONST. art. IV, § 4 ("The United States shall guarantee to every State in this Union a Republican Form of Government, and shall protect each of them against Invasion; and on Application of the Legislature, or the Executive (when the Legislature cannot be convened) against domestic Violence."). The provision reads like a duty rather than a grant of power, and that is certainly how I read it. But I suppose that someone could find in it an implied power to do whatever is needed to effectuate the guarantee, and in such a case the power could be thought to be vested in the United States as a whole rather than in any particular institution. Again, I don't buy it, but it is a possibility worth mentioning for completeness.

[27] For an explication of why and how the United States is a corporate body, see LAWSON & SEIDMAN, *supra* note --, at 63-71. The corporate status of the United States does confer upon it, as a unitary body, certain powers that are incidental to that status, such as the power to sue and be sued, to hold property, and to make contracts. *See id.* at 65-66; *see also* Respulica v. Corrnelius Sweers, 1 U.S. (1 Dall.) 41 (Pa. Sup. Ct. 1779) (holding, rightly or wrongly, that the United States was a corporate entity capable of contracting even prior to ratification of the Articles of Confederation); John Mikhail, *The Necessary and Proper Clauses*, 102 GEO. L.J. 1045, 1057-58 (2014). It remains true, however, that all of the specific power grants in the Constitution are to particular institutions rather than to a unitary United States.

[28] U.S. CONST. art. I, § 1.

[29] *Id.* art. IV, § 3, cl. 2.

to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[30] Congress's constitutional role is to fix the norms of conduct within the spheres of its granted authority, such as the norms regarding disposition of public lands. The President is vested with the "executive Power,"[31] which is quintessentially the power to carry pre-existing legal norms into effect. Specific decisions by executive agents in the federal land office to issue (or not issue) land patents pursuant to congressional directives establishing the criteria for such grants would be a good example of "executive Power" in action. And the federal courts – the Supreme Court created by the Constitution itself and such additional "inferior Courts as the Congress may from time to time ordain and establish"[32] – are vested with the "Judicial Power of the United States."[33] Each governmental institution has distinct granted powers, representing each institution's distinct role in the Constitution's organizational structure.

The Constitution nowhere defines the precise meaning and scope of "legislative," "executive," and "judicial" powers, no more than did the many state constitutions of the founding era that similarly divided power among institutions, some by virtue of express "separation of powers" clauses making clear that different functions were assigned to the recipients of each of the named powers.[34] It was well understood in the founding era that there were fuzzy boundaries on the margins of these different powers that, as James Madison colorfully put it, "puzzle the greatest adepts in political science."[35] But it was also well

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[30] *Id*. art. I, § 8, cl. 8.

[31] *Id*. art. II, § 1.

[32] *Id*. art. III, § 1.

[33] *Id*.

[34] *See* LAWSON & SEIDMAN, *supra* note --, at 111-12.

[35] THE FEDERALIST No. 37 (1787 (James Madison).

understood in the founding era that there was a core of meaning to "legislative," "executive," and "judicial" powers that was part of the common vocabulary of the legal world:

> That adept-puzzling obscurity . . . did not stop Madison from categorically declaring that various powers of government are "in their nature . . . legislative, executive, or judiciary." Nor did it stop John Adams from stating that the "three branches of power have an unalterable foundation in nature; that they exist in every society natural and artificial . . . ; that the legislative and executive authorities are naturally distinct; and that liberty and the laws depend entirely on a separation of them in the frame of government . . . ." Nor did it prevent the United States Constitution from basing its entire scheme of governance on the distinctions among those powers. However difficult it may be at the margins to distinguish those categories of power from each other, the founding generation assumed that there was a fact of the matter about those distinctions and that one could discern that fact in at least a large range of cases. The communicative meaning of the Constitution of 1788 cannot be ascertained without reference to some such distinction, even if legal scholars or political scientists (adept or otherwise) find the distinction unhelpful or confusing.[36]

The essence of the judicial power is to decide particular cases in accordance with governing law.[37] To be sure, there are instances in which the executive power and legislative power can be exercised in a fashion that also fits this description. When executive agents in the land office decide to issue (or not issue) a land patent, they are deciding a particular case in accordance with governing law. When Congress decides matters ranging from private bills to impeachment determinations, it is deciding particular cases in accordance with governing law. There are even specific functions, such as the determination of benefits under a statute, which in principle could be performed under the aegis of any of the three powers. The constitutional rule is that institutions can exercise only those powers with which they are vested, not that every

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[36] Lawson, *supra* note --, at – (footnotes omitted).

[37] *See id*. at --.

possible governmental function must be uniquely assigned to one specific institution or power.[38] Some functions might overlap across more than one constitutionally vested power.

Having said all of that, however, there are certain kinds of cases that can *only* be decided through an exercise of the judicial power. A criminal defendant cannot be found guilty by either executive determination or congressional fiat. Adjudications of guilt in criminal trials *must* be accomplished through exercise of the judicial power.[39]

Where in the Constitution does it say this expressly? Nowhere – because it did not need to be stated expressly. The Jury Clause of Article III,[40] for example, does not specifically say that judges must preside over criminal trials. It says that there must be "Trial . . . by Jury," but it does not say that trials cannot be conducted by executive or legislative agents. (The location of the provision in Article III is suggestive but not conclusive of that result.) We know that trials must be conducted by judges because we know that that is just part of what the "judicial Power" encompasses and is *not* part of what "executive Power" or "legislative Power[]" encompass. Everybody knows – across the span of more than two centuries – that neither the legislative nor the executive power includes the power to preside over a criminal trial or determine criminal guilt, at least outside of some very specialized circumstances that bring a unilateral power of criminal imprisonment within the executive or legislative powers.[41] That just is not what those powers are about.

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[38] *See*, e.g., Wayman v. Southard, 23 U.S. (10 Wheat.) 1, 42-43 (1825).

[39] *See* Caleb Nelson, *Adjudication in the Political Branches*, 107 COLUM. L. REV. 559, 561 (2007).

[40] *See* U.S. Const. art. III, § 2, cl. 3.

[41] The executive can permissibly imprison people on criminal charges in occupied foreign territory during wartime, pursuant to executive-promulgated norms for governance of the occupied territory, *see* LAWSON & SEIDMAN, *supra* note --, at 151, but that does not extend to actions against American subjects. Military discipline can involve a form of imprisonment, but that is distinct from ordinary criminal proceedings and can be justified on grounds of waiver when people enlist in the military. (What about draftees? The draft is spectacularly unconstitutional, but that is a

The closest thing in the Constitution to an articulation of this basic principle is found in the Due Process of Law Clause of the Fifth Amendment, which says that "[n]o person shall be . . . deprived of life, liberty, or property, without due process of law."[42] As with almost everything in the Bill of Rights, this provision merely clarified principles that were already immanent in the Constitution of 1788; it added very little to the actual legal meaning of the Constitution.[43] But one of the things that it clarified is very important, because it clarifies the range of subjects over which only the federal courts can conduct constitutionally proper adjudications: No one may be deprived of "life, liberty, or property, without due process of law."

This restriction rules out unilateral executive action that effects a deprivation of life, liberty, or property. The most basic principle of due process of law is that executive (and judicial) action can take place only in accordance with law, meaning that there must be law – constitutional, statutory, or general – for the executive to enforce in order to effect a valid deprivation of life, liberty, or property. This has been the main point of the idea of due process of law since before the term "due process of law" was ever coined.[44]

It also rules out direct legislative determination of rights to life, liberty, and property. Nathan Chapman and Michael McConnell's magisterial study of the relationship between due

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story for another time.) Venerable Supreme Court precedent permits Congress to imprison people in defense of the order of the legislative chamber. *See* Anderson v. Dunn, 19 U.S. (6 Wheat.) 204 (1821). I am dubious about the constitutional bona fides of that conclusion. *See* Gary Lawson, *Burning Down the House (and Senate): A Presentment Requirement for Legislative Subpoenas under the Orders, Resolutions, and Votes Clause*, 83 TEX. L. REV. 1373, 1384-85 (2005).

[42] U.S. CONST. amend. V.

[43] This proposition is explained and defended at great length in Lawson, *supra* note --.

[44] *See id*. at --.

process of law and separation of powers before the middle of the nineteenth century makes clear that founding-era legislatures were not supposed to adjudicate specific rights, such as rights to property.[45] Indeed, this strict separation of legislative and judicial functions was one of the great innovations of founding-era constitutionalism, and it had a fundamental place in the post-revolutionary American tradition of due process of law.[46] Legislatures are supposed to pass general norms of conduct, not decide specific disputes.[47] So neither the executive nor the legislature is the right body to decide on the validity of a property title.

But what about the two put together? What if the legislature authorizes the executive to adjudicate the title? If Congress creates law saying that executive agents can unilaterally deprive people of rights – say, by cancelling already-issued patents -- does that solve the due process of law problem by providing the law that the executive needs in order to act?

It solves one problem and creates another. Such authorization will work if but only if Congress has the constitutional power to create that authorization; otherwise, there is no valid law for the executive to execute. There is no such general authority in the Constitution to permit executive deprivations of rights (or to effect the deprivations directly through legislation). The only conceivable source of such power would be the Necessary and Proper Clause, which allows Congress to pass laws "which shall be necessary and proper for carrying into Execution"[48] the various constitutionally vested powers. That clause, however, reflects and incorporates basic

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[45] *See* Chapman & McConnell, *supra* note --, at 1738-39, 1755-59.

