

# PTO Panel Stacking: Unblessed by the Federal Circuit and Likely Unlawful

John M. Golden\*

*ABSTRACT: In recent years, the United States Patent and Trademark Office (“PTO”) sought to control results in adjudication by its Patent Trial and Appeals Board (“PTAB”) through a process commonly described as “panel stacking.” In a “strong form” of this practice, the PTO Director or Director’s delegate generated a new panel of administrative judges to conduct rehearing proceedings after an initial panel produced a decision with which the Director or delegate disagreed. This Essay contends that this strong-form practice raises constitutional concerns under the Fifth Amendment’s Due Process Clause. Consequently, the doctrine of constitutional avoidance instructs that courts should understand the Patent Act to preclude strong-form panel stacking. Judges and commentators have repeatedly erred by citing a plurality opinion on panel stacking in *In re Alappat* as if the plurality opinion authoritatively held that the Patent Act authorizes panel stacking. This Essay seeks to correct that misconception and shows that, once one takes account of constitutional concerns, the *Alappat* judges’ recognition of statutory ambiguity effectively condemns strong-form panel stacking, rather than “blessing” it.*

I.	INTRODUCTION .....	2448
II.	BACKGROUND .....	2450
	A. THE LEGAL AND INSTITUTIONAL CONTEXT FOR PTO PANEL STACKING .....	2450
	1. Patent System Primer .....	2450
	2. Statutory Provisions on the PTAB and the PTO Hierarchy .....	2452
	B. JUDICIAL REACTIONS TO PTO PANEL STACKING .....	2454

---

\* Loomer Family Professor in Law, University of Texas School of Law. I thank Grace Lager for research assistance. For helpful comments, I thank Rebecca Eisenberg, Jonathan Masur, Tejas Narechania, Arti Rai, Todd Rakoff, John Reitz, David Taylor, Saurabh Vishnubhakat, Christopher Walker, Melissa Wasserman, and Kipman Werking.

III.	PANEL STACKING AND THE PLURALITY OPINION IN <i>IN RE ALAPPAT</i> .....	2454
IV.	JUDICIAL SKEPTICISM OF PTAB PANEL STACKING.....	2459
V.	PANEL STACKING’S LEGITIMACY UNDER THE DOCTRINE OF CONSTITUTIONAL AVOIDANCE .....	2461
	A. <i>DUE PROCESS AND PTO PANEL STACKING</i> .....	2462
	1. Constitutional Doubt Under <i>Mathews</i> Interest Balancing .....	2463
	2. Likely Unconstitutionality Under “Fair Hearing” Analysis.....	2467
	B. <i>READING THE PATENT ACT IN LIGHT OF CONSTITUTIONAL DOUBT</i> .....	2475
VI.	CONCLUSION .....	2478

## I. INTRODUCTION

In the past decade, the United States Patent and Trademark Office (“PTO”) has emerged as a primary player in disputes over issued patent rights. In fiscal years 2015 through 2017, the PTO’s Patent Trial and Appeal Board (“PTAB”) has instituted about one thousand new proceedings per year to review the validity of issued patent claims.<sup>1</sup> In the wake of the United States Supreme Court’s recent rejection of general challenges to the constitutionality of such proceedings,<sup>2</sup> the PTO will likely remain a leading trial forum for post-issuance patent challenges for the foreseeable future.<sup>3</sup>

This level of post-issuance activity at the PTO is a new phenomenon. It results from the 2011 America Invents Act (“AIA”),<sup>4</sup> which created an expanded set of proceedings in which the PTO could revisit the patentability

---

1. PATENT TRIAL & APPEAL BD., U.S. PATENT & TRADEMARK OFFICE, TRIAL STATISTICS: IPR, PGR, CBM 7 (2018) (reporting institution of 955 to 1,012 patent-validity post-issuance proceedings in each of fiscal years 2015–2017), [https://www.uspto.gov/sites/default/files/documents/trial\\_statistics\\_20180731.pdf](https://www.uspto.gov/sites/default/files/documents/trial_statistics_20180731.pdf).

2. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1370 (2018) (holding that the PTO’s *inter partes* review proceedings violate neither Article III nor the Seventh Amendment).

3. Cf. Owen Byrd, *Lex Machina Q4 2017 End of the Year Litigation Update*, LEX MACHINA: BLOG (Jan. 16, 2018), <https://lexmachina.com/lex-machina-q4-litigation-update> (reporting that the leading numbers of new patent cases in U.S. district courts in 2017 were 866 for the Eastern District of Texas and 777 for the District of Delaware).

4. Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended in scattered sections of 35 U.S.C.).

of granted patent claims.<sup>5</sup> In association with this increased activity, the number of administrative patent judges has increased to more than 200.<sup>6</sup> The PTO still has work to do in figuring out how to manage the new workflow. Without a statutory mechanism for central review of PTAB judgments, the PTO Director and the Director's delegee, the Chief Judge of the PTAB,<sup>7</sup> have sometimes sought to reverse disfavored PTAB judgments by convening expanded panels of PTAB judges personally selected by the Director or Chief Judge to consider a request for rehearing—a practice commonly characterized as “panel stacking.”<sup>8</sup> For some, this practice has recalled President Franklin Roosevelt's notorious “court packing” plan of 1937.<sup>9</sup>

This Essay responds to the panel-stacking controversy by examining the legitimacy of the practice. Part II provides background on PTO panel stacking and its statutory context. Parts III and IV then discuss judges' reactions to the practice both in the pre-AIA case of *In re Alappat*<sup>10</sup> and in post-AIA remarks and judicial opinions. Significantly, none of these judicial responses involve a definitive ruling on the practice's legality in any of its various actual or potential forms.<sup>11</sup> For purposes of moving analysis forward, Part V classifies a certain class of panel-stacking situations as embodying the practice in its “strong form.” The Essay then shows how strong-form panel stacking is

---

5. See Paul R. Gugliuzza, (*In*)*Valid Patents*, 92 NOTRE DAME L. REV. 271, 272 (2016) (noting the popularity of post-issuance PTO proceedings in the AIA's wake); *id.* at 279–85 (discussing post-issuance PTO proceedings).

6. See John M. Golden, *Working Without Chevron: The PTO as Prime Mover*, 65 DUKE L.J. 1657, 1683 (2016) (noting the PTAB possession “of over two hundred [administrative patent judges]”).

7. See PATENT TRIAL & APPEAL BD., U.S. PATENT & TRADEMARK OFFICE, STANDARD OPERATING PROCEDURE 1 (REVISION 14): ASSIGNMENT OF JUDGES TO MERITS PANELS, INTERLOCUTORY PANELS, AND EXPANDED PANELS 2–4 (2015), <https://www.uspto.gov/sites/default/files/documents/SOP1%20-%20Rev.%2014%202015-05-08.pdf> (providing for the Chief Judge's designation of panel memberships and determination of when to convene “an expanded panel”), *amended by* PATENT TRIAL & APPEAL BD., U.S. PATENT & TRADEMARK OFFICE, STANDARD OPERATING PROCEDURE 1 (REVISION 15): ASSIGNMENT OF JUDGES TO PANELS (2015), <https://www.uspto.gov/sites/default/files/documents/SOP%201%20R15%20FINAL.pdf>.

8. Christopher J. Walker & Melissa F. Wasserman, *The New World of Agency Adjudication*, 107 CALIF. L. REV. 141, 174–75 (discussing PTAB panel “stacking” practices); see also Saurabh Vishnubhakat, *Disguised Patent Policymaking* 26–30 (2018) (unpublished manuscript), <https://ssrn.com/abstract=3242146> (same).

9. See CHARLES W. SHIFLEY, BANNER & WITCOFF, LTD., DON'T LIKE YOUR PTAB DECISION IN IPR? ASK THE PTAB TO PACK THE COURT 1 (2017), <https://bannerwitcoff.com/wp-content/uploads/2017/09/Dont-Like-Your-PTAB-Decision-in-IPR.pdf> (explicitly comparing PTAB “court packing” to President Roosevelt's proposal); William G. Ross, *The Role of Religion in the Defeat of the 1937 Court-Packing Plan*, 23 J.L. & RELIGION 629, 631 (2007–08) (reporting that “the proposal was tabled in July after the Senate Judiciary Committee issued a blistering report”).

10. *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994) (en banc) (plurality opinion), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff'd on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010).

11. See *infra* Section II.B.

constitutionally suspect under the Fifth Amendment's Due Process Clause.<sup>12</sup> Under the current Patent Act, this constitutional doubt combines with the doctrine of constitutional avoidance to give cause for understanding the Patent Act to preclude the practice.<sup>13</sup> Part VI, the Conclusion, observes that, even absent further congressional action, recognition of limits on panel stacking under the current Patent Act would not leave the PTO Director without means to guide PTAB decision-making.<sup>14</sup> The statutory interpretation prescribed by this Essay would not lead to practical disaster. Moreover, to the extent the interpretation spurs Congress to consider revisiting the PTO's peculiar adjudicatory structure, that might be all to the good.

## II. BACKGROUND

This Part provides background on the patent system and the panel-stacking controversy. Most significantly, this Part explains how judges, advocates, and commentators have commonly misused—or at least misdescribed—a decades-old decision of the United States Court of Appeals for the Federal Circuit in which the *en banc* court considered the legitimacy of panel stacking.

### A. THE LEGAL AND INSTITUTIONAL CONTEXT FOR PTO PANEL STACKING

#### 1. Patent System Primer

United States patent rights are limited-term rights “to exclude others from making, using, offering for sale or selling [an] invention throughout the United States, or importing the invention into the United States.”<sup>15</sup> Patent rights do not attach automatically as a result of the development of an invention.<sup>16</sup> Instead, a would-be patentee must file an application for a patent with the PTO, which employs examiners to screen applications for satisfaction of substantive patentability requirements such as utility, novelty, and nonobviousness.<sup>17</sup> This screening process can take years<sup>18</sup> and can cost an applicant several thousand dollars in fees.<sup>19</sup> An applicant may appeal a final

---

12. U.S. CONST. amend. V (prohibiting “depriv[ation] of life, liberty, or property, without due process of law”).

13. See *infra* text accompanying notes 187–91.

14. See *infra* Part VI.

15. 35 U.S.C. § 154(a)(1)–(2) (2012) (describing the nature of the patent grant).

16. JOHN M. GOLDEN ET AL., PRINCIPLES OF PATENT LAW: CASES AND MATERIALS 41 (7th ed. 2018) (“[P]atent rights do not exist unless granted by the federal government in individual cases.”).

17. *Id.* at 57–59 (describing the process of patent examination).

18. See U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE & ACCOUNTABILITY REPORT 15 (2017), <https://www.uspto.gov/sites/default/files/documents/USPTOFY17PAR.pdf> (reporting an average total pendency for patent applications of 24.2 months in fiscal year 2017).

