



Circuit Questions Patent Board Do-Over

Two Federal Circuit judges suggest law correcting improperly installed patent jurists may not fix earlier rulings.

By MIKE SCARCELLA

Two federal appeals court judges last week expressed skepticism about the government's authority to retroactively appoint judges who had been improperly installed on the Board of Patent Appeals and Interferences.

Judges Timothy Dyk and Richard Linn, part of a three-judge panel of the U.S. Court of Appeals for the Federal Circuit, raised concern over the government's reliance on the so-called "de facto officer doctrine," which says a judge's decisions are valid even if later on it is learned that the judge was not legally in office.

"The problem is there just doesn't seem to be any authority for retroactive appointment," Dyk said during Sept. 3 arguments in a case challenging a decision by the patent appeals board because two of the judges who had rejected a patent request had been improperly appointed.

A George Washington University law professor first questioned the constitutionality of the method by which judges were being appointed to the patent appeals board last year. In an article posted on the blog *Patently-O*, professor John Duffy pointed out that for the previous eight years, the director of the U.S. Patent and Trademark Office had appointed judges to the board without having the authority to do so.

Congress responded this year with legislation that government lawyers say solved the problem. But that has not halted the litigation.

The case, *In re DBC*, is the second appeal to come before the Federal Circuit in recent months involving the appointment issue. By all accounts, a decision to vacate the appeals board ruling in the *DBC* case could call into question hundreds—perhaps thousands—of other cases that have come before the board since 2000. Whether a closed case can be reopened remains unknown.

During 30 minutes of oral argument, government lawyers claimed there is no longer an issue since the president in August signed a bill that erased the constitutional flaw and allowed the reappointment of 47 judges whose standing was in question.

Justice Department lawyer Michael Raab argued that the de facto officer

doctrine allows the patent decision in *DBC* to remain in place despite the problems with the judges' appointments.

Dyk criticized the government's position, saying that under the government's theory of the doctrine, there could never be a challenge under the appointments clause because everybody's a de facto officer.

Dyk wanted precedent and did not seem satisfied with the government's lack of cases on point or the government's argument that the violation is merely a technical defect.

Raab responded by urging the court not to apply a blanket over all de facto officer situations, which he said are largely fact-bound and require individual consideration.

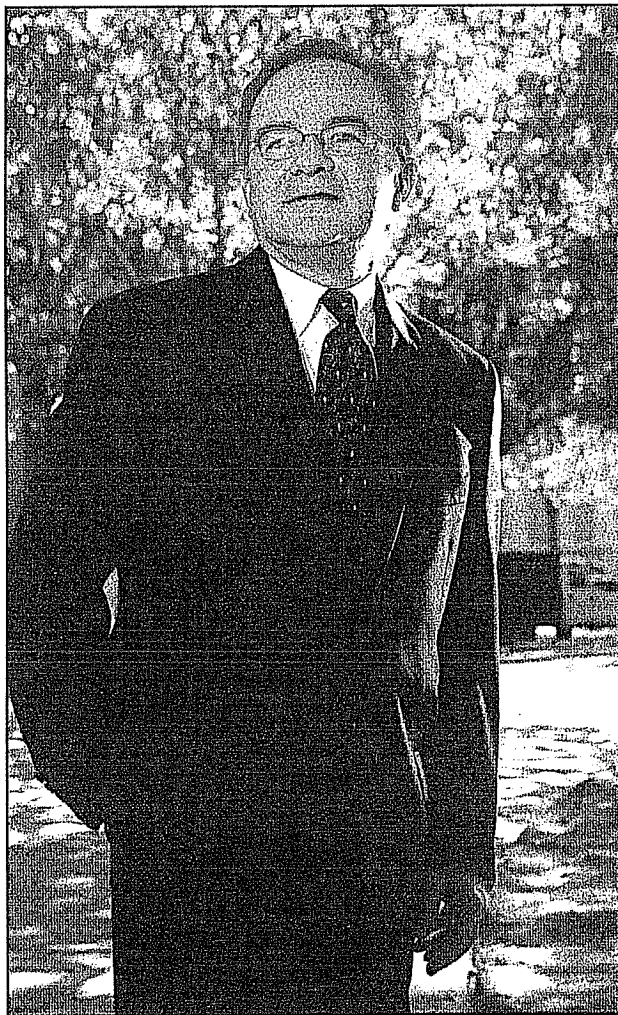
Judge Linn sided with his colleague by questioning whether Congress acted outside the scope of its authority when it cited the de facto doctrine in legislation as a proper defense to patent decision challenges.

"The de facto officer doctrine is something created by courts, and here we have an interesting little twist because Congress has now by statute applied the de facto or attempted to apply the de facto doctrine," Linn said.

The third judge on last week's panel—U.S. District Judge Richard Stearns of Massachusetts, sitting by designation—did not ask questions during oral argument.

Dyk and Linn, however, did not entirely dismiss the government's position.

The judges appeared moved by the government's argument that *DBC* did not first raise the issue before the appeals board.



PATENT PENDING: Larry Jarvis of McAndrews, Held & Malloy argued that a patent ruling against his client should be thrown out because of improper judicial appointments.

"It isn't waived, because the Supreme Court says an appointments clause violation is so weighty that it trumps any lateness issue or waiver issue," said Jarvis, a partner with McAndrews, Held & Malloy in Chicago. Jarvis says that the identities of the patent board members presiding over a case are not known until the day of argument.

Another reason the issue wasn't raised earlier: the patent law community was unaware of the flaw until Duffy, the George Washington University law professor, published his article last summer.

The Federal Circuit gave no sense of when it may rule, and the issue may ultimately be decided by the Supreme Court, where a petition for certiorari is pending in *Translogic v. Jon Dudas*.

Translogic, represented by Covington & Burling's Robert Long, filed the petition in April after the Federal Circuit refused a petition for a rehearing and a rehearing *en banc* on the issue of improper patent judges.

In one of several cases cited in *DBC* and *Translogic* briefs, the Supreme Court unanimously rejected the government's de facto officer claim in its 1995 decision in *Ryder v. United States*. That case involved improperly appointed civilian judges who were sitting on the Coast Guard Court of Military Appeals. The Supreme Court, in an opinion written by then-Chief Justice William Rehnquist, ordered a new hearing before a properly appointed panel.

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Last year, the patent appeals board rejected an application from *DBC*, which makes a \$40 retail bottle of juice called *XanGo* made from the mango-stein fruit. The board said *DBC*'s evidence of commercial success—\$130 million in sales in two years—was insufficient to prove the invention was not obvious.

Linn asked *DBC* attorney Larry Jarvis whether *DBC*'s constitutional argument—first raised in a supplemental brief this year—was brought up too late.

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