[46] For a pellucid description of how this separation, and the accompanying notion that legislatures could not interfere with vested private rights, developed in a very short time in the founding era, see Gordon S. Wood, *The Origins of Vested Rights in the Early Republic*, 85 VA. L. REV. 1421 (1999).

[47] That is true, of course, only when a subject's life, liberty, or property is at stake. Private bills are fine, because they concern benefits, not rights. *See* Chapman & McConnell, *supra* note --, at 1734.

[48] U.S. CONST. art. I, § 8, cl. 18.

ideas of separation of powers. Not everything that Congress enacts is in fact "necessary and proper" for carrying into execution federal powers. The Necessary and Proper Clause is a vehicle for recognizing the incidental powers of Congress;[49] it is not a license to undo the scheme of separated powers.[50] The trick is to figure out precisely what Congress can and cannot do by way of authorizing or effecting deprivations of life, liberty, or property.

Go back to land patents. The federal government does not have to grant land patents to private citizens. At any given moment in time, the government could just sit on the federal domain. Absent a valid congressional statute, no specific individual has a legal right to have any specific federal lands granted to them, no more than, absent a valid congressional statute, any particular military veteran has a right to a pension. The granting of land patents or military pensions is within the discretion of Congress.

Once the decision has been made to grant patents or pensions, and the appropriate statutes have been enacted, Congress can entrust enforcement of those statutes *either* to executive or judicial agents. That is, Congress could establish a direct private right of action to enforce in court statutes specifying criteria for land grants or pensions and leave it to the judicial process to determine whether those criteria are met. Alternatively, Congress could create an administrative – that is, an executive – body to make those determinations (all under the supervision of the President under the theory of the unitary executive). Committing those

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[49] For a book-length discussion of this point, see GARY LAWSON, GEOFFREY P. MILLER, ROBERT G. NATELSON & GUY I. SEIDMAN, THE ORIGINS OF THE NECESSARY AND PROPER CLAUSE (2010).

[50] I have spent much of my life defending this claim. For where it all began, see Gary Lawson & Patricia B. Granger, *The "Proper" Scope of Federal Power: A Jurisdictional Interpretation of the Sweeping Clause*, 43 DUKE L.J. 267 (1993). I would revise some of the analysis in that article today, *see* LAWSON & SEIDMAN, *supra* note -, at 78-103, thanks primarily to the pioneering work of Robert G. Natelson, *see, e.g.*, Robert G. Natelson, *The Legal Origins of the Necessary and Property Clause*, *in* LAWSON, MILLER, NATELSON & SEIDMAN, *supra* note --, at 57, but the basic argument about separation-of-powers limits to Congress's incidental powers still (I think) holds up pretty well.

decisions to administrative determination does not violate the idea of due process of law because no one, including any disappointed applicant, is being deprived of "life, liberty, or property" by an unfavorable determination.[51] An expectation of government benefits – things that the government does not have to give you – is not constitutional "property." This was perfectly obvious until the 1960s.[52] The now-much-maligned distinction between rights and privileges in the context of government benefits[53] is obviously correct as a matter of original constitutional meaning.[54] Does anyone really, truly, genuinely think otherwise?[55]

Matters are very different, however, once a land patent or pension check has been issued. At that point, the recipient has bona fide constitutional property in his or her hands. In eighteenth-century lingo, the person now has a vested right. To get the vested property out of his or her hands requires due process of law. More specifically, it requires judicial process. Mere executive determinations, even executive determinations authorized by statute, that the patent or pension was wrongly issued are not enough. Why? Because, at that point, the holder of the

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[51] The Supreme Court has repeatedly avoided deciding whether applicants for government benefits have due process rights. *See* American Manufacturers Mutual Ins. Co. v. Sullivan, 526 U.S. 40, 61 n.13 (1999); Lyng v Payne, 476 U.S. 926, 942 (1986). As an original matter, however, the answer is pretty clearly "no."

[52] *See*, e.g, Bailey v. Richardson, 182 F.2d 46, -- (D.C. Cir. 1950), *aff'd by an equally divided Court*, 341 U.S. 918 (1951).

[53] *See* Board of Regents of State Colleges v. Roth, 408 U.S. 564, -- (1972) ("the Court has fully and finally rejected the wooden distinction between 'rights' and 'privileges' that once seemed to govern the applicability of procedural due process rights.").

[54] *See* Chapman & McConnell, *supra* note --, at 1734. For a discussion of this point in the specific context of decisions involving federal lands, see PHILIP HAMBURGER, IS ADMINISTRATIVE LAW UNLAWFUL? 196-98 (2014).

[55] Can Congress condition receipt of a benefit, or privilege, on forfeiture of other rights? That raises the long-unsettled "unconstitutional conditions" problem, which I cannot address here. The short answer is that any conditions must be "necessary and proper" for executing federal powers, which at a minimum requires that those conditions be justified by reference to fiduciary principles. That rules out most of the parade of horribles that one might imagine.

patent or pension has a vested property right.[56] A mere expectation of a benefit has become a tangible interest; the quantum field, so to speak, has collapsed.

"But," says the government, "you don't really have a property right. You have a piece of paper that says that you have a property right, but the paper is invalid, and so is the purported right." That is a perfectly legitimate thing for the government – or a private citizen asserting a superior claim – to say. It might even be correct in any specific case. The real question is who gets to decide whether it is correct or just hot gas. Can Congress determine that executive agents get to make that call? Can Congress make that call itself?

No and no. Congress can (and must) prescribe the norms that govern the disposition of the public lands, because Congress is vested with all of the relevant "legislative Powers." Executive agents then implement those norms; that is what "executive Power" is all about. But the determination of private rights is what the "judicial Power" is all about. How do we know this? Where does the Constitution say it? We know it because that is just what terms like legislative, executive, and judicial power meant in 1788. We know it because of a millennium-long tradition of "due process of law" that limited both legislative and executive adjudication of private rights, especially vested property rights. I explore all of this at length elsewhere,[57] as do others,[58] but it really requires an act of willful blindness to avoid it. The whole point of dividing up governmental power among discrete institutions is to create distinct roles for each actor. The heart and soul of the judicial role is the adjudication of private rights. There are reasons why the Constitution gave the President "executive" but not "judicial" power and gave the Congress

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[56] For illuminating discussions of the nature and role of vested rights in the founding era, see Chapman & McConnell, *supra* note --, at 1737-38, 1755-64; Nelson, *supra* note --, at 568-70; Wood, *supra* note --.

[57] *See* Lawson, *supra* note --.

[58] *See* McConnell & Chapman, *supra* note --.

various "legislative" but not "judicial" powers. The Constitution did not define the precise contours of those powers because it assumed that readers would try to read the document honestly, and that any honest reader would know darned well that certain things just had to be done by courts, others by executives, and others by legislatures.

Nineteenth-century courts that faced exactly this issue in connection with land patents got it exactly right. To be clear, the answers are not right because the nineteenth-century courts reached them. The answers are right because they are right. The point is only to show how those right answers can be and sometimes have been operationalized.

An illustrative case is *United States v. Stone*.[59] A series of treaties with the Delaware tribes vested title to land in the Delawares while reserving a portion of the land to the United States for a military fort. Much of the Delaware land was then ceded back to the United States on the condition that it be surveyed and sold for the benefit of the Delawares. Various surveys over the course of decades showed inconsistent boundaries between the land given to the Delawares and the land reserved for federal use. The matter went to court when (1) an 1860 treaty gave certain Delaware chiefs the right to select for their personal use some of the land held by the United States for the benefit of the Delawares; (2) the chiefs assigned those rights to Stone; (3) the Secretary of the Interior in 1861 determined a boundary between the United States fort and the Delaware lands slightly north of some of the prior determinations; (4) Stone selected land within the strip south of the fort that was newly determined to be Delaware lands; (5) land patents were issued to Stone; and then (6) in 1862 the Secretary of the Interior reversed course, found that a survey done under an 1854 treaty had been approved by the President and was the official boundary, determined that this official boundary placed Stone's land within the federally

[59] 69 U.S. (2 Wall.) 525 (1864).

reserved territory, concluded that the 1861 land patents were unlawfully issued because they purported to convey land that was not held for the benefit of the Delawares, and cancelled the patents.

If the Secretary's cancellation decision was legally effective, one might expect at that point to see Stone sue the United States (or perhaps the Secretary if sovereign immunity would bar a direct action[60]). That is not what happened. Instead, the United States sued Stone. As the Court's opinion explains:

> The [land] patents all recited the promises of the treaty of 1860 to grant land to the chiefs, and went on to grant the particular tract, 'in conformity with the provisions, as above recited, of the aforesaid treaty.' In 1862, the Secretary of the Interior decided that the patents had been issued without legal authority, and *he* declared them void and revoked. However, *to proceed rightly*, the United States filed a bill in the Federal court of Kansas, against the Indian chiefs and Stone, to have them judicially decreed null, and the instruments themselves delivered up for cancellation.[61]

The Court agreed that a judicial action, rather than an administrative cancellation, was the way "to proceed rightly":

> Patents are sometimes issued unadvisedly or by mistake, where the officer has no authority in law to grant them, or where another party has a higher equity and should have received the patent. In such cases courts of law will pronounce them void. The patent is but evidence of a grant, and the officer who issues it acts ministerially and not judicially. If he issues a patent for land reserved from sale by law, such patent is void for want of authority. But one officer of the land office is not competent to cancel or annul the act of his predecessor. That is a judicial act, and requires the judgment of a court.[62]

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[60] Whether suing the Secretary would actually have avoided a sovereign immunity bar, in an era long before a 1976 amendment to the Administrative Procedure Act removed most of those jurisdictional obstacles, *see* 5 U.S.C. § 702 (2012), is another question altogether. See Antonin Scalia, *Sovereign Immunity and Nonstatutory Review of Federal Administrative Action: Some Conclusions from the Public-Lands Cases*, 68 MICH. L. REV. 867 (1970). .