19. See Jean Xiao, Note, *In Defense of Patent Trolls: Patent Assertion Entities as Commercial Litigation Funders*, 16 CHI-KENT J. INTELL. PROP. 36, 46 (2016) (“[A]ttorney’s fees related to filing an application for an ‘extremely simple’ invention are approximately five to seven thousand dollars.”).

rejection of one or more patent claims to the PTAB.<sup>20</sup> If the PTAB affirms the examiner's rejection, the applicant may then challenge the PTO's position through a civil action in a federal district court or through an appeal directly to the U.S. Court of Appeals for the Federal Circuit.<sup>21</sup>

In contrast, if the PTO grants patent claims, there is no adverse party to appeal this decision directly.<sup>22</sup> The validity of issued patent claims remains subject to challenge, however, throughout a patent's lifetime. A party satisfying the requirements of Article III standing may bring a validity challenge in district court,<sup>23</sup> and any person may petition the PTO to reconsider the validity of one or more patent claims in at least one of a variety of post-issuance proceedings: reexamination proceedings, *inter partes* review, post-grant review, and covered business method review.<sup>24</sup> Generally speaking, a party may seek reexamination at any time after a patent issues,<sup>25</sup> and a party may seek *inter partes* review nine months after issuance.<sup>26</sup> The Patent Act restricts both of these proceedings to reconsideration of patent validity based on printed publications or issued patents, which may establish a patent claim's lack of novelty or nonobviousness relative to prior knowledge.<sup>27</sup> Post-grant review and covered business method review can encompass validity challenges on essentially any ground, but the former must be petitioned for within nine months of a patent's grant,<sup>28</sup> and the latter is available only for certain patents associated with data processing or financial services or products.<sup>29</sup>

A party may appeal an adverse decision in a post-issuance proceeding to the Federal Circuit as long as the party satisfies requirements for Article III standing. Some challengers of patent rights—as opposed to patent holders—might fail to satisfy these requirements.<sup>30</sup> In appeals from the PTO, the

---

20. See GOLDEN ET AL., *supra* note 16, at 59 (discussing appeals to the PTAB).

21. See *id.* at 64 (describing alternate routes to challenge a PTAB decision in the courts).

22. See Jonathan Masur, *Patent Inflation*, 121 YALE L.J. 470, 474 (2011) (“When the PTO grants a patent . . . there is no losing party to appeal . . .”).

23. See Gugliuzza, *supra* note 5, at 279 (noting the ability of a party to “seek a declaration that [a] patent is invalid, unenforceable, or not infringed, provided there is an ‘actual controversy’” (quoting 28 U.S.C. § 2201 (2012))).

24. See *id.* at 279–85 (describing PTO post-issuance review proceedings).

25. 35 U.S.C. § 302 (2012) (“Any person at any time may file a request for reexamination . . .”).

26. *Id.* § 311(c) (indicating time period for filing for *inter partes* review).

27. See *id.* §§ 301–302 (describing allowable bases for reexamination); *id.* § 311(b) (describing allowable bases for *inter partes* review).

28. *Id.* § 321(c) (“A petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent . . .”).

29. Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 18(d)(1), 125 Stat. 284, 331 (2011) (codified as amended at 35 U.S.C. § 321 note) (defining a “covered business method patent”).

30. See JTEKT Corp. v. GKN Auto. Ltd., 898 F.3d 1217, 1219 (Fed. Cir. 2018), *petition for cert. filed* (U.S. Dec. 12, 2018) (No. 18-750) (observing the continuing viability of “the Article III injury-in-fact requirement for appeal”); see also John M. Golden, *Patent Privateers: Private Enforcement's Historical Survivors*, 26 HARV. J.L. & TECH. 545, 549 (2013) (“[T]he rules on standing remain very restrictive.”).

Federal Circuit reviews PTO factfinding under a deferential, “substantial evidence” standard,<sup>31</sup> but the Federal Circuit generally does not accord the PTO “high-level [*Chevron*] deference for its interpretations of substantive aspects of the Patent Act” on grounds that the PTO “lack[s] any general grant of so-called ‘substantive rulemaking authority.’”<sup>32</sup> This lack of great interpretive authority compared to the courts distinguishes the PTO from many modern administrative agencies.<sup>33</sup> One might conjecture that this distinction relates to another relatively distinctive aspect of the patent regime: the lack of a formal process for review of a PTAB decision by the PTO Director before the taking of a challenge to that decision to the Article III courts.<sup>34</sup> The PTO Director’s power over PTAB decision-making must run through other channels, such as the Director’s authority to make policy for the PTO and to exercise other specific powers relating to the PTAB, as described in the next Section.

## 2. Statutory Provisions on the PTAB and the PTO Hierarchy

The Patent Act formally makes the PTO “subject to the policy direction of the Secretary of Commerce.”<sup>35</sup> But the effective, day-to-day overseer of the PTO is its Director, an Under Secretary of Commerce whom the President appoints “with the advice and consent of the Senate.”<sup>36</sup> Section 3 of the Act vests “[t]he powers and duties of the United States Patent and Trademark Office” in the Director.<sup>37</sup> The Act further charges the Director with “providing policy direction and management supervision for the Office . . . in a fair, impartial, and equitable manner.”<sup>38</sup>

Section 3 of the Patent Act explicitly provides for the hiring and appointment of various other PTO officers and employees. Under the Act, the Secretary of Commerce is to appoint a “Deputy Director of the United States Patent and Trademark Office” having the authority to serve as acting Director “in the event of the” Director’s “absence or incapacity.”<sup>39</sup> The Secretary is also to appoint a Commissioner for Patents and a Commissioner for Trademarks for five-year terms, each Commissioner being “responsible for

31. *Redline Detection, LLC v. Star Envirotech, Inc.*, 811 F.3d 435, 449 (Fed. Cir. 2015) (“We review the PTAB’s factual findings for substantial evidence . . .”).

32. John M. Golden, *The USPTO’s Soft Power: Who Needs Chevron Deference?*, 66 SMU L. REV. 541, 542 (2013).

33. *See id.* at 541 (“[I]n terms of recognized power to speak on substantive questions of law, the USPTO can seem an institutional mite.”).

34. *See* Walker & Wasserman, *supra* note 8, at 196 (noting the unconventional nature of the PTO Director’s lack of “final decision-making authority over PTAB decisions”).

35. 35 U.S.C. § 1(a) (2012).

36. *Id.* § 3(a)(1). On removing a Director, the President is to notify “both Houses of Congress.” *See id.* § 3(a)(4).

37. *Id.* § 3(a)(1).

38. *Id.* § 3(a)(2)(A).

39. *Id.* § 3(b)(1).

the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively.”<sup>40</sup> The Act sets a cap for Commissioners’ “basic pay” at “the maximum rate of basic pay for the Senior Executive Service” under federal law, but the Act also provides for the Commissioners’ ability to “receive a bonus in an amount of up to, but not in excess of, 50% of the Commissioners’ annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners’ performance.”<sup>41</sup> The Secretary may remove the Commissioners for cause—namely, “misconduct or nonsatisfactory performance.”<sup>42</sup> The Director generally has appointment and removal power with respect to other “officers, employees (including attorneys), and agents of the Office.”<sup>43</sup>

The Act has a separate section, § 6, devoted to the Patent Trial and Appeal Board.<sup>44</sup> This section specifies that “[t]he Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute” the Board.<sup>45</sup> “[T]he Secretary, in consultation with the Director,” is to appoint the administrative patent judges, who “shall be persons of competent legal knowledge and scientific ability.”<sup>46</sup> Earlier, in § 3, the Patent Act provides that the Director has the power to set the pay of administrative patent judges, with the qualification that their “basic pay” be “not greater than the rate of basic pay payable for level III of the Executive Schedule.”<sup>47</sup> As noted earlier, the Director also has explicit statutory authority to determine bonuses for the Commissioners,<sup>48</sup> who, like the Director, are members of the PTAB and thus may sit on PTAB panels.<sup>49</sup>

The PTAB’s statutorily-specified duties include (1) reviewing appeals from “adverse decisions of examiners upon applications for patents”; (2) “review[ing] appeals of reexaminations” of already issued patents; (3) “conduct[ing] derivation proceedings”; and (4) “conduct[ing] inter partes reviews and post-grant reviews.”<sup>50</sup> The Act provides particular instruction on how the PTAB will conduct such proceedings: “Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least [three] members of the Patent Trial and Appeal Board, who

---

40. *Id.* § 3(b)(2)(A).

41. *Id.* § 3(b)(2)(B).

42. *Id.* § 3(b)(2)(C).

43. *Id.* § 3(b)(3)(A).

44. *Id.* § 6 (bearing the title “Patent Trial and Appeal Board”).

45. *Id.* § 6(a).

46. *Id.*

47. *Id.* § 3(b)(6).

48. *See supra* text accompanying note 41.

49. *See infra* text accompanying notes 52–55.

50. 35 U.S.C. § 6(b).

shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.”<sup>51</sup>

In other words, the Act requires that PTAB decisions be rendered by panels of no fewer than three PTAB members, and the Act assigns the Director the power to designate the membership of such PTAB panels.<sup>52</sup> In contrast, however, the Act expressly places the power to “grant rehearings” in the hands of “the Patent Trial and Appeal Board” alone.<sup>53</sup> As noted above,<sup>54</sup> the Act states that this Board is “constitute[d]” by the sum of “[t]he Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges.”<sup>55</sup> In combination with the Director’s control over administrative patent judges’ salaries and bonuses for Commissioners, whom the Director might choose to have sit on a PTAB panel along with himself, this set of provisions both appears to establish the PTAB as an entity distinct from the Director, rather than a mere alter ego, but also as an entity substantially under the Director’s supervision and influence.

### B. JUDICIAL REACTIONS TO PTO PANEL STACKING

The courts have not definitively addressed the legitimacy of PTO panel stacking. Nonetheless, in both written opinions and statements at oral argument, judges of the Federal Circuit and Justices of the Supreme Court have given significant indications of their thinking on the practice. In recent years, their remarks on the practice have consistently indicated skepticism of panel stacking’s legitimacy. Although not conclusive, this skepticism provides initial momentum for the analysis of Part V, which will confirm that at least a subset of versions of the practice are of doubtful constitutionality and should be held to be unauthorized by the Patent Act.

### III. PANEL STACKING AND THE PLURALITY OPINION IN *IN RE ALAPPAT*

Key background elements in the current controversy over PTO panel stacking are the Federal Circuit decision and plurality opinion in *In re Alappat*.<sup>56</sup> In this 1994 case, the en banc Federal Circuit grappled with the question of whether a particular decision by the PTAB’s predecessor, the Board of Patent Appeals and Interferences (“BPAI”), was a valid decision by “a legally constituted [Board] panel” that the Federal Circuit could review on the merits.<sup>57</sup> The question arose because the BPAI decision at issue was not

---

51. *Id.* § 6(c).

52. *Id.* § 6(a).

53. *Id.* § 6(c).

54. *See supra* text accompanying note 45.

55. 35 U.S.C. § 6(a).

56. *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994) (en banc) (plurality opinion), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff’d on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010).

57. *Id.* at 1530.



an original decision of the Board, but instead a subsequent decision by “[a]n expanded eight-member panel” that included not only the members of the original three-member panel, but also the head of the PTO (then entitled the “Commissioner,” but for continuity with today’s title of “Director,” often described herein as the “PTO head”), the PTO’s Deputy Commissioner and a PTO Assistant Commissioner, and the Board’s Chair and Vice-Chair.<sup>58</sup> The Board’s original three-member panel had reversed an examiner’s rejection of multiple patent claims.<sup>59</sup> After the PTO’s patent examiner protested that this reversal “conflicted with PTO policy,”<sup>60</sup> the eight-member panel effectively reversed the original panel’s reversal.<sup>61</sup> All five of the new members of the expanded panel voted in favor of the course change.<sup>62</sup> All “three members of the original three-member panel dissented.”<sup>63</sup>

On appeal, the en banc Federal Circuit raised *sua sponte* what a majority of its judges characterized as jurisdictional questions.<sup>64</sup> These included whether the PTO head had “the authority to constitute a new panel for purposes of reconsideration” after “a three-member panel of the Board ha[d] rendered its decision”<sup>65</sup> and whether, “[i]f the [PTO head] lack[ed] such authority,” the Federal Circuit “ha[d] jurisdiction to reach the merits of the appealed decision,”<sup>66</sup> rather than merely to address “the legality of the [expanded] Board panel.”<sup>67</sup> A majority of seven of the eleven Federal Circuit judges sitting on the en banc panel agreed that they could reach the merits, but there was no majority opinion on how the purported jurisdictional questions should be resolved.<sup>68</sup> Instead, a plurality opinion by Judge Rich represented the views of four judges supporting the jurisdictional judgment,<sup>69</sup> a concurring-in-the-judgment opinion by Chief Judge Archer represented the

---

58. *Id.* at 1531.