[61] 69 U.S. (2 Wall.) at 528 (second emphasis added).

[62] *Id*. at 535.

To be sure, one cannot describe this statement as a holding, because it was not actually in controversy. No one disputed it, because it was too obvious for dispute. As counsel for the United States explained: "Plainly, too, the appropriate remedy of the United States, to set aside and cancel patents issued by her officers, without due legal authority, is by bill in equity."[63] No one argued that a mere administrator, even one with Cabinet status, could cancel an already-issued land patent. Everybody knew that only a court could do that.

This conclusion was confirmed, clarified, and strengthened slightly more than a decade later in *Moore v. Robbins*.[64] The case was a dispute between Moore and Davis, who were purchasers at a federal land auction, and Robbins, who claimed under a mortgage executed by someone who asserted statutory preemptive rights to the same land. The land office initially ruled in favor of the priority of the preemption right, but the commissioner found otherwise and accordingly issued a land patent to Moore.[65] The Secretary of the Interior disagreed and sought to recall – meaning essentially to cancel – the issued patent. The holder of the federal patent, Moore, refused to relinquish it. In the ensuring foreclosure action, Moore and Davis were brought in as defendants to quiet the mortgagee's title.[66]

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[63] *Id*. at 532.

[64] 96 U.S. (6 Otto) 530 (1877).

[65] Davis, the other purchaser, did not actually receive his patent from the land office, and his case accordingly required a different analysis. *See id.* at 534-35. The Court ruled in Davis's favor because of the failure of the preemptive claimant to perfect his claim. *See id*. at 538-39.

[66] The facts of the case are set out most fully and clearly in the decision of the Illinois Supreme Court. *See* Robbins v. Bunn, 54 Ill. 48, 50 (1870).

The Illinois Supreme Court considered itself bound by the last determination of the land office, which was the Secretary of the Interior's decision in favor of the preemptive rights (and hence of the mortgagee claiming under them).[67] The Supreme Court strongly disagreed:

> While conceding for the present, to the fullest extent, that when there is a question of contested right between private parties to receive from the United States a patent for any part of the public land, it belongs to the head of the Land Department to decide that question, it is equally clear that when the patent has been awarded to one of the contestants, and has been issued, delivered, and accepted, all right to control the title or to decide on the right to the title has passed from the land-office. Not only has it passed from the land-office, but it has passed from the Executive Department of the government . . . . [I]f . . . the patent issued under the seal of the United States, and signed by the President, is delivered to and accepted by the party, the title of the government passes with this delivery. With the title passes away all authority or control of the Executive Department over the land, and over the title which it has conveyed. It would be as reasonable to hold that any private owner of land who has conveyed it to another can, of his own volition, recall, cancel, or annul the instrument which he has made and delivered. If fraud, mistake, error, or wrong has been done, the courts of justice present the only remedy.[68]

And again: "The functions of that [executive] department necessarily cease when the title has passed from the government. And the title does so pass in every instance where, under the decisions of the officers having authority in the matter, a conveyance, generally called a patent, has been signed by the President, and sealed, and delivered to and accepted by the grantee. It is a matter of course that, after this is done, neither the secretary nor any other executive officer can entertain an appeal."[69]

In other words, while the matter is still under the consideration of the executive, no property right has yet vested. The executive agents can change their minds as many times as

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[67] *See id*.at 53.

[68] 96 U.S. (6 Otto) at 532-33.

[69] *Id*. at 533-34.

there are levels of internal appeal. But once a land patent issues from the government,[70] the claimant has a right to property, and while that right can be challenged and even overturned, cancellation of the patent requires due process of law. It requires judicial process.

The only question is whether cancellation of a land patent requires judicial process by constitutional command or simply because of statutory provisions. There is some language in the Illinois Supreme Court's decision in *Moore* which suggests the latter.[71] And one can imagine land patent statutes in which government agents are required to issue only defeasible deeds that essentially give the government a right to reclaim the property through administrative fiat. Then there would be no issue of deprivation of a property interest, because the interest itself would expire with the administrative determination. The landholder would essentially receive a tenancy at will. But in a statutory scheme in which land patents for fee simple absolute interests are issued, the issuance of the patent ends the administrative role and triggers a constitutional requirement of judicial process for an ensuing deprivation. The Supreme Court in *Moore* said as much. After noting the uncertainty of title that would result from allowing administrative reconsideration of patent decisions, the Court *did not* then say that such power was denied to the land office by statute. Instead, the Court said that "[t]he existence of any such power in the Land

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[70] When exactly does a land patent "issue"? Is physical delivery of the patent necessary for legal issuance? The Supreme Court's nineteenth-century answer was a resounding "no," because delivery of a fully executed land patent is a ministerial act that could be compelled by mandamus. *See* United States v. Schurz, 102 U.S. 378, 397 (1880) ("upon the decision of the proper office that the citizen has become entitled to a patent for a portion of the public lands, such a patent made out in that office is signed by the President, sealed with the seal of the General Land-Office, countersigned by the recorder of the land-office, and duly recorded in the record-book kept for that purpose, it becomes a solemn public act of the government of the United States, and needs no further delivery or other authentication to make it perfect and valid. In such case the title to the land conveyed passes by matter of record to the grantee, and the delivery which is required when a deed is made by a private individual is not necessary to give effect to the granting clause of the instrument."). While, as the Court noted, this is contrary to the rules at private law regarding land transfers, there was, one might recall, some modest prior authority for the proposition that delivery of a government document (perhaps a commission as a justice of the peace?) is not strictly necessary for giving legal effect to the document when the act of delivery is ministerial.

[71] *See id.* at 51-52.

Department is utterly inconsistent with the universal principle on which the right of private property is founded."[72] It is, in other words, inconsistent with the principle of due process of law. Only a court can cancel a land patent.[73]

What is true for patents of land is also true for patents of inventions. Indeed, the Supreme Court, not long after *Moore v. Robbins*, recognized the close similarity between land patents and invention patents.[74] That similarity became even starker, and the constitutional foundations of cancellation doctrine more conspicuous, in *McCormick Harvesting Machine Co. v. C. Aultman & Co*.[75]

In *McCormick*, the holder of a patent in a harvesting machine twine binder asked the patent office for reissuance of the patent to include some new claims. The examiner determined that some of the original claims were invalid, and no administrative appeal was taken by the patentee to that determination. The patentee then brought an infringement action based on the original patent, relying in part on the claims that had been rejected by the reissuance examiner, and the court of appeals certified to the Supreme Court the question whether the examiner's actions invalidated – that is, cancelled – the relevant claims in the original patent.

Under the law developed in the context of land patents, the answer was very clear: Once the original patent issued, as it had in this case, the whole or a part of it could be cancelled only

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[72] 96 U.S. (6 Otto) at 534.

[73] To be sure, Congress could pass a statute condemning the land, provide just compensation to the patent holder, and then re-dispose of the land from the public domain. From the standpoint of the patent holder, that is much like cancellation, albeit with the not-insignificant addendum that the patent holder receives just compensation. But Congress could not simply pass a statute declaring a land patent invalid. Or, rather, Congress *could* pass such a statute, but it would have the same legal effect as a proclamation of National Potato Month.

[74] *See* United States v. Am. Bell Tel. Co., 128 U.S. 315, 358-59 (1888).

[75] 169 U.S. 606 (1898).

by judicial action, not by unilateral executive action. An examiner, a commissioner, a Cabinet secretary, the President – it did not matter which executive official purported to act. It simply is not the purview of "executive Power" to cancel vested property rights, and patents – for both land and inventions -- vest rights once they issue.

The Supreme Court, recognizing the linkage between land patents and invention patents, accordingly had an easy time of it, holding precisely that the original patent remained in force until such time as a new one issued to superseded it, and that in no event could the patent office cancel any or all of the original patent by administrative fiat. Because this decision has been the subject of much discussion in the courts of appeals in recent times,[76] it is useful to see the Court's reasoning, including the authorities to which it cites, at some length:

> It has been settled by repeated decisions of this court that when a patent has received the signature of the secretary of the interior, countersigned by the commissioner of patents, and has had affixed to it the seal of the patent office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or canceled by the president, or any other officer of the government. U. S. v. Schurz, 102 U. S. 378; U. S. v. American Bell Tel. Co., 128 U. S. 315, 363, 9 Sup. Ct. 90. It has become the property of the patentee, and as such is entitled to the same legal protection as other property. Seymour v. Osborne, 11 Wall. 516; Cammeyer v. Newton, 94 U. S. 225; U. S. v. Palmer, 128 U. S. 262, 271, 9 Sup. Ct. 104, citing James v. Campbell, 104 U. S. 356.
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> The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent. Moore v. Robbins, 96 U. S. 530, 533; U. S. v. American Bell Tel. Co., 128 U. S. 315, 364, 9 Sup. Ct. 90; Lumber Co. v. Rust, 168 U. S. 589, 593, 18 Sup. Ct. 208. And in this respect a patent for an invention stands in the same position and is subject to the same limitations as a patent for a grant of lands. The power to issue either one of these patents comes from congress and is vested in the same department. In the case of a patent for lands it has been held that when one has obtained a patent from the government he cannot be called upon to answer in regard to that patent before the officers of the land department, and that the only way his title can be impeached is by suit.

[76] *See* MCM Portfolio LLC v. Hewlett-Packard Co., 812 F.3d 1284 (Fed. Cir. 2015); Patlex Corp. v. Mossinghoff, 758 F.2d 594 (Fed. Cir. 1985).

> U. S. v. Stone, 2 Wall. 525, 535; Mining Co. v. Campbell, 135 U. S. 286, 10 Sup. Ct. 765; Noble v. Railroad Co., 147 U. S. 165, 13 Sup. Ct. 271.[77]

Oddly, a panel of the Federal Circuit has recently concluded that this language referred only to a lack of *statutory* authority on the part of the patent examiner.[78] Had Congress granted the patent office power to cancel claims in original patents upon receipt of a reissuance request, the Federal Circuit believes, there would be no constitutional obstacle to such cancellation. The cited authorities, however, make it obvious that this decision was grounded in constitutional concerns, not a mere absence of statutory authority in the patent examiner. I had planned to illustrate this through a careful line-by-line analysis of the reasoning in *McCormick*, but Michael Rothwell has already done it, probably better than I could have done.[79] His exhaustive account of each cited decision makes it clear beyond cavil that the Supreme Court decision in *McCormick* was grounded in first principles of constitutionalism. Indeed, how else explain the rather straightforward account given by the Court of its own decision:

> Had the original patent been procured by fraud or deception, it would have been the duty of the commissioner of patents to have had the matter referred to the attorney general with the recommendation that a suit be instituted to cancel the patent; but to attempt to cancel a patent upon an application for reissue when the first patent is considered invalid by the examiner would be to deprive the applicant of his property without due process of law, and would be in fact an invasion of the judicial branch of the government by the executive.[80]

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[77] 169 U.S. at 609-09.

[78] *See MCM Portfolio*, 812 F.3d at --.

[79] *See* Michael I. Rothwell, *After* MCM: *A Second Look: Article I Invalidation of Issue Patents for Intellectual Property Still Likely Unconstitutional After* Stern v. Marshall, 18 N. C. J.L & TECH. ON. 1 (2017). The article is a sequel to the also-excellent Michael Rothwell, *Patents and Public Rights: The Questionable Constitutionality of Patents before Article I Tribunals after* Stern v. Marshall, 13 N. C. J.L & TECH. ON. 287 (2012).

[80] 169 U.S. at 612.

For those of us who are interested in original meaning rather than doctrine, what matters is not that *McCormick* said that there was a constitutional basis for the patent office's lack of cancellation authority. What matters is that there was a constitutional basis for the patent office's lack of cancellation authority. Executive officials cannot simply make vested rights to life, liberty, or property go away, even if Congress says that they can.

Of course, much has happened since the end of the nineteenth century. The modern cases upholding the constitutional validity of executive patent cancellations do not really turn on how best to parse a patent decision from 1898 or the land patent decisions from decades earlier on which it was based. Instead, they focus on case law from the past eight decades systematically upholding administrative actions that adjudicate private vested rights. As one scholar aptly puts it, for purposes of current case law, "[f]rankly, it does not matter what the best reading of *McCormick* is . . . . [I]t pre-dates the Supreme Court's modern Article III jurisprudence."[81]

That jurisprudence, which clearly allows some private vested rights to be adjudicated by executive officials, goes back at least to 1932, when *Crowell v. Benson*[82] gave a measure of finality to administrative fact-finding in claims for worker's compensation under the Longshoremen's and Harbor Workers' Compensation Act of 1927. It is less important that the case seemed to reserve to courts the *de novo* power to determine "jurisdictional" facts essential to the exercise of the agency's power than that the case roundly affirmed the binding character of agency determination of "non-jurisdictional" facts.[83] Not only was this the nose in the camel's tent (contrast it with the categorical denial of executive power in the nineteenth-century patent

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[81] Greg Reilly, *The Constitutionality of Administrative Patent Cancellation*, 23 B.U. J. SCI. & TECH. L. --, -- (2017) (forthcoming).

[82] 285 U.S. 22 (1932).

[83] *See id*. at 50-54.

cases), but as the distinction between jurisdictional and non-jurisdictional facts lost its traction, the power of agencies to determine facts with a measure of finality[84] in disputes involving private rights grew to its present – or, rather, omnipresent – stature.[85] While the modern Supreme Court has drawn some limits on the power of Congress to commit adjudication of private rights to federal administrative agencies,[86] those limits tend to involve state-based common law claims, which likely would not include federally-grounded patent rights. Under current doctrine, any federal involvement in the definition or securing of the relevant right seems enough to let the Court slap on the label "public right," which has the effect of permitting Congress to allow a strong measure of executive determination of those rights.[87] A return to the nineteenth-century – or, more precisely, to the eighteenth-century – understanding of the role of courts in the adjudication of private rights would be as surprising as a return to the original understanding of the sub-delegation doctrine or the scope of Congress's enumerated powers.

The modern doctrine has no connection to original constitutional meaning and is therefore irrelevant to the present article, which seeks to uncover that original meaning. The modern cases do not remotely purport to ascertain the original meaning of Article II, Article III,

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[84] One must say "a measure of finality," because in most cases of administrative adjudication, the courts retain some power of appellate review. *See* Thomas W. Merrill, *Article III, Agency Adjudication, and the Origins of the Appellate Revie Model of Administrative Law,* 111 COLUM. L. REV. 939 (2011). But that review is always with a good dose of deference to the agency, often amounting to affirmance of any agency determination that is supported by "substantial evidence." *See*, e.,g., 5 U.S.C. § 706(2)(E) (2012). Anything short of *de novo* review deprives private parties of the due process of law represented by judicial determination of their rights.

[85] For an intriguing account of how *Crowell,* which nominally was a 5-3 decision against deference to agency fact-finding, morphed into one of the linchpins of the modern administrative state, see Mark Tushnet, *The Story of* Crowell: *Grounding the Administrative State, in* FEDERAL COURTS STORIES 354 (Vicki C. Jackson & Judith Resnick eds. 2010).

[86] *See*, e.g., Stern v. Marshall, 564 U.S. 462 (2011).

[87] *See*, e.g., Thomas v. Union Carbide Agricultural Products Co., 473 U.S. 568 (1985); CFTC v. Schor, 478 U.S. 833 (1986).

the idea of due process of law, or any other constitutional texts and principles that bear on the permissibility of administrative adjudication of private rights. It is sufficient for purposes of this article to look at the reasoning of perhaps the leading modern case upholding administrative adjudication of private rights: *CFTC v. Schor*.

The Commodity Exchange Act regulates the practices of commodities brokers and authorizes customers to seek reparations for violation of the statute (or regulations under the statute, which raises its own set of constitutional problems, but never mind that for now). The Commodity Futures Trading Commission has statutory power to adjudicate those damages claims, much as the LHWCA allows federal officials to adjudicate claims for workers' compensation. That falls into the "federal agency adjudication of federally defined and secured rights" category. The broker in *CFTC v. Schor* did not bother to challenge this grant of authority to the agency, which is covered pretty squarely by *Crowell v. Benson* and its successors. The agency, however, also claimed authority to adjudicate counterclaims brought by the broker against the customer, which are likely to be state-law based contract claims (such as unpaid commissions from other transactions). Schor disputed the ability of Congress or the agency to commit disposition of those state-law claims to federal executive actors subject to deferential rather than *de novo* review. The Court ruled in favor of the agency's power to adjudicate the common-law counterclaims. The Supreme Court's reasoning says everything that one needs to know about the relationship between modern doctrine and original meaning.

The best way to grasp the Court's reasoning in *Schor* is to look at what that reasoning *was not* – in much the fashion of the *via negativa.*[88] Consider a list of considerations that the Court in *Schor* said could not be used to decide the case:[89]

"[O]ur precedents in this area do not admit of easy synthesis . . . ."[90] So, traditional doctrinal analysis is unlikely to be a reliable guide to resolution of novel questions. That's fair. Wouldn't one want to start with the constitutional text anyway, to try to figure out the scope of Article III's vesting of "judicial Power" in good-behavior-tenured and salary-guaranteed judges rather than in executive officials?

Well, no: The precedents may not "admit of easy synthesis," but "they do establish that the resolution of claims such as Schor's cannot turn on conclusory reference to the language of Article III."[91] So, the language of the constitutional text is out.

But surely the text must be understood in light of the broader structural categories that it represents. As was noted earlier, the Constitution assumes a distinction among legislative, executive, and judicial powers. How about trying to apply those constitutionally fundamental categories of power to figure out the proper lines of executive and judicial authority and thus flesh out the meaning of the constitutional language?

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88 *See* https://en.wikipedia.org/wiki/Apophatic_theology.

89 The ensuing material is drawn from GARY LAWSON, TEACHER'S MANUAL TO FEDERAL ADMINISTRATIVE LAW (7th ed. 2015).

90 478 U.S. at 847.

91 *Id.*

Well, no: " 'practical attention to substance rather than doctrinaire reliance on formal categories should inform application of Article III.' "[92] So, formal categories – such as "legislative Power[]," "executive Power," and "judicial Power," – are out.

Hmm. How about if, in sorting through our "attention to substance," we try to identify specific factors that, in any particular case, will tell us which substantive features are constitutionally relevant?

Well, no: "in reviewing Article III challenges, we have weighed a number of factors, none of which has been deemed determinative."[93] So, determinative factors are out.

Rules?

Nope: "In determining the extent to which a given congressional decision to authorize the adjudication of Article III business in a non-Article III tribunal impermissibly threatens the institutional integrity of the Judicial Branch, the Court has declined to adopt formalistic and unbending rules."[94] Double nope: "bright-line rules cannot effectively be employed. . . ."[95] So, rules are out.