59. *Id.* (“[T]he Examiner finally rejected claims 15–19 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.”).

60. *Id.*

61. *Id.* (reporting that the expanded panel “rul[ed] contrary to the decision of the original three-member panel”).

62. *Id.* (“[T]he five new members of the expanded panel issued the majority decision now on appeal . . .”).

63. *Id.*

64. *Id.* at 1530 (noting that “[t]he court . . . ha[d] raised the issue of jurisdiction *sua sponte*, as is its duty”).

65. *Id.*

66. *Id.* at 1530–31.

67. *Id.* at 1530.

68. See Thomas G. Field, Jr., *Reciprocal Influences of Changes in the Perceived Status of Intellectual Property Officials*, 41 AIPLA Q.J. 593, 620–21 (2013) (noting the lack of a majority view on jurisdictional questions in the case).

69. *In re Alappat*, 33 F.3d at 1530 (Rich, J.) (plurality opinion) (listing the three judges who joined Part I of Judge Rich’s opinion).

views of two additional judges,<sup>70</sup> and Judge Plager contributed a final concurrence in the judgment.<sup>71</sup>

The plurality opinion by Judge Rich was the most favorable toward the PTO head's capacity to "stack" a Board panel for rehearing. In light of statutory provisions substantially the same as those governing relations between the PTO and the PTAB today,<sup>72</sup> Judge Rich concluded that the PTO head could not "personally grant a rehearing" under the Patent Act, but that the PTO head nonetheless could designate the members of a panel "to consider a request for a rehearing" and to decide the merits issues therein.<sup>73</sup> Moreover, per Judge Rich, although "the Board is not the alter ego or agent of the [PTO head]" and although the PTO head "may not control the way any individual member of a Board panel votes on a particular matter," the PTO head could "convene a Board panel which he knows or hopes will render the decision he desires, even upon rehearing, as he appears to have done in this case."<sup>74</sup> Judge Rich's opinion emphasized, however, that it opined on these questions only as a statement of views on what the Patent Act authorized; Judge Rich's opinion declined to address questions of whether such "panel stacking" would violate "due process rights" or "provisions of the Administrative Procedure Act (APA)," observing that *Alappat* had not raised either of these issues.<sup>75</sup>

Judge Rich's plurality opinion has had an outsize influence on subsequent legal practice. Within the past two years, briefs to the Federal Circuit and the Supreme Court, including a brief from the PTO's solicitor, have cited or quoted statements in Judge Rich's plurality opinion as if they were binding law.<sup>76</sup> Presumably as a result of such briefing, a recent dissenting opinion by Justice Gorsuch likewise cited Judge Rich's plurality opinion as if that opinion spoke for the Federal Circuit on the legitimacy of panel

---

70. *Id.* at 1545 (Archer, C.J., concurring in the judgment in part and dissenting in part) (indicating that Judge Nies joined the opinion).

71. *Id.* at 1577 (Plager, J., concurring in part and concurring in the judgment in part).

72. See Walker & Wasserman, *supra* note 8, at 181 n.229 ("The near-identical language in the Patent Act . . . suggests that *Alappat*'s reasoning would apply to PTAB . . .").

73. See *In re Alappat*, 33 F.3d at 1533-34 (Rich, J.) (plurality opinion).

74. *Id.* at 1535.

75. *Id.* at 1536.

76. See Brief of Unified Patents Inc. as Amicus Curiae in Support of Respondents at 30, *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018) (No. 16-712), 2017 WL 6987952, at \*30 (citing Judge Rich's plurality opinion as the source of an "en banc holding"); Brief of Amicus Curiae Shire Pharm. LLC in Support of Neither Party at 14, *Oil States*, 138 S. Ct. 1365 (No. 16-712), 2017 WL 3888210, at \*14 (citing Judge Rich's plurality opinion as the source of "a previous observation made by the Federal Circuit"); Brief for Intervenor—Director of the United States Patent and Trademark Office at 22, *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, 868 F.3d 1013 (Fed. Cir. 2017) (No. 2016-2321), 2017 WL 1512221, at \*22 (citing Judge Rich's plurality opinion for what "*Alappat* specifically states").

stacking.<sup>77</sup> PTAB panels have also cited Judge Rich's plurality opinion as if it definitively states the law on the PTO's ability to expand a panel in response to a request for rehearing.<sup>78</sup> Confusion on this point undoubtedly reflects the fact that opinions from the judges in *Alappat* themselves use language wrongly suggesting that Judge Rich's opinion commanded a majority on questions about panel stacking.<sup>79</sup> One might speculate that such language resulted because, during much of the drafting process, the Federal Circuit judges, including Judge Rich, had expected that Judge Rich's opinion, which was the opinion for a majority of the court on questions of subject-matter eligibility, would also be the majority opinion, rather than a mere plurality opinion, on the so-called jurisdictional questions.

The concurring opinions by Chief Judge Archer and Judge Plager make clear, however, that no Federal Circuit majority embraced an affirmative position that the Patent Act authorizes panel stacking. Chief Judge Archer's opinion, joined by Judge Nies, in fact criticized Judge Rich's opinion for "in all respects . . . approv[ing] the manner by which the rehearing was granted in this case or in another similar case."<sup>80</sup> Instead, the Chief Judge expressed the more limited view that "the decision appealed in this case was not obtained in clear contravention of" the Patent Act.<sup>81</sup> The Chief Judge believed that this more limited view sufficed for deciding to reach the merits in circumstances where neither party had initiated the challenge to "the validity of the board's composition."<sup>82</sup> Judge Plager similarly opined that Judge Rich's opinion swept too broadly and emphasized continuing opportunities to challenge panel stacking as violative of regulations, the Patent Act, or the Constitution.<sup>83</sup>

77. *Oil States*, 138 S. Ct. at 1381 (Gorsuch, J., dissenting) (citing Judge Rich's plurality opinion as reciting the state of the law).

78. *See, e.g., Ziegmann v. Stephens*, No. IPR2015-01860, 2017 WL 3923543, at \*1 (P.T.A.B. Sept. 6, 2017) (describing Judge Rich's plurality opinion as "providing that Congress 'expressly granted the Commissioner the authority to designate expanded Board panels made up of more than three Board members'" (quoting *In re Alappat*, 33 F.3d 1526, 1532 (Fed. Cir. 1994) (plurality opinion), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff'd on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010))).

79. *See, e.g., In re Alappat*, 33 F.3d at 1530 (listing the judges that joined each part of Judge Rich's opinion); *id.* at 1531-32 (Rich, J.) (plurality opinion) (describing itself as announcing "hold[ings]"); *id.* at 1550 (Archer, C.J., concurring in part in the judgment and dissenting in part) (contending that the court should not "announc[e] as does the majority that in all respects it approves the manner by which the rehearing was granted"); *id.* at 1580 (Plager, J., concurring) (apparently referencing Judge Rich's plurality opinion as "the majority's view"); *id.* at 1584 n.1 (Schall, J., dissenting) (describing accord with a portion of Judge Rich's plurality opinion as "agree[ment] with the majority").

80. *Id.* at 1550 (Archer, C.J., concurring in the judgment in part and dissenting in part).

81. *Id.*

82. *Id.* at 1545. Indeed, Chief Judge Archer's favored position was that, in *Alappat*, the Federal Circuit "should not [have] decid[ed] the so-called issue of 'jurisdiction' at all" because "[n]one of the parties has challenged at any time the legality of the composition of the board." *Id.*

83. *See id.* at 1581 (Plager, J., concurring in part and concurring in the judgment in part).

In sum, no Federal Circuit majority came close to giving the robust blessing for PTO panel stacking that *Alappat* is often cited as providing. Indeed, under a traditional common law approach, *Alappat*'s gaggle of non-majority opinions on the so-called jurisdictional questions yielded no precedential holding whatsoever, as opposed to a holding applying only to the case at hand.<sup>84</sup>

Although the Federal Circuit appears not to have clearly embraced any alternative to the traditional common law rule for deriving precedential holdings from its decisions,<sup>85</sup> one might try to tease greater precedential meaning out of *Alappat* by following a less traditional approach that has some sense but relatively little history. In *Gregg v. Georgia*,<sup>86</sup> an opinion for three Justices of the United States Supreme Court<sup>87</sup> stated in a footnote and without citation of supporting authority that, in a prior case in which “five Justices [had written] separately in support of the judgments . . . , the holding of the Court may be viewed as that position taken by those Members who concurred in the judgments on the narrowest grounds.”<sup>88</sup> The next year, a majority of the Court adopted this “narrowest grounds” approach in *Marks v. United States*, citing only the plurality opinion in *Gregg* for support.<sup>89</sup>

The narrowest-grounds approach of *Marks* has proven notoriously difficult to apply,<sup>90</sup> and the Court's discussions of this approach in *Gregg* and *Marks* did not indicate that it should apply to interpreting the significance of opinions other than those of the Supreme Court Justices.<sup>91</sup> Nonetheless, to

---

84. See John P. Neuenkirchen, *Plurality Decisions, Implicit Consensuses, and the Fifth-Vote Rule Under Marks v. United States*, 19 WIDENER L. REV. 387, 387 (2013) (referencing “the traditional rule requiring majority agreement”).

85. Before a superseding Supreme Court decision, the Federal Circuit's treatment of a set of non-majority opinions in *CLS Bank International v. Alice Corp.*, 717 F.3d 1269, 1273 (Fed. Cir. 2013) (en banc), *aff'd*, 573 U.S. 208 (2014), neglected to invoke an alternative to the traditional common law rule, although it did invoke a “plurality opinion in *CLS Bank*” as an at least persuasive form of authority and also observed that “a majority of the court [in *CLS Bank*] held” that the patentability of certain types of claims “generally rise or fall together” under subject-matter eligibility analysis. *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341–42 (Fed. Cir. 2013) (discussing opinions in *CLS Bank Int'l*).

86. *Gregg v. Georgia*, 428 U.S. 153 (1976).

87. *Id.* at 158 (observing that Justice Stewart's opinion announced the Court's judgment but expressed the opinion only of Justices Stewart, Powell, and Stevens).

88. *Id.* at 169 n.15.

89. *Marks v. United States*, 430 U.S. 188, 193 (1977) (quoting the plurality opinion in *Gregg* in support of the “narrowest grounds” approach).

90. See Ryan C. Williams, *Questioning Marks: Plurality Decisions and Precedential Constraint*, 69 STAN. L. REV. 795, 821 (2017) (noting lack of “clear guidance” on *Marks*); see also Neuenkirchen, *supra* note 84, at 388 (noting that “circuits are divided over how to apply” *Marks*).