If not rules, then how about principles of general application?

Well, no: the thing for which bright-line rules cannot effectively be employed to do is precisely "to yield broad principles applicable in all Article III inquiries."[96] So, broad general principles are out.

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[92] *Id*. at 848 (quoting *Thomas*, 473 U.S. at 587).

[93] *Id*. at 851.

[94] *Id*.

[95] *Id*. at 857.

[96] *Id*.

But if we cannot use constitutional language, constitutional categories, determinative factors, rules, or general principles, how will we ever be able to formulate a coherent account of the permissible limits of executive adjudication of private rights?

Umm, wrong question: "Although such rules might lend a greater degree of coherence to this area of the law, they might also unduly constrict Congress' ability to take needed and innovative action pursuant to its Article I powers."[97] Coherence is also out.

Of course, it is one thing to make fun of the modern Supreme Court's jurisprudence. It is quite another thing to specify, as an original matter, the correct limits of executive adjudication. That task is made more complex by the fact that non-Article III adjudication of private rights occurred long before *Crowell v. Benson* and the rise of the modern administrative state. Officials in federal territory, who did not have the characteristics of Article III judges, were deciding cases, including criminal cases (and including capital criminal cases) in the Northwest Territory, the Louisiana Territory after 1803, Florida after 1819, the District of Columbia, etc. Let us not forget that William Marbury served under a five-year term of office, not under the protection of tenure during good behavior.[98] Was Marbury unconstitutional? Were all of the ensuing territorial judges mere usurpers who, all without authority, determined private rights, put people in prison, and sent others to the gallows?[99]

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[97] *Id*. at 851. I confess that I have been unable to locate the Needed and Innovative Action Clause in the Constitution.

[98] Act of Feb. 27, 1801, ch. 15, § 11, 2 Stat. 103, 107.

[99] *Cf.* Dred Scott v. Sandford, 60 U.S. (19 How.) 393, 522-23 (1857) (Catron, J., concurring) ("It is due to myself to say, that it is asking much of a judge, who has for nearly twenty years been exercising jurisdiction, from the western Missouri line to the Rocky Mountains, and, on this understanding of the Constitution [that Congress has power under article IV to govern territories], inflicting the extreme penalty of death for crimes committed where the direct legislation of Congress was the only rule, to agree that he had been all the while acting in mistake, and as an usurper.") Actually, territorial judges before 1801 do appear to have been given tenure during good behavior. *See* LAWSON & SEIDMAN, *supra* note --, at 238 n.5. After 1801, however, terms for years became the norm.

The short answers are yes and yes. The long answer, taking account of all of the developments since the founding, including the judicial approval of territorial courts[100] and of administrative distress warrants issued against tax collectors,[101] would require a book, or at the very least a near-book-length article.[102] For present purposes, it is enough to say simply that vested rights cannot be undone by executive (or legislative) action. It requires judicial process. That is what the idea of due process of law has been about at least since Magna Carta in the thirteenth century. The modern case law to the contrary is as far removed from the actual Constitution as is the modern case law allowing Congress to sub-delegate its legislative power whenever the Court believes that such sub-delegation is necessary to let Congress do its "job."[103]

The chief question under the AIA is whether the issuance of an invention patent creates a vested right. I leave questions of that kind to patent experts,[104] though the evidence for viewing issued patents as vested property rights appears to be overwhelming.[105]

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[100] The seminal case is *American Ins. Co. v. 356 Bales of Cotton*, 26 U.S. (1 Pet.) 511 (1828). The reduction ad absurdum is *Palmore v. United States*, 411 U.S. 389 (1973). For a critique of this line of authority, *see* LAWSON & SEIDMAN, *supra* note --, at 139-50.

[101] *See* Murray's Lessee v. Hoboken Land & Improvement Co., 59 U.S. (18 How.) 272 (1856). For my assessment of *Murray's Lessee*, including the suggestion that the result can constitutionally be justified only under a theory of waiver of due process rights upon accepting the position of collector, see Lawson, *supra* note --, at --.

[102] For a hint of what this enterprise requires, see James E. Pfander, *Article I Tribunals, Article III Courts, and the Judicial Power of the United States*, 118 HARV. L. REV. 643 (2004). For an excellent short summary of the pertinent considerations from the standpoint of original meaning, see Jennifer L. Mascott, *Constitutionally Conforming Agency Adjudication*, -- LOYOLA J. REG. COMPLIANCE --, -- (2017) (forthcoming).

[103] Mistretta v. United States, 488 U.S. 361, 372 (1989). "And what, precisely, is Congress's constitutional 'job'? To regulate in a way and to a degree that is pleasing to the political sensibilities of a majority of the Supreme Court? One might think, looking at the Constitution, that Congress's job is to legislate in accordance with the substantive and procedural norms prescribed by the Constitution." Gary Lawson, *Representative/Senator Trump?*, 21 CHAPMAN L. REV. --, -- (2018) (forthcoming).

[104] *See* Adam Mossoff, *Patents as Constitutional Property: The Historical Protection of Patents Under the Takings Clause*, 87 B.U. L. REV. 689 (2007).

[105] I consider it overwhelming enough to have joined a brief making that point. *See Brief of 27 Law Professors as Amici Curiae in Support of Petitioner, Oil States Energy Services v. Greene's Energy Group*, No. 16-712 (2017), 2017 WL 3913774.

A more complicated question, raised by Greg Reilly in a brilliant comment on an early draft of this article, is whether the substance of that vested right allows for the kind of cancellation authority contained in the AIA. Section 261 of Title 35 provides: "Subject to the provisions of this title, patents shall have the attributes of personal property."[106] As Professor Reilly pointed out, at least since 1980,[107] and quite possibly since 1952,[108] the patent laws have contained what might be thought of as "defeasibility conditions" for issued patents by prescribing various methods for administrative review of issued patents.[109] The *inter partes* cancellation authority added in 2011 is considerably more powerful than those prior administrative mechanisms, but it is not clear that it is different in kind rather than merely different in degree. Perhaps it is different in kind if the pre-2011 administrative processes were in some sense voluntary, with their use by a patent holder amounting to a waiver of what would otherwise be a right to have cancellation performed only by a court.[110] *Inter partes* review under the AIA can be thrust on an unwilling patent holder by a third party, and no argument from waiver is therefore available with respect to the AIA. But put aside that possibility and assume for the moment that all existing patents have been issued in light of some kind of involuntary administrative process for cancellation. Does section 261 make all of those patents subject to the proviso that they can be cancelled by administrative rather than judicial process, because *inter*

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[106] 35 U.S.C. § 261 (2012). The specification that patents shall be considered "personal property" may affect some of the available remedies for patents, and it might affect how patents pass upon death, but it does not affect any of the issues discussed in this article. Due process of law applies to personal as well as to real property. *See* Florida Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank, 527 U.S. 627, 642 (1999).

[107] *See* 35 U.S.C. § 307 (2012).

[108] *See id*. § 135.

[109] For a brief history of the administrative processes for patent review, see Dolin, *supra* note --, at 890-99.

[110] *See* Michael S. Greve, *Patents, Judicial Review, and Administrative Law: A View from the Periphery*, -- (forthcoming).

partes review is now among the "provisions of this title"? Can Congress constitutionally specify by statute that all patents are defeasible in that manner?

Take the second question first. Congress could, I think, make land grants defeasible. Some federal land is granted in fee simple, while other federal land is leased, often for oil, mineral, or forestry rights. There is no obvious constitutional obstacle to fashioning those leases as tenancies at will, or for attaching defeasibility conditions with the proviso that executive rather than judicial actors get to determine whether those conditions have been satisfied. Could Congress do the same with patents?

The obvious difference is that the land leased out by the government (or granted in the form of a defeasible fee) actually belongs to the government, while the intellectual property rights represented by a patent do not belong to the government. The Intellectual Property Clause says that Congress may pass laws "[t]o promote the Progress of Science and useful Arts, by *securing* for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[111] The use of the term "securing" is significant in light of the Declaration of Independence, which announces that people are "endowed by their Creator" – not by their government, but by their Creator – "with certain unalienable Rights, [and] that among these are" – not exclusively consisting of, but including – "Life, Liberty and the pursuit of Happiness."[112] It then announces that governments are instituted "to secure these rights."[113] The plain understanding of the Declaration is that those rights pre-exist government. They are, in that sense, natural or pre-political. Randy Barnett elegantly describes the political theory of the

[111] U.S. CONST. art. I, § 8, cl. 8 (emphasis added).

[112] Decl. of Independence ¶2.

[113] *Id*.

Declaration of Independence as: "*first comes rights and then comes government*."[114] Does the use of the term "securing" in the Intellectual Property Clause cross-reference the use of the term "secure" in the Declaration? Does that mean that intellectual property rights are, for constitutional purposes, natural rights that Congress can (and, in order to fulfill its fiduciary obligations under the Intellectual Property Clause, must) protect in good faith? And would that good faith protection foreclose the kind of defeasible patent interests reflected in the AIA?

These are all questions well beyond the scope of this article.[115] Certainly the case law does not treat intellectual property rights as natural rather than positive rights, but that does not say much about original meaning. As a newcomer to the field, it does not seem at all obvious to me that the Constitution does not treat intellectual property rights as natural rights.[116] For the moment, however, let us assume that Congress could, if it so chose, make the cancellation of patents defeasible upon purely administrative action. Has it done so?

Obviously, it has done so in the AIA, so, on this reasoning, any patents issued after enactment of the AIA in 2011 would validly be subject to *inter partes* review. But what about patents issued prior to 2011? On this reasoning, they would be subject to whatever administrative mechanisms were in place *at the time that the patents were issued*. Those mechanisms include reexamination, but they do not include the third-party-initiated *inter partes* review added by the AIA. Just as defeasibility conditions in land grants are defined by the grant

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[114] RANDY E. BARNETT, OUR REPUBLICAN CONSTITUTION: SECURING THE LIBERTY AND SOVEREIGNTY OF WE THE PEOPLE 23 (2016) (emphasis in original).

[115] For some intriguing explorations of eighteenth-century political theory that might bear on this question, see Adam Mossoff, *Who Cares What Thomas Jefferson Thought About Patents? Reevaluating the Patent "Privilege" in Historical Context*, 92 CORNELL L. REV. 953 (2007).

[116] Whether intellectual property is, as a matter of moral fact, a proper subject of natural rights is a very different question. As indicated above, *see supra* note 20, I am skeptical. But constitutional meaning and moral fact are two quite separate things.

itself rather than by subsequent decisions by the grantor, the conditions on patents imposed by the statutory scheme for patent issuance are defined by the terms of the statute at the time of the grant. Venerable authority confirms this much.[117] There is no way to save the AIA's constitutionality for any patents issued prior to its enactment. Those patents can go through the administrative machinery in place when they were granted, but they cannot be channeled by subsequent legislation into a procedure employing a new defeasibility condition that was not part of the original grant.

II. Invalid Appointments

Assume for the moment that administrative cancellation of patents is constitutionally permissible, at least in some circumstances. Does that mean that the AIA scheme is constitutional?

Not at all. Unless one applies some very dicey statutory interpretation to the AIA and interpolates a unilateral power in the Director (*i.e.,* the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office) to overturn decisions of PTAB panels, the scheme violates the Appointments Clause because it creates officials with the characteristics of principal officers who are appointed in a fashion appropriate for inferior officers.

The Appointments Clause provides that 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

[117] *See* McClurg v. Kingsland, 42 U.S. (1 How.) 202, 206 (1843).

> 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.[118]

Thus, non-inferior (or "principal") officers must be appointed by the President with the advice and consent of the Senate, while inferior officers may, with statutory authorization, be appointed by the President alone, the courts of law, or department heads.[119] If a government employee is not an "officer" at all, Congress can prescribe any mode of selection that is "necessary and proper for carrying into Execution"[120] federal powers, including selection through competitive civil service processes or appointment by an official who does not fit the description of any of the appointing authorities mentioned in the Appointments Clause. But if someone is a constitutional "Officer[] of the United States," his or her appointment must fall within one of the modes prescribed by the Appointments Clause. If the appointing authority is neither the President, nor a court of law, nor a head of a department, the appointment of an officer is automatically invalid. And, as this paragraph began, if the officer is not an "inferior" officer, the only game in town is presidential appointment with the advice and consent of the Senate. Congress has no choice about that.

The functions performed by the PTAB, such as cancellation of patents, can only be performed by "Officers of the United States." This became clear after a 1999 statute[121] provided for appointment of the administrative patent judges of the PTAB's predecessor, the Board of

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[118] U.S. Const. art. II, § 2, cl. 2.

[119] In the absence of statutory authorization for appointment by one of these modes, the default rule for appointment of inferior officers is presidential appointment with senatorial advice and consent.

[120] *Id*. art. I, § 8, cl. 8.

[121] District of Columbia Appropriations Act of 2000, Pub. L. No. 106-113, § 1000(a), 113 Stat. 1501, 1535-36 (1999).

Patent Appeals and Interferences (BPAI), by the Director of the Patent and Trademark Office. Professor John Duffy pointed out that these appointments were unlawful unless either the judges were not "Officers of the United States" or the Director was among the "Heads of Departments" mentioned in the Appointments Clause.[122] It seemed clear to virtually everyone that the Director, who runs a sub-unit of the Department of Commerce and answers to the Secretary of Commerce, was not a constitutional department head.[123] It was even more obvious that the BPAI judges were constitutional officers. The governing doctrinal test for officer status is whether the person exercises "significant authority pursuant to the laws of the United States."[124] This test sweeps in special trial judges of the United States Tax Court,[125] and there is a good argument that it includes as well all administrative law judges.[126] It rather plainly includes administrative patent judges:

> Administrative patent judges have much more authority than the [special trial] judges [of the Tax Court] at issue in *Freytag*. Like the special trial judges, administrative patent judges are officers "established by Law," and they have

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[122] *See* John F. Duffy, *Are Administrative Patent Judges Unconstitutional?,* 77 GEO. WASH. L. REV. 904 (2009).

[123] *See id*. at 910-11. I am not so sure that the Director's status is that easy a call. A sub-unit of a department can be a department in its own right – as I think is true, for example, of the Public Company Accounting Oversight Board, which is located within the structure of the Securities and Exchange Commission. *See* Gary Lawson, *The "Principal" Reason Why the PCAOB Is Unconstitutional,* 62 VAND. L. REV. EN BANC 73 (2009). I do not know enough about the patent process to determine if the Patent Office has a sufficiently distinct identity to count as a constitutional "department," but it seems that it very well might. As is explained below, I do think that the PTAB itself is likely a "department," in which case its head would be a proper appointing authority for inferior officers. My view, in any event, is not reflected in current doctrine.

[124] Buckley v. Valeo, 424 U.S. 1, 126 (1976).

[125] *See* Freytag v. Comm'r of Internal Revenue, 501 U.S. 868, 881-82 (1991).

[126] *Compare* Raymond J. Lucia Companies, Inc. v. SEC, 832 F.3d 277 (D.C. Cir. 2016), *rev. denied by an equally divided court*, 2017 WL2727019 (2017) (upholding , against an Appointments Clause challenge, the constitutionality of administrative law judges empowered by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010)), *with* Bandimere v. SEC, 844 F.3d 1168 (10th Cir. 2016) (finding the same officials to be unconstitutionally appointed). For a thorough treatment of the controversy to date over the appointment of administrative law judges, see Linda D. Jellum & Moses M. Tincher, *The Shadow of* Free Enterprise: *The Unconstitutionality of the Securities & Exchange Commission Administrative Law Judges,* 70 S.M.U. L. Rev. 3 (2017).

> more than ministerial duties under the statute. Indeed, they are not mere adjuncts or advisors to another set of adjudicators, as in *Freytag*. Rather, they are full members of the BPAI. Their powers include the ability to run trials, take evidence, rule on admissibility, and compel compliance with discovery orders.
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> A panel of three administrative patent judges may sit as the BPAI and is authorized by law to render final decisions for the PTO. Indeed, in interference cases, the statute expressly states that any BPAI decision adverse to an applicant shall constitute the "final refusal" by the PTO as to the claims involved. The finality of the BPAI's decisions in ex parte appeals is implicit in the statutory scheme, which provides a right of appeal from any decision of the BPAI to the Article III courts. Furthermore, during judicial review of the BPAI's decisions, Article III courts are required to afford the decisions of the BPAI a substantial degree of deference under the Administrative Procedure Act. The power to reach a final administrative decision -- one that the courts are required to respect with deference -- surely means that the members of the BPAI are exercising significant authority under the law and are thus officers for purposes of the Appointments Clause.[127]

PTAB judges have all of these powers, *plus* (assuming their validity) substantial powers under *inter partes* review, including the "significant authority" to cancel issued patents. It is even clearer that PTAB judges are constitutional officers as a matter of original meaning, because the test of "significant authority" articulated in *Buckley v. Valeo* is likely too narrow and should include as an officer anyone "whom the government entrusts with ongoing responsibility to perform a statutory duty of any level of importance."[128] Under any applicable standard, I do not believe that anyone will contest that PTAB judges are "Officers of the United States" under the Appointments Clause. Congress evidently agreed with this conclusion, because, in the face of litigation which raised constitutional claims inspired by Professor Duffy's work, Congress changed the appointment process for PTAB judges to its current form, under which the administrative patent judges are appointed by the Secretary of Commerce.[129]

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[127] Duffy, *supra* note --, at 907 (copious footnotes omitted).

[128] Jennifer Mascott, *Who Are "Officers of the United States"?*, 70 STAN. L. REV. –, -- (2018).

[129] *See* Duffy, *supra* note --, at 916-19.

That is not good enough. It solves the "Duffy defect"[130] on the assumption that the members of the PTAB are inferior officers who may be appointed by heads of departments, such as the Secretary of Commerce. But it does not solve the "Lawson lacuna"[131] that arises when principal officers are appointed in a manner appropriate only for inferior officers. In point of fact, the members of the PTAB are quite probably principal officers who must be appointed by the President with the advice and consent of the Senate. Only one PTAB member – the Director – meets that criterion, and that does not meet the constitutional requirements given the decision-making structure for the Board set out by the statute, which requires decisions by three-person panels.

Doctrinally, the case law reflects two inconsistent tests for principal officer status. In *Morrison v. Olson,*[132] the Court held 7-1, over a fierce dissent by Justice Scalia, that a special prosecutor was an inferior rather than a principal officer based on a multifactor inquiry that considered whether the officer "is subject to removal by a higher Executive branch official,"[133] can "perform only certain, limited duties,"[134] "is limited in jurisdiction,"[135] and "is limited in

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[130] Scholars have taken to calling the Appointments Clause problem of inferior officers who are not appointed by proper authorities the "Duffy defect." *See* Stacy M Lindstedt, *Developing the Duffy Defect: Identifying Which Government Workers Are Constitutionally Required to Be Appointed*, 76 MISSOURI. L. REV. 1143, 1144 (2011); John T. Plecnik, *Officers under the Appointments Clause*, 11 PITT. TAX REV. 201, 215-17 (2014).