91. See *Marks*, 430 U.S. at 193 (describing the approach as applying “[w]hen a fragmented Court decides a case and no single rationale explaining the result enjoys the assent of five Justices”); *Gregg*, 428 U.S. at 169 n.15 (describing the approach as applying to interpretation of the significance of a set of Justices' opinions in a prior Supreme Court case without citing any supporting authority).

give *Alappat* the best chance to live up to its common billing as holding that the Patent Act authorizes panel stacking, let us consider *Alappat*'s potential significance under the "narrowest grounds" approach. Fortunately, in this case, application of the approach is straightforward. Because Judge Rich's opinion was the most affirmatively favorable to PTO panel stacking yet did not command a majority, the narrowest rationale of the *Alappat* majority on its supposed jurisdictional questions must come from the narrower rationales of Chief Judge Archer's and Judge Plager's opinions concurring in the judgment: respectively, (1) panel stacking by the PTO head does not "clearly contravene[]" the Patent Act;<sup>92</sup> or (2) panel stacking by the PTO head has a "sufficient basis in law for th[e] court to" address the merits of the panel decision in a case where the parties have waived procedural concerns.<sup>93</sup> Neither of these narrower rationales takes the position that PTO panel stacking should survive scrutiny in a situation in which a party has properly preserved a personal objection to the practice. In short, *Alappat* falls far short of blessing PTO panel stacking as generally authorized by the United States Patent Act. The lack of a blessing is, if anything, more complete once one takes account of constitutional concerns: even Judge Rich's opinion declined to assert that the practice passes muster under the Due Process Clause or Administrative Procedure Act.<sup>94</sup>

#### IV. JUDICIAL SKEPTICISM OF PTAB PANEL STACKING

As the preceding Section demonstrates, *Alappat* featured no more than conditional acquiescence by the Federal Circuit in PTO panel stacking, an acquiescence specific to a situation in which patent applicants had forfeit any personal rights to challenge the practice.<sup>95</sup> In contrast to the tepidity and arguable timidity of the Federal Circuit's stance in *Alappat*, a number of members of the Supreme Court and the Federal Circuit have recently gone out of their way to communicate deep skepticism of panel stacking's legitimacy.

In *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*,<sup>96</sup> the Supreme Court heard challenges to the constitutionality of *inter partes* review proceedings in which the PTO, in particular the PTAB, considers whether to

---

92. *In re Alappat*, 33 F.3d 1526, 1545 (Fed. Cir. 1994) (en banc) (Archer, J., concurring in part and dissenting in part), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff'd on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010).

93. *Id.* at 1581 (Plager, J., concurring).

94. *See supra* text accompanying note 74.

95. *See supra* text accompanying note 81; *see also In re Alappat*, 33 F.3d at 1545 (Archer, C.J., concurring in part and dissenting in part) ("According to our precedent and that of the Supreme Court, a challenge to the validity of the board's composition is a procedural matter that can be waived by the parties.").

96. *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365 (2018).

cancel previously issued patent claims.<sup>97</sup> The Court held that *inter partes* review “violates neither” Article III nor the Seventh Amendment of the Constitution,<sup>98</sup> but the Court explicitly reserved other constitutional questions, such as whether *inter partes* review violates the Due Process or Takings Clauses.<sup>99</sup> Of more pointed significance for present purposes, at oral argument at least four Justices expressed concerns about the validity of PTO panel stacking: both the Chief Justice and Justice Ginsburg explicitly connected these concerns to questions of due process.<sup>100</sup> In line with these concerns, Justice Gorsuch’s dissenting opinion, which Chief Justice Roberts joined, mocked the “efficien[cy]” of a statutory scheme that, at least according to Judge Rich’s plurality opinion in *Alappat*, gave “a political appointee,” the PTO Director, supervisory and salary power over agency adjudicators from whom he could cherry-pick panels to “hear any particular patent challenge” and whose decisions he could displace by “add[ing] more members to the panel—including himself—and order[ing] the case reheard.”<sup>101</sup>

Multiple Federal Circuit members have echoed the Justices’ concerns. In *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, Judge Dyk wrote a concurring opinion, joined by Judge Wallach, that expressed “concern[] about the PTO’s practice of expanding administrative panels . . . to ‘secure and maintain uniformity of the Board’s decisions.’”<sup>102</sup> Although Judge Reyna, the other member of the Federal Circuit panel in *Nidec*, did not join Judge Dyk’s opinion, Judge Reyna made comments at oral argument that specifically raised questions about due process in relation to PTO panel stacking.<sup>103</sup> In an earlier oral argument, Judge Taranto had similarly indicated doubt about the PTO Director’s authority to use panel stacking effectively to force “case-specific readjudication” after the initial selection of a panel.<sup>104</sup>

---

97. *Id.* at 1370–71 (describing *inter partes* review and constitutional challenges to it); see *supra* text accompanying notes 22–27.

98. *Oil States*, 138 S. Ct. at 1370.

99. *Id.* at 1379 (“We emphasize the narrowness of our holding.”).

100. See Transcript of Oral Argument at 32–33, 45, *Oil States*, 138 S. Ct. 1365 (No. 16-712) (remarks of Roberts, C.J.) (asking whether changing panels partway through proceedings violates due process); see also *id.* at 34 (remarks of Kennedy, J.) (asking counsel whether his view of the situation would change if panel stacking “were rampant”); *id.* at 36–37 (remarks of Gorsuch, J.) (asking about the constitutionality of adjudicatory proceedings “subject to packing by a director who’s unhappy with the results”); *id.* at 64–66 (remarks of Ginsburg, J.) (asking with respect to panel stacking, “Wouldn’t that be an obvious due process flaw?”).

101. *Oil States*, 138 S. Ct. at 1380–81.

102. *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co., Ltd.*, 868 F.3d 1013, 1020 (Fed. Cir. 2017).

103. Oral Argument at 32:28, *Nidec Motor Corp.*, 868 F.3d 1013 (No. 2016-2321), <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2016-2321.mp3> (qualifying due process concerns with statement that he was “not sure it’s a glaring problem”).

104. Oral Argument at 47:10, *Yissum Research Dev. Co. of the Hebrew Univ. v. Sony Corp.*, 626 F. App’x 1006 (Fed. Cir. 2015) (No. 2015-1343), <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2015-1343.mp3>.

In sum, various members of the Supreme Court and the Federal Circuit have questioned the constitutional legitimacy of PTO panel stacking. The next Part contends these questions have substantial legal foundations and should motivate a reading of the Patent Act that does not authorize the practice.

#### V. PANEL STACKING'S LEGITIMACY UNDER THE DOCTRINE OF CONSTITUTIONAL AVOIDANCE

This Part will consider the legality of PTO panel stacking practices under the Fifth Amendment Due Process Clause and the Patent Act.<sup>105</sup> The Part will first establish that there are serious questions about whether panel stacking violates due process, at least in panel stacking's "strong form." As the terminology is used here, strong-form panel stacking involves a situation—in conformity with apparently confessed PTO policy<sup>106</sup>—in which the PTO Director or the Director's delegate (hereinafter commonly referred to simply as the "PTO Director" or "Director") deliberately configures and, as necessary, reconfigures rehearing panels to achieve a predetermined result in a particular case after a prior panel fails to produce that outcome. Further, for purposes of simplicity in assessing whether strong-form panel stacking affects an interest protected by the Due Process Clause, the predetermined result is assumed to involve cancellation of a patent claim that survived under the decision by the initial, unstacked panel. This situation is similar to what occurred in *Alappat* itself.<sup>107</sup>

For purposes here, it turns out not to be necessary to definitively resolve questions about the constitutionality of strong-form panel stacking. Because the Patent Act is plausibly read as not authorizing such stacking, the key point is that the practice's constitutionality is doubtful enough to trigger application of the doctrine of constitutional avoidance, under which courts prefer a

---

105. One might also consider the extent to which panel stacking comports with the Administrative Procedure Act ("APA"). The Federal Circuit has held the initial examination of patent applications to be a form of formal adjudication but one not "governed by §§ 556 and 557 of the APA" because of statutory provision for a trial de novo to challenge adverse results. *Brand v. Miller*, 487 F.3d 862, 868 (Fed. Cir. 2007). On the other hand, the Federal Circuit has considered *inter partes* review to be formal adjudication subject to §§ 554, 556, and 557 of the APA. *See, e.g., EmeraChem Holdings, LLC v. Volkswagen Group of Am., Inc.*, 859 F.3d 1341, 1348 (Fed. Cir. 2017) (citing §§ 554(b)–(c) and 556(d) as applying to *inter partes* review); *Novartis AG v. Torrent Pharm. Ltd.*, 853 F.3d 1316, 1324 (Fed. Cir. 2017) (citing §§ 554(b)–(c) and 557(c) as applying to *inter partes* review). But the relationship between PTAB adjudication and the APA's provisions on formal adjudication is at best complex: Various statutorily mandated aspects of PTO adjudication do not match up with aspects of formal adjudication as explicitly contemplated by §§ 556 and 557. *See Golden, supra* note 6, at 1680–83 (comparing PTAB adjudication and conventional APA formal adjudication).

106. Oral Argument, *supra* note 103, at 26:03 (recording statement of counsel for the PTO that "people can be placed on the panel . . . and certainly the Director knows how they're going to rule").

107. *See supra* text accompanying notes 58–63.

“plausible statutory construction[]” that avoids “constitutional problems.”<sup>108</sup> Section V.A demonstrates the existence of serious doubt about the constitutionality of strong-form panel stacking.<sup>109</sup> Section V.B then shows how the courts should interpret the Patent Act to avoid these constitutional problems by not authorizing the practice.<sup>110</sup>

A. *DUE PROCESS AND PTO PANEL STACKING*

A threshold question for due process is whether constitutional requirements apply at all. Under Supreme Court precedent, the basic test for “property” protected by the Due Process Clause is whether the individual in question has “a legitimate claim of entitlement to” the alleged property under a source of law distinct from the Constitution.<sup>111</sup> Such a legitimate claim of entitlement appears on the face of the Patent Act even before a patent issues: The Act explicitly provides that a patent “applicant is entitled to a patent under the law” unless specified requirements for patentability are not satisfied.<sup>112</sup> For issued patents, the Act adds an instruction that “[a] patent shall be presumed valid.”<sup>113</sup> Thus, at least when panel stacking operates against a patent owner to generate the cancellation of a patent claim,<sup>114</sup> the protections of the Due Process Clause appear to apply.

There are two basic and apparently alternative approaches that courts might use to assess the constitutionality of panel stacking in such a situation. The first approach involves interest balancing under *Mathews v. Eldridge*.<sup>115</sup> The second approach, “fair hearing” analysis, considers whether the fundamental due process right to a meaningful and fair hearing has been

---

108. See *Clark v. Martinez*, 543 U.S. 371, 380–81 (2005) (“If one of [‘two plausible statutory constructions’] would raise a multitude of constitutional problems, the other should prevail—whether or not those constitutional problems pertain to the particular litigant before the Court.”).

109. See *infra* Section V.A.

110. See *infra* Section V.B.

111. *Town of Castle Rock v. Gonzales*, 545 U.S. 748, 756 (2005) (quoting *Bd. of Regents of State Colls. v. Roth*, 408 U.S. 564, 577 (1972)).

112. 35 U.S.C. § 131 (2012); see also *id.* § 102(a) (“A person shall be entitled to a patent unless . . .”).

113. *Id.* § 282(a).

114. By the terms of the entitlement test, due process protections would thus also apply even for a mere patent applicant, as courts of appeals have similarly determined with respect to “applicants for benefits” under public welfare programs. *Kapps v. Wing*, 404 F.3d 105, 115 (2d Cir. 2005); see also *Cushman v. Shinseki*, 576 F.3d 1290, 1297 (Fed. Cir. 2009) (noting circuits’ general agreement on the applicability of due process requirements to rulings on applications for “statutorily mandated benefits”). But though due process is required, less process might be due for denial of an application as opposed to termination of an ongoing benefit. See Henry J. Friendly, “*Some Kind of Hearing*,” 123 U. PA. L. REV. 1267, 1295–96 (1975) (noting the significance of reliance interests).

115. See *Mathews v. Eldridge*, 424 U.S. 319, 334–349 (1976).



satisfied.<sup>116</sup> This Section contends that arguments that strong-form panel stacking violates the Due Process Clause are substantial under either approach. By enabling the PTO Director to act to deliberately and repeatedly arrange rehearing panels until they yield a predetermined result, strong-form panel stacking not only removes protections against arbitrary and ill-informed decision-making, but also undercuts the fundamental due process guarantee of a meaningful hearing before an impartial tribunal.

### 1. Constitutional Doubt Under *Mathews* Interest Balancing

The *Mathews* interest-balancing test is a mainstay for evaluating whether government action violates due process.<sup>117</sup> *Mathews* calls for consideration of three factors:

First, the private interest that will be affected by the official action; second, the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards; and finally, the Government's interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirement would entail.<sup>118</sup>

For a patent applicant or owner, the relevant private interest in PTAB proceedings is securing patent rights or their continuing enforceability. This is a significant interest, one that could be worth millions or even hundreds of millions of dollars.<sup>119</sup> But a court would not likely view such an interest as on par either with fundamental liberty interests,<sup>120</sup> or with property interests, such as welfare entitlements, that more predictably implicate individuals' basic capacities to pursue happiness.<sup>121</sup>

In relation to the second *Mathews* factor, the government might argue that panel stacking for a rehearing generates "little risk of an erroneous deprivation" of patent rights because panel stacking is simply a mechanism

116. See *In re Murchison*, 349 U.S. 133, 136 (1955) ("A fair trial in a fair tribunal is a basic requirement of due process."); see also *Mathews*, 424 U.S. at 333 ("The fundamental requirement of due process is the opportunity to be heard 'at a meaningful time and in a meaningful manner.'" (quoting *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965))).

117. *Hamdi v. Rumsfeld*, 542 U.S. 507, 528–29 (2004) (describing the *Mathews* test as "[t]he ordinary mechanism . . . for determining [necessary] procedures").

118. *Mathews*, 424 U.S. at 335.

119. See Roger Allan Ford, *The Uneasy Case for Patent Federalism*, 2017 WIS. L. REV. 551, 602 (observing that patent "monopolies can be worth millions or billions of dollars").

120. See *Hamdi*, 542 U.S. at 529 (noting the substantial weight of "the most elemental of liberty interests—the interest in being free from physical detention by one's own government"); see also Bernard Schwartz, *Adjudication and the Administrative Procedure Act*, 32 TULSA L.J. 203, 218 (1996) (criticizing "second-class administrative justice" especially in cases involving "personal rather than property rights").

121. See, e.g., *Mathews*, 424 U.S. at 340–41 (observing that "the degree of potential deprivation that may be created by a particular decision is a factor to be considered").

for the Director to supply the “policy direction and management supervision” that the Patent Act makes the Director’s responsibility.<sup>122</sup> Under this perspective, PTO panel stacking is a reasonable way for the PTO Director to oversee PTAB adjudication where Congress has failed to give the Director a more conventional mechanism for doing so—for example, resolving appeals or petitions from the PTAB made directly to the agency head<sup>123</sup> or exercising a power to appeal PTAB decisions to the Federal Circuit.<sup>124</sup> The opinions of Judge Rich and Judge Plager in *Alappat* essentially endorsed this posited government position.<sup>125</sup> But the position has serious defects.

First, although panel stacking might be most favorably cast as a means to advance goals of accuracy and consistency in decision of questions of law and policy for which the PTO Director has special authority and responsibility, it might be difficult to isolate such questions so that they, rather than, for example, questions of fact, are the only ones whose resolution is significantly affected by panel stacking. Challenges to patent validity commonly raise mixed questions of law and fact,<sup>126</sup> and well-known difficulties in separating questions of fact from questions of law should give courts and policy makers pause in thinking that a PTO Director can ensure that strong-form panel stacking significantly affects resolution of only questions of law or general policy.<sup>127</sup>

Second, even if one assumes that panel stacking succeeds in surgically targeting questions of law or general policy, there are formal and practical points about the propriety and desirability of the practice. The formal point is that, even if the PTO Director in principle has the capacity to convert personal beliefs into law through, for example, the issuance of a new rule or the casting of a decisive vote on a multimember PTAB panel, the PTAB, not the PTO Director individually, is the statutorily charged adjudicator in PTAB

---

122. See *supra* text accompanying note 36.

123. See 5 U.S.C. § 557(b) (2012) (providing for an “agency” to have “all the powers which it would have in making the initial decision” when hearing such an appeal).

124. See *In re Alappat*, 33 F.3d 1526, 1535 (Fed. Cir. 1994) (Rich, J.) (en banc) (plurality opinion), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff’d on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010) (noting that the Patent Act “grants applicants, but not the [PTO head], the right to appeal a decision of the Board to [the Federal Circuit]”).

125. See *id.* at 1534–35 (“Our holding is consistent with the broad supervisory authority that Congress has granted the [PTO head] . . . .”); see also *id.* at 1579 (Plager, J., concurring in the judgment in part and concurring in part) (observing that “the adjudicator is entitled to independence . . . in determining the facts of the case[, b]ut . . . not . . . from the policies and program of the agency”).

126. See Sarah Tran, *Policy Tailors and the Patent Office*, 46 U.C. DAVIS L. REV. 487, 502 (2012) (noting that, because of the common existence of “underlying findings of fact” associated with judgments on patent validity, “questions of patent validity essentially constitute mixed questions of law and fact”).

127. See, e.g., *Thompson v. Keohane*, 516 U.S. 99, 110–11 (1995) (“[T]he proper characterization of a question as one of fact or law is sometimes slippery.”).

proceedings.<sup>128</sup> Thus, in this context, there is reason to question a formal view that the PTO Director's views define what is "correct" as a matter of law and policy in PTAB adjudication.<sup>129</sup> Moreover, from a practical standpoint, there is likewise reason to question any assumption that the PTO Director hits upon the correct understanding of policy or statutory language without having gone through the process of issuing a rule or acting as a legally responsible adjudicator. Lawyers often remark that the effort to sit down and write out the basis for a position can force reconsideration or refinement of that position.<sup>130</sup> Likewise, even when a rule is properly issued without a notice-and-comment process, there can be effective value in the mere process of drafting the rule and issuing it with knowledge that it will be subject to public critique and possible judicial review. The same might be said for the process of pondering how to cast a vote as part of a PTAB panel. Indeed, perhaps especially when the alternative is Directorial decision-making outside any formally structured process, a PTAB panel's detailed engagement with the facts of a particular case might even provide the panel with an advantage in properly resolving certain legal issues—namely, legal issues that, under ripeness doctrine, would be viewed by courts as best resolved with the additional mooring and instruction given by a real-world factual context.<sup>131</sup>

A multimember PTAB panel's work in resolving a specific dispute can give the panel other advantages relative to a Director whose decision-making is not subject to any formal procedural requirements. Procedures for taking evidence and argument, as well as those for drafting and issuing opinions subject to judicial review, can act as checks on bias, corruption, or excessive politicization of decision-making by exposing at least a portion of the PTAB's adjudicatory process to outside critique, with identified PTAB members taking responsibility for the outcome. Resulting accountability resonates with a fundamental principle for judicial review of agency action: in general, that agency decisions are to be reviewed solely based on the grounds on which agency decision-makers relied.<sup>132</sup> This principle helps "prevent arbitrariness" by

---

128. See 35 U.S.C. § 3.

129. Cf. *United States ex rel. Accardi v. Shaughnessy*, 347 U.S. 260, 267 (1954) (holding that "as long as the regulations remain operative, the Attorney General denies himself the right to sidestep the Board [of Immigration Appeals] or dictate its decision").

130. See Edmund W. Kitch, *Gustafson v. Alloyd Co.: An Opinion That Did Not Write*, 1995 SUP. CT. REV. 99, 99 (referencing "the [lawyerly] experience of finding that positions I wish to take will not write"); Chad M. Oldfather, *Writing, Cognition, and the Nature of the Judicial Function*, 96 GEO. L.J. 1283, 1318 (2008) ("Most judges, like most others to have opined on the subject, buy into the notion that writing provides an important discipline on thought.").

131. *Toilet Goods Ass'n, Inc. v. Gardner*, 387 U.S. 158, 163–64 (1967) (determining that judicial review of "a purely legal question" was "likely to stand on a much surer footing in the context of a specific application of [a] regulation").

132. Kevin M. Stack, *The Constitutional Foundations of Chenery*, 116 YALE L.J. 952, 956 (2007) ("The *Chenery* principle makes the validity of agency action depend upon the validity of contemporaneous agency reason-giving.").

“provid[ing] assurance that accountable agency decision-makers . . . have embraced the grounds for the agency’s actions.”<sup>133</sup> Panel stacking short circuits this protection by splitting off the legally accountable decision-makers—the members of a PTAB panel—from the actual effective decision-maker, a PTO Director bent on manipulating the rehearing process until a desired outcome results.

Finally, there is the question of the government’s interest, which can include interests both in avoiding and in embracing additional or alternative procedure.<sup>134</sup> In favor of panel stacking, there is the PTO’s already discussed interest in the process as a means of ensuring that PTAB adjudication generates results that are consistent and in line with central PTO legal positions and policies.<sup>135</sup> Against panel stacking, there is the possibility, indicated immediately above, that panel stacking will in fact compromise the accuracy or wisdom of PTO judgments.<sup>136</sup> Also on the *contra* side are the costs of panel stacking in terms of the perceived legitimacy, integrity, and fairness of PTO decision-making. Even if government decision-makers’ hearts are pure, a perception that they are not can erode public confidence in their decisions and thereby undercut the aims of government more generally. By highlighting the possibility that PTAB judges are mere stand-ins for decisive forces acting behind the scenes, strong-form panel stacking naturally raises questions about the integrity of the decision-making process and the bases for assurance that legitimate grounds for decision have really played a significant role in determining the result.

An additional drawback of panel stacking is the administrative cost that strong-form panel stacking imposes on the government, which must decide when and how to stack and must engage judges for rehearing in order to implement the process. Defense of panel stacking under *Mathews* thus starts out in an inferior position to more conventional defenses of government proceedings under the Due Process Clause: In the conventional situation, as in *Mathews* itself, the challenger is calling for additional process that will impose additional costs on the government.<sup>137</sup> In relation to strong-form panel stacking, however, it is the government that must defend additional costly procedure—the holding of a rehearing with a stacked panel—against a charge that the government should simply leave be its initial panel assignment and associated PTAB decision.<sup>138</sup>

---

133. *Id.* at 958–59.

134. *See, e.g., Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 544 (1985) (observing that “the employer shares the employee’s interest in avoiding disruption and erroneous decisions”).

135. *See supra* text accompanying notes 120–23.

136. *See supra* text accompanying notes 124–32.

137. *See Mathews v. Eldridge*, 424 U.S. 319, 323 (“The issue in this case is whether the Due Process Clause of the Fifth Amendment requires that prior to the termination of Social Security disability benefit payments the recipient be afforded an opportunity for an evidentiary hearing.”).

138. *See supra* text accompanying notes 105–06.

Further, legitimate government interests in panel stacking are limited because the PTO already has other mechanisms to improve consistency and accuracy, including grants of specific, even if not general, rulemaking authority<sup>139</sup> and the capacity to designate select PTAB opinions as precedential.<sup>140</sup> Congress could choose to add to these by providing an explicit channel for appeal of PTAB decisions to the Director.