[131] Yes, I admit that I am jealous of Professor Duffy – not just because his scholarship is consistently brilliant (which it is) but because he has a freaking constitutional doctrine named after him. I want one of those. But "Lawson lacuna"? Really? As one of my sons would say if he saw this: "laaaaaame." Could someone *please* come up with something better?

[132] 487 U.S. 654 (1988).

[133] *Id*. at 671.

[134] *Id*.

[135] *Id*. at 672.

tenure."[136] Justice Scalia's dissenting opinion focused on the fact that the special prosecutor was not subject to the direction and control of any other executive official. Justice Scalia wrote: "it is not a *sufficient* condition for 'inferior' officer status that one be subordinate to a principal officer . . . [b]ut it is surely a *necessary* condition for inferior officer status that the officer be subordinate to another officer."[137]

Nine years later, in *Edmond v. United States,*[138] Justice Scalia's dissenting view appeared to transform into a majority opinion. In finding that the members of the Coast Guard Court of Criminal Appeals were inferior officers, Justice Scalia wrote for an eight-justice majority:

> Generally speaking, the term "inferior officer" connotes a relationship with some higher ranking officer or officers below the President: Whether one is an "inferior" officer depends on whether he has a superior. It is not enough that other officers may be identified who formally maintain a higher rank, or possess responsibilities of a greater magnitude. If that were the intention, the Constitution might have used the phrase "lesser officer." Rather, in the context of a Clause designed to preserve political accountability relative to important Government assignments, we think it evident that "inferior officers" are officers whose work is directed and supervised at some level by others who were appointed by Presidential nomination with the advice and consent of the Senate.[139]

This inquiry focuses attention on the place of the officer within an executive hierarchy. On this reasoning, officers with final decisional authority (apart from the omnipresent authority of the President to overrule any executive official) are necessarily principal officers.[140]

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136 *Id*.

137 *Id*. at 722 (Scalia, J., dissenting).

138 520 U.S. 651 (1997).

139 *Id*. at 662-63.

140 As Justice Scalia intimated in *Morrison*, officers who do not have that final authority might also be principal officers if their duties are sufficiently important within the structure of the executive department. That is why the Solicitor General might well be a principal officer, as might be the members of the Public Company Accounting Oversight Board. *See* Lawson, *supra* note --, at 77-80. Location within the executive hierarchy is one sure route to principal officer status, but it does not have to be the only route.

The Court failed to resolve, or even acknowledge, this conflict in *Free Enterprise Fund v. Public Company Accounting Oversight Board*,[141] which brusquely dismissed claims (including claims made by yours truly in an amicus brief) that the PCAOB members were principal officers: "Given that the [Securities and Exchange] Commission is properly viewed, under the Constitution, as possessing the power to remove Board members at will, and given the Commission's other oversight authority, we have no hesitation in concluding that under *Edmond* the Board members are inferior officers . . . ."[142]

Methodologically, this admittedly modest doctrinal development seems to suggest that the inquiry prescribed in *Edmond* has prevailed, and that a federal executive officer whose decision is final within the executive department but for review by the President is necessarily a principal officer. As a matter of original meaning, which is more to the point for this article, that is definitely the right answer. Steve Calabresi and I have elsewhere made the argument to that effect at some length.[143] Much of both Articles II and III deal with matters of organizational hierarchy, and the Appointments Clause is part of that structural machinery. The reference in the Appointments Clause to "Heads of Departments" as permissible appointing authorities for inferior officers reeks of hierarchy; hierarchically superior status is what it means to be the "Head[]" of a department.[144] The Opinions Clause, with its reference to "the principal Officer in each of the executive Departments,"[145] reinforces this hierarchical account of executive

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[141] 561 U.S. 477 (2010).

[142] *Id*. at 510.

[143] *See* Steven G. Calabresi & Gary Lawson, *The Unitary Executive, Jurisdiction Stripping, and the* Hamdan *Opinions: A Textualist Response to Justice Scalia,* 107 COLUM. L. REV. 1002, 1018-21 (2007).

[144] *See id*. at 1018-19.

[145] U.S. CONST. art. II, § 2, cl. 1.

institutions. And because a department is "any unit of government that has sufficient distinctness and authority to be viewed as a "Department[],"[146] anyone with final decisional authority within the executive department is going to be among the "Heads of Departments," who are "the principal Officer[s] in each of the executive Departments." The *Edmond* inquiry is exactly the right one; to be an inferior officer, an officer's decision must be subject to review by another executive official other than the President.

Applying that inquiry to the PTAB, it seems pretty clear that the PTAB judges are given the functions of principal officers. Decisions of the PTAB get appealed directly to the Federal Circuit Court of Appeals.[147] There is no higher level of review within the executive department. Decisions of PTAB panels can be re-heard, but "[o]nly the Patent Trial and Appeal Board may grant rehearings."[148] Every determination by the PTAB must "be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director,"[149] so only a three-member body of the PTAB itself (or perhaps only the entire PTAB en banc[150]) can authorize a

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146 Calabresi & Lawson, *supra* note --, at 1019. *See also* Lawson, *supra* note --, at

147 *See* 35 U.S.C. §§ 141, 319 (2012).

148 *Id.* § 6(c).

149 *Id*.

150 *See* In re Alappat, 33 F.3d 1526, 1549 (Fed. Cir. 1994) (en banc) (Archer, C.J., concurring in part and dissenting in part) ("the language of the last sentence of § 7(b) could be interpreted to mean that only all the members of the board acting together have authority to grant rehearings (and perhaps must also vote unanimously in order to decide the merits of the rehearing), or the statute could be interpreted to mean that only the members of the board who first heard the appeal have authority to grant rehearing. Or, if the 'rehearing' is considered to be a form of 'appeal,' the statute must be interpreted to mean that the Commissioner may designate members of the board who, acting together, are the only ones to have authority to grant rehearings and decide appeals.") It seems pretty obvious to me, an outsider to the patent world, that the statute unambiguously mandates that rehearings be authorized only by the full PTAB body rather than by three-judge panels selected by the Director. The statute plainly distinguishes the PTAB as a body from three-judge panels of that body, and the rehearing provision grants authority to the body itself. Four judges of the Federal Circuit reached the same conclusion with respect to the PTAB's predecessor. *See id*. at 1575-76 (Mayer, J., dissenting); *id* at 1583-85 (Schall, J., dissenting). But since panel selection authority is not decisional authority in any event, it does not matter to the present argument whether I (and those dissenting judges) am right about this point.

rehearing and thus review an otherwise final decision. The Director under this provision cannot unilaterally order a rehearing, much less unilaterally issue a decision. The bottom line is that the PTAB is the final authority within the executive department (other than review by the President, which is always available under unitary executive theory, even for heads of departments) on matters of substantive law. That is the very definition of a principal officer. Federal officers who exercise that kind of hierarchically final authority must be appointed by the President with the advice and consent of the Senate. The Constitution leaves no wiggle room on that front.

The only member of the PTAB appointed in the constitutionally proper fashion for principal officers is the Director. But because all PTAB decisions must be made by panels of at least three members, all decisions involve at least two people who are not appointed as principal officers. The Director's ability to select the panels may give him or her some kind of practical influence over outcomes, but the Appointments Clause is not concerned about practical influence. It is a formal provision. A panel of magistrates could not sit as a federal court of appeals simply because the Chief Judge of the circuit picked the panels. Regardless of how the panels are selected, if the panels consist of inferior officers but are performing functions that can only be carried out by principal officers, such as issuing unreviewable final decisions within the executive department, it is a constitutional violation.

Professor Duffy anticipated and contested this position with respect to the Board of Patent Appeals and Interferences, the PTAB's predecessor board: "The PTO Director's powers to select BPAI panels and to designate certain BPAI opinions as precedential help to explain why administrative patent judges may be considered 'inferior' and not principal officers, for the judges are inferior and subordinate in significant ways to the PTO Director. *See* Morrison v.

Olson, 487 U.S. 654, 671-73 (1988)."[151] While I hesitate to disagree with Professor Duffy about anything, especially anything related to the PTO, I think he is wrong here. First, as I explained above, functional powers to select panels or precedential opinions do not substitute for a power to review decisions. In whatever way the panels are selected, and whatever the internal precedential force of the opinions may be, the fact remains that these panels of persons appointed in a manner appropriate only for inferior officers are making final executive department determinations. The power to pick the panels is not the power to decide. Second, Professor Duffy's analysis might (or might not – who can tell?) be an accurate application of the all-things-considered balancing test of *Morrison*, which he cited, but it does not address the hierarchical concerns of *Edmond*, which he did not cite – and *Edmond* rather than *Morrison* has much the better of the constitutional argument about what makes an officer a principal officer. The principal/inferior distinction is primarily about hierarchy, and PTAB judges stand beneath only the President in the executive hierarchy.

The Supreme Court's brief decision in *Free Enterprise Fund* that members of the PCAOB were inferior rather than principal officers rested in part on the Court's holding that PCAOB members had to be removable at will by the SEC. The same reasoning was applied by the D.C. Circuit in *Intercollegiate Broadcasting System, Inc. v. Copyright Royalty Board,*[152] which held that the judges of the Copyright Royalty Board had to be removable at will by the Librarian of Congress. The plaintiffs in that case objected to the Copyright Royalty Board on much the same grounds as I am advancing here against the PTAB: the officers on that body are

[151] Duffy, *supra* note --, at 908 n.21.