In short, the private property interest assumed to be at stake in relation to PTO panel stacking is substantial even though not at the level of a fundamental liberty interest. Meanwhile, PTO panel stacking arguably generates greater risk of erroneous or arbitrary deprivation of significant property rights than available alternatives for promoting legitimate interests in decisional accuracy and consistency. Moreover, strong-form panel stacking does this without saving the government money or other resources upfront. Strong-form panel stacking thus lacks a conventional justification for limiting procedural protections under *Mathews*.<sup>141</sup> Instead, convening a stacked panel to conduct a rehearing expends, rather than conserves, government resources. Strong-form panel stacking imposes costs on the government, threatens individual rights, and offers only questionable accuracy benefits relative to other mechanisms of central control. As a result, the case that strong-form panel stacking comports with due process under *Mathews* is shaky at best. In other words, under *Mathews*, strong-form panel stacking is subject to serious constitutional doubt.

## 2. Likely Unconstitutionality Under “Fair Hearing” Analysis

Strong-form panel stacking appears even more likely to be unconstitutional under “fair hearing” analysis that focuses on whether adjudication is impartial in a relevant constitutional sense. Such analysis seems likely to be a better fit than the *Mathews* test for the questions about the integrity of decision-making that a challenge to panel stacking raises. In an opinion by retired Justice White, the Court of Appeals for the Ninth Circuit emphasized that “[t]he *Mathews* investigation for the *amount* of process that is due in a particular situation is a distinct inquiry from whether that process is *impartial*.”<sup>142</sup> Indeed, the Supreme Court has indicated that, in *Mathews* interest balancing, “substantial weight must be given to the good-faith judgments of the individuals charged by Congress with the administration of”

---

139. See, e.g., 35 U.S.C. § 316(a)(4) (2012) (granting the Director power to issue rules “establishing and governing inter partes review”).

140. See Vishnubhakat, *supra* note 8, at 35–36 (observing that “designating precedential opinions” is a mechanism “for ensuring uniformity among PTAB decisions”).

141. See *Mathews*, 424 U.S. at 348 (“[T]he Government’s interest, and hence that of the public, in conserving scarce fiscal and administrative resources is a factor that must be weighed.”).

142. See *Alpha Epsilon Phi Tau Chapter Housing Ass’n v. City of Berkeley*, 114 F.3d 840, 844 n.4 (9th Cir. 1997) (White, J.).

the relevant statutory scheme.<sup>143</sup> This instruction's assumption of good-faith judgments almost naturally calls into question the aptness of *Mathews* analysis when the charge is that statutorily authorized decision-makers are not acting in good faith or, because of the PTO Director's asserted power to order rehearings *ad infinitum*, are not the effective decision-makers in a truly meaningful sense. Moreover, to the extent the Constitution is understood to require due process to advance "process values" that, regardless of result, are advanced by individualized hearings before apparently impartial decision-makers, the accuracy-focused analysis of *Mathews* is incomplete and requires supplementation.<sup>144</sup>

Perhaps unsurprisingly therefore, the Supreme Court has employed a distinct form of fair hearing analysis in cases involving a charge of unconstitutional bias. The alternative approach focuses on the "axiomatic [proposition] that '[a] fair trial in a fair tribunal is a basic requirement of due process.'"<sup>145</sup> This approach emphasizes objective concerns about the extent to which circumstances indicate too great a risk that an adjudicator has prejudged a case<sup>146</sup> or is otherwise subject to improper prejudice or influence.<sup>147</sup> Likewise, the Court has indicated that hearings required by due process are to be meaningful.<sup>148</sup> Such meaningfulness is generally expected to involve an opportunity for a party to make its case to the actual decision-maker: As the Court put it in a case early in the history of the administrative state, "The one who decides must hear,"<sup>149</sup> although, as the Court later clarified, such a hearing may occur through the perusal of paper submissions and consultation with subordinates.<sup>150</sup>

This line of reasoning suggests that Congress might not be constitutionally able to authorize the PTO Director to act as a puppetmaster

---

143. *Mathews*, 424 U.S. at 349.

144. See Jerry L. Mashaw, *The Supreme Court's Due Process Calculus for Administrative Adjudication in Mathews v. Eldridge: Three Factors in Search of a Theory of Value*, 44 U. CHI. L. REV. 28, 48 (1976) ("The *Eldridge* Court conceives of the values of procedure too narrowly: it views the sole purpose of procedural protection as enhancing accuracy, and thus limits its calculus to the benefits or costs that flow from correct or incorrect decisions."); cf. Gary Lawson et al., "Oh, Lord, Please Don't Let Me Be Misunderstood!": *Rediscovering the Mathews v. Eldridge and Penn Central Frameworks*, 81 NOTRE DAME L. REV. 1, 20 (2005) (defending *Mathews* on the ground that "[t]he language setting forth [its] framework is not meant to be exclusive; it is meant to be facilitative in a large run of cases").

145. *Caperton v. A.T. Massey Coal Co.*, 556 U.S. 868, 876 (2009) (quoting *In re Murchison*, 349 U.S. 133, 136 (1955)).

146. See *In re Murchison*, 349 U.S. at 137 ("It would be very strange if our system of law permitted a judge to act as a grand jury and then try the very persons accused as a result of his investigations.")

147. *Schweiker v. McClure*, 456 U.S. 188, 195 (1982) ("[D]ue process demands impartiality on the part of those who function in judicial or quasi-judicial capacities.")

148. *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965) (noting that an opportunity to be heard "must be granted at a meaningful time and in a meaningful manner").

149. *Morgan v. United States*, 298 U.S. 468, 481 (1936).

150. *Morgan v. United States*, 304 U.S. 1, 18 (1938).

for PTAB adjudication without the Director actually taking legal responsibility for deciding the case. An intuitive and arguably even more axiomatic variant of the “decider hears” principle would seem to be a principle that “the one who decides must decide.” There should be no backroom puppetmaster who effectively makes the decision for which other agency actors are the legally accountable adjudicators.<sup>151</sup>

Admittedly, the term “puppetmaster” might seem to some to overstate the case. Strong-form panel stacking does not presume that the Director is directly pulling the PTAB judges’ strings, although one can imagine that, once the PTAB judges’ paymaster<sup>152</sup> has made clear his determination to use panel stacking to effect a particular result, the independent decision-making of stacked panels might be seriously compromised. Direct string pulling is unlikely to be necessary when the Director can stack and re-stack panels virtually ad infinitum.

Moreover, the Director’s personal responsibility for an administrative action should not be viewed as negligible merely because the Director has to act through others who are capable of independent judgment. When, on the evening of the “Saturday Night Massacre,” Solicitor General Robert Bork chose to implement President Nixon’s directive to fire Special Prosecutor Archibald Cox, Bork declined to follow the examples provided by his former superiors, the former Attorney General and Deputy Attorney General, who had both chosen to resign or to be removed from office, rather than to carry out the President’s directive.<sup>153</sup> The fact that the Solicitor General, not the President, was formally the person who fired Cox has not prevented justified recognition that the President was the effective decision-maker.<sup>154</sup> Nor should the Director’s use of successive PTAB panels until the PTAB yields the

151. In a sense, panel stacking problematically inverts the “institutional decision” process that the Court accepted in the *Morgan* cases. Panel stacking enables the PTO Director to effectively decide a case while having a PTAB panel bear legal responsibility for the decision. This situation contrasts markedly with institutional decision-making under which “a decision . . . is the product of many hands and minds but . . . is the final responsibility of those at the top of the agency hierarchy.” JERRY L. MASHAW ET AL., *ADMINISTRATIVE LAW: THE AMERICAN PUBLIC LAW SYSTEM: CASES AND MATERIALS* 524 (7th ed. 2014).

152. See *supra* text accompanying notes 47–48.

153. See Ken Gormley, *An Original Model of the Independent Counsel Statute*, 97 MICH. L. REV. 601, 602–03 (1998) (noting how President Nixon first secured the resignation of the Attorney General and then removed the Deputy Attorney General before succeeding in having the new Acting Attorney General, “Solicitor General Robert Bork[,] carr[y] out the President’s order” to fire Cox).

154. Cf. KEN GORMLEY, ARCHIBALD COX: CONSCIENCE OF A NATION 359 (1997) (observing that the White House Press Secretary himself “declared that ‘President Nixon has tonight discharged Archibald Cox, the Special Prosecutor in the Watergate case’”); Ken Gormley, *Monica Lewinsky, Impeachment, and the Death of the Independent Counsel Law: What Congress Can Salvage from the Wreckage—A Minimalist View*, 60 MD. L. REV. 97, 98 (2001) (characterizing the Saturday Night Massacre as involving “the firing of Archibald Cox by President Richard M. Nixon”).

Director's desired result cut off recognition of the Director's substantial responsibility for the outcome.

Granted, the choice offered to PTAB judges on stacked panels might not be as stark as the "comply or be fired yourself" choice that faced the leading officers of President Nixon's Department of Justice. But the Director's ability to cherry-pick a panel's judges from among the large mass of over 200 PTAB members<sup>155</sup> arguably gives the Director a substantially greater capacity to manipulate the results of PTAB process short of the use of direct orders. Further, the PTO itself has defended the proposition that the Director may know in advance how judges selected for a stacked panel will rule.<sup>156</sup> Through remarkably candid statements in open court, the PTO has explicitly expressed its view that panel stacking operates as a method of control—specifically, a "mechanism" that ensures "the ability of the management of the Agency to control consistency from case to case."<sup>157</sup> The Director's capacity to cherry-pick PTAB panel members and the PTO's own accounts of panel-stacking practice thus invite metaphorical association of the practice with puppetmastering.

Nonetheless, one might wonder whether metaphorical puppetmastering is enough for a due process violation, particularly in an administrative context where the puppetmaster is the duly appointed head of an agency who has not, according to the PTO's account, ordered panel members to decide in a particular way.<sup>158</sup> In the due process case law, the test for unconstitutional outside influence or internal bias is demanding.<sup>159</sup> There is "a presumption of honesty and integrity in those serving as adjudicators."<sup>160</sup> A challenger to constitutionality on grounds of bias or prejudgment must provide a "specific foundation . . . for suspecting" prejudice.<sup>161</sup> In this doctrinal context, is panel stacking, however questionable as a matter of policy or best practice, too indirect a mechanism of control to constitute a potential due process violation?

Instructively, the Supreme Court has recently found a due process violation in a case involving far more indirect manipulation of adjudicatory panel composition than appears in strong-form panel stacking. In *Caperton v.*

---

155. See *supra* text accompanying note 6.

156. Oral Argument, *supra* note 103, at 26:03 (defending the proposition that the Director may know in advance how selected PTAB judges will rule by observing that "the Director can place him or herself on the panel, and certainly the Director knows how they're going to rule").

157. *Id.* at 32:20.

158. *Id.* at 26:22 ("These judges were not selected and told to make a particular decision.").

159. See Martin H. Redish & Kristen McCall, *Due Process, Free Expression, and the Administrative State* 2–4 (Nw. Univ. Pritzker Sch. of Law Pub. Law & Legal Theory Series No. 18-03, 2018), <https://ssrn.com/abstract=3122697> (criticizing the Supreme Court for insufficiently enforcing the constitutional "requirement of an independent, neutral adjudicator").

160. *Withrow v. Larkin*, 421 U.S. 35, 47 (1975).

161. *Id.* at 55; see also *FTC v. Cement Inst.*, 333 U.S. 683, 700–03 (1948) (holding that Commissioners were not disqualified without proof that their minds "were irrevocably closed").



*A.T. Massey Coal & Co.*,<sup>162</sup> the Court held that due process required a state supreme court judge to recuse himself from a case involving a corporate party whose “chairman, chief executive officer, and president”<sup>163</sup> had exerted a “significant and disproportionate influence” on the election of the judge<sup>164</sup> by investing about \$3 million in that judge’s election at a time when the case in question was already pending and on track for consideration by the state supreme court.<sup>165</sup>

An objection might be raised that *Caperton* involved regular court proceedings, rather than administrative adjudication, for which due process requirements have prominently been more lax in the sense that courts have allowed agency heads to combine investigative and adjudicatory roles in ways that would not be permitted in Article III courts.<sup>166</sup> But this allowance reflects an accepted rule of necessity.<sup>167</sup> No such necessity applies for PTO panel stacking: As the initial panel decision in a case of strong-form panel stacking demonstrates, the PTAB can do its job without such manipulation by the Director. Further, outside such separation-of-function questions, the Supreme Court does not seem to believe there are general, fundamental differences between the “fair hearing” analysis for administrative proceedings and such analysis for regular court proceedings. Hence, *Caperton* applied to a state court the test for intolerable bias formulated in a case involving review of administrative adjudication, *Withrow v. Larkin*.<sup>168</sup>

Lower-court decisions also cast doubt on the constitutionality of strong-form panel stacking. Multiple court of appeals decisions have identified “fair hearing” concerns in agency adjudication that bear comparison to those raised by PTO panel stacking. In *Pillsbury Co. v. Federal Trade Commission*,<sup>169</sup> the Court of Appeals for the Fifth Circuit emphasized that “the right of private litigants to a fair trial and, equally important, . . . their right to the appearance of impartiality, . . . cannot be maintained unless those who exercise the judicial function are free from powerful external influences.”<sup>170</sup> As a result, the circuit held that “common justice to a litigant requires that we invalidate

---

162. *Caperton v. A.T. Massey Coal Co.*, 556 U.S. 868 (2009).

163. *Id.* at 873.

164. *Id.* at 884–87.

165. *Id.* at 873.

166. See Walker & Wasserman, *supra* note 8, at 182 (“[C]ourts have recognized that the blend of investigative and adjudicative functions often found in administrative agencies requires a more relaxed approach . . .”).

167. See 2 AM. JUR. 2D *Administrative Law* § 37 (2019) (holding “[d]ue process considerations do not require a biased administrative agency to forego making a decision which no other entity is authorized to make”).

168. *Withrow v. Larkin*, 421 U.S. 35, 58 (1975) (rejecting a district court’s conclusion that an administrative board unconstitutionally combined investigative and adjudicatory functions); see also *Caperton*, 556 U.S. at 872, 883–84 (referencing *Withrow*).

169. *Pillsbury Co. v. FTC*, 354 F.2d 952 (5th Cir. 1966).

170. *Id.* at 964.

the order entered by a quasi-judicial [administrative] tribunal that was importuned by members of the United States Senate, however innocent they intended their conduct to be, to arrive at the ultimate conclusion which they did reach.”<sup>171</sup> A court might view a Director’s efforts to use panel stacking to redirect PTAB decision-making as a similarly problematic exercise of general oversight authority.

Likewise, in *Esso Standard Oil Co. v. López-Freytes*,<sup>172</sup> the Court of Appeals for the First Circuit held “that there [was] a strong appearance of bias and, additionally, undisputed evidence of actual bias in . . . proceedings” of the Puerto Rico Environmental Quality Board (“EQB”).<sup>173</sup> In these proceedings, the Board had proposed a \$76 million fine against Esso after “investigations revealed and recovered about 550 gallons of spilled fuel.”<sup>174</sup> In *Esso*, the First Circuit found that actual bias had resulted from “a partial report” of a Puerto Rico Senate Commission that appeared to pressure the EQB by threatening criminal prosecution.<sup>175</sup> Additionally, an appearance of bias resulted from, first, the EQB’s institutional interest in assessing an “extraordinarily large” fine that would be placed at its budgetary disposal<sup>176</sup> and, second, the Hearing Examiners’ complete dependence for their pay on “the discretionary assignment of cases from the EQB.”<sup>177</sup>

Although *Esso* involved a more extreme set of circumstances than would appear likely to apply in the generic case of strong-form panel stacking, the First Circuit’s fundamental concerns about personal and structural bias seem extendible to a PTAB rehearing panel that the PTO Director has specifically constituted to reconsider a PTAB judgment with which the Director was disappointed. The Director’s statutory authority to select panel members<sup>178</sup> and to determine the pay of the PTAB’s administrative patent judges,<sup>179</sup> as well as the Director’s presumably good position to play a role in a PTAB judge’s removal,<sup>180</sup> supports comparison with *Esso*’s Hearing Examiners. Even if far from decisive, the analogy adds to the case for constitutional doubt.

171. *Id.* at 963.

172. *Esso Standard Oil Co. v. López-Freytes*, 522 F.3d 136 (1st Cir. 2008).

173. *Id.* at 148.

174. *Id.* at 140.

175. *Id.* at 148.

176. *Id.* at 146–47 (“[T]he bias stems from the potential financial benefit to the EQB’s budget as a result of an imposed fine.”).

177. *Id.* at 147.

178. See *supra* text accompanying note 52.

179. See *supra* text accompanying notes 47–49.

180. No provision of the Patent Act explicitly regulates the removal of administrative patent judges. See Gary Lawson, *Appointments and Illegal Adjudication: The AIA Through a Constitutional Lens* 49 (Bos. Univ. Sch. of Law Pub. Law & Legal Theory Paper No. 18-01), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3105511](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3105511) (“[T]here is no provision . . . limiting the removability of PTAB judges[.]”). The Act does require the Secretary of Commerce to consult the Director before hiring such an officer. 35 U.S.C. § 6(a) (2012).

In any event, there is another court of appeals decision that is more on point. In *Utica Packing Co. v. Block*,<sup>181</sup> the Court of Appeals for the Sixth Circuit considered a situation in which an administrative “Judicial Officer” in the Department of Agriculture issued a decision with which the Department “violently disagreed.”<sup>182</sup> With the Secretary’s approval, the Department stripped the Judicial Officer of his authority in the case and vested that authority in a Deputy Assistant Secretary who was “not a lawyer and had never performed adjudicatory, regulatory or legal work.”<sup>183</sup> The Deputy Assistant Secretary then granted a motion for reconsideration and reversed the Judicial Officer’s decision.<sup>184</sup> The Secretary “admitted that ‘[o]ne of the purposes of appointing a “second Judicial Officer” was to improve the Department’s chances of winning a petition for reconsideration.’”<sup>185</sup> The Sixth Circuit held this course of conduct violated due process guarantees of impartiality in decision-making, noting that, despite relaxation of “the requirement of separation of functions . . . in administrative adjudication,” “the requirement of a fair trial before a fair tribunal has not been eliminated” and “[t]his concept requires the appearance of fairness and the absence of a probability of outside influences on the adjudicator.”<sup>186</sup> In the court’s view, “[t]here is no guarantee of fairness when the one who appoints a judge has the power to remove the judge before the end of proceedings for rendering a decision that displeases the appointer.”<sup>187</sup> This conclusion in *Utica Packing* is significant for PTO panel stacking: When the Director reacts to a PTAB panel decision that the Director does not like by creating a new, stacked panel for rehearing proceedings, the Director has effectively replaced the original panel with a new collective decision-maker.

The outcome in *Utica Packing* should not be viewed as surprising. The resounding rejection of President Roosevelt’s court-packing plan of 1937 has generally been understood as signaling a definitive public rejection of panel stacking even in presumably less offensive circumstances where the stacking is not directed to altering the result in a particular, already pending case.<sup>188</sup> There is a long-established tradition of reluctance to endorse executive interference in individual adjudicatory proceedings, a reluctance that has applied even when the persons presiding over those proceedings are more generally subject to executive supervision. Decades before rejection of

---

181. *Utica Packing Co. v. Block*, 781 F.2d 71, 74 (6th Cir. 1986).

182. *Id.* at 72–74 (citation omitted).

183. *Id.* at 74.

184. *Id.*

185. *Id.* at 75.

186. *Id.* at 77.

187. *Id.* at 78.

188. See, e.g., Barry Friedman, *The History of the Countermajoritarian Difficulty, Part Four: Law’s Politics*, 148 U. PA. L. REV. 971, 1061 (2000) (“No serious argument has since been made in favor of Court-packing . . .”).

Roosevelt's court-packing plan, Chief Justice Taft's resounding assertion of Presidential removal power in *Myers v. United States*<sup>189</sup> stopped short of declaring the President could replace an adjudicatory official in the midst of a specific, pending case because of concern about how that official had ruled or would rule. Instead, Taft conceded, "[T]here may be duties of a quasi-judicial character imposed on executive officers and members of executive tribunals whose decisions after hearing affect interests of individuals, the discharge of which the President cannot in a particular case properly . . . control."<sup>190</sup> In short, even Chief Justice Taft, a former President writing as one of history's great champions of executive authority, hesitated to assert executive power to "control" administrative adjudication in a manner like that assumed by the modern PTO.<sup>191</sup>

More recent courts have likewise emphasized lines that executive officers must not cross in relation to individual adjudications. Even while generally holding that practices of "judge shopping" by criminal prosecutors do not constitute *per se* violations of due process,<sup>192</sup> courts have indicated that a violation might be found if the claimant shows "actual prejudice"<sup>193</sup> or a manipulation of case assignment procedures for an improper purpose such as "influencing the trial's outcome."<sup>194</sup> In a civil context, the Court of Appeals for the D.C. Circuit has explained that executive prerogatives in relation to "adjudications or quasi-adjudicatory proceedings" should often be viewed more restrictively than those for other forms of executive action: "there is no inherent executive power to control the rights of individuals in such settings."<sup>195</sup>

In sum, multiple layers of case law provide cause to believe that strong-form PTO panel stacking encroaches unconstitutionally on the Due Process Clause's assurance of a meaningful hearing before an impartial tribunal. Long-held views about the impropriety of executive interference in adjudicatory proceedings adds to suspicion that strong-form panel stacking

---

189. *Myers v. United States*, 272 U.S. 52 (1926), *limitation recognized by Free Enterprise Fund v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477 (2010).

190. *Id.* at 135; *see also* Kevin M. Stack, *Agency Statutory Interpretation and Policymaking Form*, 2009 MICH. ST. L. REV. 225, 230 (citing *Myers* for "acknowledg[ing] that within the context of an adjudicative proceeding, agency adjudicators must be isolated from political direction").

191. *See supra* text accompanying notes 157–58.

192. *See, e.g.*, *Francolino v. Kuhlman*, 365 F.3d 137, 141 (2d Cir. 2004) ("[N]o federal court has held that prosecutorial judge shopping is a *per se* basis for habeas relief.").

193. *Id.* at 142.

194. *State v. Langford*, 735 S.E.2d 471, 479–80 (S.C. 2012); *see also In re Atamian*, 247 F. App'x 373, 374 (3d Cir. 2007) (*per curiam*) (rejecting challenge where petitioner had alleged neither "potential bias" nor manipulation of the judicial assignment process "for an improper purpose"); *Cruz v. Abbate*, 812 F.2d 571, 574 (9th Cir. 1987) (noting a right to a "procedure for the selection of the judge . . . free from bias or the desire to influence the outcome of the proceedings").

195. *Sierra Club v. Costle*, 657 F.2d 298, 407 (D.C. Cir. 1981).

flunks fair-hearing analysis. Under this analysis, there is, if anything, greater cause for doubt about the constitutionality of strong-form panel stacking than under *Mathews*.