[152] 684 F.3d 1332 (D.C Cir. 2012). I am grateful, as with many things, for John Duffy for reminding me of this case, which I had neglected to discuss in my first draft (even though I include it in my casebook, for goodness's sake).

appointed in a fashion appropriate for inferior officers[153] but exercise decision-making power that is properly exercised only by principal officers. The organic statute for the Copyright Royalty Board provides that the Librarian could remove Board judges "for violation of the standards of conduct adopted under subsection (h), misconduct, neglect of duty, or any disqualifying physical or mental disability."[154] Following the holding in *Free Enterprise Fund*, the D.C. Circuit concluded that the for-cause removal provision indeed gave the Board judges so much independence that they had to be principal officers, but that the defect could be cured by severing the for-cause removal provision from the rest of the statute. If the Board judges were removable at will by the Librarian, said the court, then those judges could properly be considered inferior officers:

> [S]evering the restrictions on the Librarian's ability to remove the CRJs eliminates the Appointments Clause violation and minimizes any collateral damage. Specifically, we find unconstitutional all of the language . . . following "The Librarian of Congress may sanction or remove a Copyright Royalty Judge...." Without this restriction, we are confident that (so long as the Librarian is a Head of Department, which we address below) the CRJs will be inferior rather than principal officers. With unfettered removal power, the Librarian will have the direct ability to "direct," "supervise," and exert some "control" over the Judges' decisions. *Edmond*, 520 U.S. at 662-64, 117 S.Ct. 1573. Although individual CRJ decisions will still not be directly reversible, the Librarian would be free to provide substantive input on non-factual issues via the Register, whom the Judges are free to consult, 17 U.S.C. § 802(f)(1)(a)(i). This, coupled with the threat of removal satisfies us that the CRJs' decisions will be constrained to a significant degree by a principal officer (the Librarian). We further conclude that free removability constrains their power enough to outweigh the extent to which the scope of their duties exceeds that of the special counsel in *Morrison.* Cf. *Free Enterprise Fund*, 130 S.Ct. at 3162 ("Given that the [SEC] is properly viewed, under the Constitution, as possessing the power to remove Board members at will, and given the Commission's other oversight authority, we have no hesitation in

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[153] The plaintiffs in *Intercollegiate Broadcasting System* further contended that the Librarian of Congress was not a Department head and thus could not properly appoint even inferior officers. The D.C. Circuit rejected that claim. *See* 684 F.3d at 1341-42. No one doubts that the Secretary of Commerce is a Department head, so no such issue is raised with the PTAB.

[154] 17 U.S.C. § 802(i) (2012).

> concluding that under *Edmond* the [PCAOB] members are inferior officers....").[155]

Could the same reasoning sustain the PTAB, especially since there is no provision in the statute creating the PTAB limiting the removability of PTAB judges?

The reasoning could sustain the PTAB if the reasoning was sound, but it is not sound. An officer's status as a principal rather than inferior officer does not depend on whether the officer is removable by a higher authority but, rather, on whether the officer's decisions are subject to review and revision by a higher authority. Suppose that a panel of three administrative patent judges issues a decision that the Secretary of Commerce does not like. The Secretary, presumably, can fire all three judges. But what then happens to the decision that those judges made? It is still a valid decision of the PTAB until the case is reheard by another panel (or the full PTAB) and another decision issues. The firing of the judges does not, in and of itself, vacate their decision. The power to remove an officer is a functional, not a formal, power of control, as long as the removal of the officer does not automatically revoke the officer's decisions. And functional rather than formal powers of control are not what the Constitution is about. This is the same reason why, as I have explained elsewhere, the theory of the unitary executive *does not* lead to a constitutionally-grounded presidential removal power but instead to a presidential power to veto actions of subordinates with which the President disagrees:

> No modern judicial decision specifically addresses the President's power either directly to make all discretionary decisions within the executive department or to nullify the actions of insubordinate subordinates. Instead, debate has focused almost exclusively on whether and when the President must have unlimited power to remove subordinate executive officials. That is an interesting and important question, but it does not address the central issue concerning the executive power. Even if the President has a constitutionally unlimited power to remove certain executive officials, that power alone does not satisfy the Article II Vesting Clause. If an official exercises power contrary to the President's directives and is then

[155] 684 F.3d at 1340-41.

> removed, one must still determine whether the official's exercise of power is legally valid. If the answer is "no," then the President necessarily has the power to nullify discretionary actions of subordinates, and removal is therefore not the President's sole power of control. If the answer is "yes," then the insubordinate ex-official will have effectively exercised executive power contrary to the President's wishes, which contravenes the vesting of that power in the President. A presidential removal power, even an unlimited removal power, is thus either constitutionally superfluous or constitutionally inadequate.[156]

Analogously, a power to fire administrative law judges does not constitute the kind of formal control over their decisions that makes them inferior rather than principal officers. If their decisions are the final (non-presidential) word on the exercise of executive power, they are principal officers and must be appointed by the President with the advice and consent of the Senate. If the Supreme Court thought otherwise in *Free Enterprise Fund*, the Supreme Court was mistaken.

The only way out of this that I can see involves some fancy statutory interpolation. The Director of the PTO is properly appointed as a principal officer. If the Director has ultimate decisional authority within the PTO, then the statutory scheme is fine, because the PTAB will not really be the final executive decision-maker. One might try to infer such authority in the Director from the provisions stating that "[t]he powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the 'Director')"[157] and that "[t]he Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of

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[156] Gary Lawson, *The Rise and Rise of the Administrative State*, 107 HARV. L. REV. 1231, 1244 (1994). There may in fact be a constitutionally-grounded presidential power of removal, but it must be located in the nature of the "executive Power" rather than in inferences from the unitary character of that power. I am officially agnostic on whether such a removal power exists. Even if it exists, however, the unitary character of the executive power further requires a presidential veto over actions of subordinates.

[157] 35 U.S.C. § 3(a)(1) (2012).

trademarks."[158] If the powers of the PTAB are really powers of the PTO itself, then perhaps these provisions vest that power in the Director personally. On this reasoning, the Director could unilaterally overturn any decision of the PTAB, which would satisfy the Constitution by placing formal decisional authority in the hands of a properly appointed principal officer.

The Federal Circuit, in a sharply divided en banc decision in 1994, used similar reasoning under a slightly different statute[159] to find that the Director's predecessor had authority to create a stacked, eight-person panel to reconsider a decision on a patent application issued by a three-person panel of the BPAI:

> Moreover, the Commissioner is not bound by a Board decision that an applicant is entitled to a patent. Only a court can order the Commissioner to act, not the Board. Even though Board members serve an essential function, they are but examiner-employees of the PTO, and the ultimate authority regarding the granting of patents lies with the Commissioner. For example, if the Board rejects an application, the Commissioner can control the PTO's position in any appeal through the Solicitor of the PTO; the Board cannot demand that the Solicitor attempt to sustain the Board's position. Conversely, if the Board approves an application, the Commissioner has the option of refusing to sign a patent; an action which would be subject to a mandamus action by the applicant. The Commissioner has an obligation to refuse to grant a patent if he believes that doing so would be contrary to law. The foregoing evidences that the Board is merely the highest level of the Examining Corps, and like all other members of the Examining Corps, the Board operates subject to the Commissioner's overall ultimate authority and responsibility.[160]

If the PTAB is similarly "merely the highest level of the Examining Corps" and therefore "subject to the Commissioner's [or Director's] overall ultimate authority and responsibility," the constitutional problem is solved. The Director would not need to order rehearings in order to

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158 *Id*. § 3(a)(2)(A).

159 *See* 35 U.S.C. § 6(a) (1988) ("The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents.").

160 33 F.3d at 1535.

overturn PTAB rulings with which he or she disagreed. The Director could just enter the "correct" ruling and be done with it.

This interpretation of the statute finds some modest support in the first sentence of the provision creating the PTAB: "There shall be *in the [Patent and Trademark*] *Office* a Patent Trial and Appeal Board."[161] If the PTAB is "in" the PTO, and if all PTO functions are vested in the Director, then all PTAB functions are vested in the Director. One can further note the language of the provision requiring the PTAB to act in three-person panels, which at first glance is a structure that seems to counsel strongly against the ability of the Director to exercise the functions of the Board while acting as a single person. That provision says that "[e]ach appeal, derivation proceeding, post-grant review, and inter partes review shall be *heard* by at least 3 members of the Patent Trial and Appeal Board."[162] It does not say that everything must be *decided* by three-person-or-larger panels, thus leaving room for decisional authority in the single person of the Director.

This seems too clever by half. The same statute that creates the PTAB also defines it to consist of "[t]he Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges."[163] If the Director can simply decide any and all cases without reference to the PTAB, it is hard to see why the statute would bother making the Director just one of the many people on the Board – and then to make clear that the Director, as with anyone else, can hear cases (a term of art that, when one is not being too clever by half, surely includes deciding as well as presiding) as part of a panel of at least three

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[161] 35 U.S.C. § 6(a) (2012) (emphasis added).

[162] *Id.* § 6(c) (emphasis added).

[163] *Id*.

members. Under the principle that specific statutory provisions control general ones,[164] the specific delineation of the Director's role with respect to the PTAB makes it unlikely that the Director also has a general authority unilaterally to exercise all of the PTAB's functions. Not impossible, perhaps, but unlikely.

In the absence of statutory machinations along these lines, the Constitution does not allow the PTAB, as it is presently constituted, to exercise the final decisional authority vested in it by the statute. Congress solved the "Duffy defect" by making all members of the PTAB properly appointed inferior officers. But there are still miles to go before the Constitution sleeps.

[164] CITE