B. *READING THE PATENT ACT IN LIGHT OF CONSTITUTIONAL DOUBT*

Section V.A establishes that there is substantial cause for doubt that strong-form PTO panel stacking comports with the Fifth Amendment's Due Process Clause. Unless there are other constitutional concerns that allowance for such panel stacking solves, the doctrine of constitutional avoidance favors reading the Patent Act to not authorize this constitutionally doubtful practice. Specifically, the doctrine of constitutional avoidance counsels "that courts should construe statutes to avoid serious constitutional problems."<sup>196</sup> Even if there are applications of the relevant statutory provisions that are not constitutionally doubtful, doubt with respect to a subset of applications can suffice to favor one statutory construction over another. Hence, in *Kent v. Dulles*,<sup>197</sup> the Court applied the doctrine to hold that a broad grant of authority to the Secretary of State to "grant and issue passports . . . under such rules as the President shall designate and prescribe"<sup>198</sup> did not allow the Secretary to deny passports based on individuals' "refusal to be subjected to inquiry into their beliefs and associations"—in particular, whether they were members of the Communist Party.<sup>199</sup> Likewise, the Supreme Court has more recently held that the doctrine applies "whether or not [identified] constitutional problems pertain to the particular litigant before the Court."<sup>200</sup>

In short, the doctrine of constitutional avoidance can demand a limiting reading of a statute even where that statute, under a broader reading, has some or even a multitude of uncontroversially constitutional applications. For purposes here, the takeaway is that constitutional doubt about strong-form panel stacking can demand a reading of the Patent Act that generally precludes the practice, rather than merely leaving litigants to challenge the practice on a case-by-case basis through as-applied challenges.<sup>201</sup>

Countervailing constitutional concerns do not appear significant enough to prevent the doctrine of constitutional avoidance from favoring a construction of the Patent Act that prohibits strong-form panel stacking. The

---

196. JOHN F. MANNING & MATTHEW C. STEPHENSON, *LEGISLATION AND REGULATION* 268 (2010); see also *Edward J. DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988) ("[W]here an otherwise acceptable construction of a statute would raise serious constitutional problems, the Court will construe the statute to avoid such problems unless such construction is plainly contrary to the intent of Congress.").

197. *Kent v. Dulles*, 357 U.S. 116 (1958).

198. *Id.* at 123 (quoting 22 U.S.C. § 211a (1952)) (alteration in original).

199. *Id.* at 130.

200. *Clark v. Martinez*, 543 U.S. 371, 380–81 (2005).

201. See *Walker & Wasserman*, *supra* note 8, at 187 ("To avoid constitutional due process problems, perhaps the Patent Act's grant of authority to the Director to designate panel members should be limited so as to prohibit strategic panel-stacking.").

main contender for a countervailing constitutional concern arises from the Constitution's Appointments Clause.<sup>202</sup> In relation to administrative patent judges ("APJ(s)") on the PTAB's predecessor, the Board of Patent Appeals and Interferences ("BPAI"), John Duffy wrote that "[t]he PTO Director's powers to select BPAI panels and to designate certain BPAI opinions as precedential help to explain why [APJs] may be considered 'inferior' and not principal officers."<sup>203</sup> Likewise, one could argue that reading the Patent Act to allow the Director to engage in strong-form PTO panel stacking supports a determination that the PTAB's APJs are inferior: with PTAB judgments subject to such Directorial puppeteering, an individual PTAB judge's power can seem largely illusory.<sup>204</sup> One might then contend that strong-form panel stacking helps avoid serious concerns under the Appointments Clause: APJs' current appointment process manifestly does not comport with the Constitution's requirement that principal officers be appointed by the President with the Senate's advice and consent.<sup>205</sup> Thus, to the extent Directorial authority to stack panels helps establish that PTAB judges are inferior, rather than principal, officers, this authority helps prevent constitutional doubt under the Appointments Clause.

In this context, however, Appointments Clause concerns do not seem sufficiently strong to counterbalance Section V.A's due process doubts. As long as *Morrison v. Olson*<sup>206</sup> is good law, its holding that an independent counsel was an inferior officer<sup>207</sup> seems to render PTAB judges inferior a fortiori even without any allowance of strong-form panel stacking. This conclusion follows from the Director's various alternative levers of power in relation to APJs, including power over the designation of precedential opinions, salary control, PTO procedural rules, and general power to determine PTAB panel composition.<sup>208</sup> Moreover, PTAB judges' fundamental power is that of making up or down judgments on patent validity, and the analysis for the making of these binary judgments is substantially structured by statutory law and judicial precedent.<sup>209</sup> Hence, PTAB judges' authority seems at least as substantially channeled as that of *Morrison's* independent

---

202. U.S. CONST. art. II, § 2, cl. 2 (setting forth requirements for the appointment of principal and inferior officers).

203. John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 77 GEO. WASH. L. REV. 904, 908 n.21 (2009).

204. See *supra* text accompanying notes 153–62.

205. See U.S. CONST. art. II, § 2, cl. 2 (setting forth the required process for appointing principal officers); see also Lawson, *supra* note 180, at 38–46 (arguing that PTAB judges are invalidly appointed principal officers).

206. *Morrison v. Olson*, 487 U.S. 654 (1988).

207. See *id.* at 671–72 (noting that the counsel was “subject to removal by” the Attorney General, had “only certain, limited duties,” and was “to comply to the extent possible with the policies of the Department [of Justice]”).

208. See *supra* Section II.A.2.

209. See *supra* Sections II.A.2, II.B.

counsel<sup>210</sup> and is much more channeled than the comparatively “open-ended” ratemaking powers that led the D.C. Circuit to hold Copyright Royalty Judges to be principal officers in 2012.<sup>211</sup> Finally, because the Patent Act may be read to prohibit strong-form panel stacking while potentially allowing for weaker forms,<sup>212</sup> the restriction of Directorial power necessary to avoid the due process concerns examined here is relatively limited. Under this reading, great Directorial power to convene and select rehearing panels might remain available if it is necessary to bolster constitutionality under the Appointments Clause.

Hence, under avoidance doctrine, the case for reading the Patent Act to prohibit strong-form panel stacking is solid. But what statutory interpretations are available to implement avoidance?

Pertinent portions of the Patent Act are substantially the same as at the time of *Alappat*.<sup>213</sup> Crucial ones include the Director’s status as at most only one member of any multi-member PTAB panel and provision that “[o]nly the Patent Trial and Appeal Board may grant rehearings.”<sup>214</sup>

Chief Judge Archer’s general assessment of the basic ambiguity of such statutory language continues to hold:

[T]he language . . . could be interpreted to mean that only all the members of the board acting together have authority to grant rehearings . . . 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 . . . the statute [may] be interpreted to mean that the [PTO head] may designate members of the board who, acting together, are the only ones to have authority to grant rehearings and decide appeals.<sup>215</sup>

Likewise, the other *Alappat* judges apparently accepted that there was at least one plausible statutory interpretation that would preclude the Director from stacking a rehearing panel.<sup>216</sup> Even Judge Rich accepted the PTO’s

210. *Morrison*, 487 U.S. at 672 (justifying a conclusion that an independent counsel is “an ‘inferior’ officer in the constitutional sense” in part because “an independent counsel can only act within the scope of the jurisdiction that has been granted by the Special Division pursuant to a request by the Attorney General”).

211. *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.*, 684 F.3d 1332, 1339 (D.C. Cir. 2012).

212. *See infra* text accompanying notes 200–08.

213. *Compare* 35 U.S.C. § 6(c) (2012), with *In re Alappat*, 33 F.3d 1526, 1549 (Fed. Cir. 1994) (en banc) (plurality opinion), *abrogated in irrelevant part by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc), *aff’d on other grounds by Bilski v. Kappos*, 561 U.S. 593 (2010) (finding similarities between key portions of the Patent Act and the *Alappat* court decision).

214. 35 U.S.C. § 6(c).

215. *In re Alappat*, 33 F.3d at 1549 (Archer, C.J., concurring in the judgment in part and dissenting in part) (footnote omitted).

216. *See, e.g., id.* at 1583 (Schall, J., dissenting) (contending that rehearing may only be granted “by the [Board’s] full membership”); *id.* at 1572 (Mayer, J., dissenting) (contending that

statutory interpretation not because that interpretation was the only available one, but instead because he believed that it was “a reasonable one entitled to deference given that neither the statute itself nor the legislative history thereof indicates Congressional intent to the contrary.”<sup>217</sup>

Moreover, there is other language in the Patent Act that provides a more satisfactory basis for holding the Act to prohibit strong-form PTO panel stacking. Subsection 3(a)(2)(A) requires that the Director perform the duties of “policy direction and management supervision . . . in a fair, impartial, and equitable manner.”<sup>218</sup> This language virtually invites application of the doctrine of avoidance to read § 3(a)(2)(A) to prohibit a practice suspect under the Due Process Clause. Further, construing this language to prohibit strong-form panel stacking as an unfair practice seems much less constraining on the PTO’s general procedural practice than, for example, reading the Patent Act to require only that originally constituted panels or the full PTAB hear petitions for rehearing. The proposed construction of § 3(a)(2)(A) works like a scalpel, whereas limiting constructions of § 6’s rehearing language operate more like blunderbusses. The proposed restrictive reading of § 3(a)(2)(A) offers both greater administrative flexibility and, as noted above, added assurance that reading the Patent Act to prohibit strong-form panel stacking does not result in noncompliance with the Appointments Clause.<sup>219</sup>

In sum, under the doctrine of constitutional avoidance, due process concerns militate for reading the Patent Act to prohibit strong-form panel stacking. The *Alappat* judges’ recognition of statutory ambiguity should therefore be understood to effectively condemn the practice. But courts should adopt a reading of the Act that the *Alappat* judges appear not to have considered—one invoking the Act’s charge that the Director manage the PTO fairly, impartially, and equitably to find that strong-form panel stacking is outside the Director’s authorized powers.<sup>220</sup>

## VI. CONCLUSION

This Essay contends that the PTO’s past practice of strong-form PTO panel stacking, in which the PTO Director or Director’s delegate configures a rehearing panel to achieve a predetermined result,<sup>221</sup> raises serious constitutional questions under the Due Process Clause. In conformity with the doctrine of constitutional avoidance, the courts should therefore hold the

---

the statute “unarguably vests the power to grant rehearings in the board itself”); *id.* at 1581 (Plager, J., concurring in the judgment in part and concurring in part) (referencing “[a] wide range of possible permutations”).

217. *Id.* at 1533 (plurality opinion).

218. 35 U.S.C. § 3(a)(2)(A).

219. See *supra* text accompanying notes 203–11.

220. See *supra* text accompanying note 216.

221. See *supra* text accompanying notes 105–06.



practice to be unauthorized by the Patent Act. This Essay thus contributes to academic literature raising new questions about the constitutional legitimacy of aspects of modern administrative adjudication.<sup>222</sup> But the concerns of this Essay do not present any apparently insuperable obstacle to the PTO doing its work effectively. The Director remains able to guide PTAB decision-making through designation of select PTAB opinions as precedential, through certain forms of rulemaking, and even through personal participation on multi-member PTAB panels. To the extent the Director needs greater authority, Congress retains the power to provide it.<sup>223</sup> Not every constitutional concern need threaten the dismantling of the administrative state. Improvement can sometimes be both functionally advisable and constitutionally sufficient. Abandonment of strong-form panel stacking seems one of those occasions.

---

222. See Kent Barnett, *Against Administrative Judges*, 49 U.C. DAVIS L. REV. 1643, 1649–50 (2016) (contending that agency power over administrative judges “creates an unconstitutional appearance of partiality under the Due Process Clause”).

223. Cf. MASHAW ET AL., *supra* note 151, at 401–02 (observing that procedural challenges “invite the courts to interpose constraints on governmental action without confronting directly the substantive powers of the legislature”).