

No. 23-1217

IN THE
Supreme Court of the United States

CHESTEK PLLC,
Petitioner,

v.

KATHI VIDAL, DIRECTOR, UNITED STATES
PATENT AND TRADEMARK OFFICE
Respondent.

**On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit**

**BRIEF *AMICUS CURIAE* OF THE
NEW CIVIL LIBERTIES ALLIANCE
IN SUPPORT OF PETITIONER**

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INTEREST OF *AMICUS CURIAE*

The New Civil Liberties Alliance (“NCLA”) is a nonpartisan, nonprofit civil rights organization and public-interest law firm devoted to defending constitutional freedoms from the administrative state’s depredations. Professor Philip Hamburger founded NCLA to challenge multiple constitutional defects in the modern administrative state through original litigation, *amicus curiae* briefs, and other advocacy.¹

The “civil liberties” of the organization’s name include rights at least as old as the U.S. Constitution itself, such as jury trial, due process of law, and the right to have laws made by the nation’s elected lawmakers through constitutionally prescribed channels (*i.e.*, the right to self-government). These selfsame civil rights are also very contemporary—and in dire need of renewed vindication—precisely because Congress, the President, federal agencies, and even sometimes the Judiciary, have neglected them for so long.

NCLA aims to defend civil liberties—primarily by asserting constitutional constraints on the administrative state. Although the American People still enjoy the shell of their Republic, there has developed within it a very different sort of government—a type, in fact, that the Constitution was designed to prevent. This unconstitutional state

¹ No counsel for any party to this case authored this brief in whole or part, and no party or counsel other than *amicus curiae* and its counsel made a monetary contribution intended to fund the preparation or submission of this brief. Counsel for *amicus curiae* notified Petitioner and Respondent of NCLA’s intention to file this brief on May 31, 2023. *See* S. Ct. R. 37.2.

within the Constitution's United States is the focus of NCLA's concern.

NCLA is particularly disturbed by the Federal Circuit's evisceration of the requirement that the United States Patent and Trademark Office ("the PTO" or "the Office"), like all other federal agencies, comply with a basic principle of administrative law. To wit, prior to promulgating rules an agency must provide notice and a public opportunity to comment on those proposed rules. The Federal Circuit's decision flies in the face of explicit Congressional decision to hold the Patent Office to the same standards as other administrative agencies, and thus deprives the public of the rights that Congress saw fit to protect. It cannot be allowed to stand.

BACKGROUND

The United States Patent and Trademark Office is an agency within the Department of Commerce that is "responsible for the granting and issuing of patents and the registration of trademarks." 35 U.S.C. § 2(a)(1). In carrying out its duties, the PTO is permitted to "establish regulations ... which shall govern the conduct of proceedings in the Office." *Id.* § 2(b)(2)(A). In 1999, Congress clarified that these regulations must be promulgated in compliance "with section 553 of title 5," *id.* § 2(b)(2)(B), which in turn requires notice and comment prior to the promulgation of any rules.

Unlike numerous other agencies within the federal government, the PTO is not authorized to promulgate "substantive" or "legislative-type" rules. *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996) ("[T]he broadest of the PTO's rulemaking powers ...

authorizes the Commissioner to promulgate regulations directed only to the conduct of proceedings in the PTO; it does NOT grant the Commissioner the authority to issue substantive rules.”) (cleaned up; emphasis in original). In other words, the PTO is without power to promulgate rules that “affect[] individual rights and obligations,” *Chrysler Corp. v. Brown*, 441 U.S. 281, 302 (1979), or which “effect a change in existing law or policy,” *Linoz v. Heckler*, 800 F.2d 871, 877 (9th Cir. 1986). To the contrary, the Office’s rulemaking power is strictly limited to the regulation of conduct of the proceedings before it. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008). Given the limited grant of rulemaking powers, the tension between §§ 2(b)(2)(A) and 2(b)(2)(B) becomes evident. On the one hand, under § 2(b)(2)(B), prior to issuing its procedural rules (since it cannot issue any other kind of rules), the PTO is required to comply with 5 U.S.C. § 553, which requires following notice-and-comment procedures. On the other hand, § 553 exempts from its strictures “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.” 5 U.S.C. § 553(b)(4)(A). However, the tension is only superficial and is easily resolved when the text and history of both provisions are fully taken into account. Because the Federal Circuit failed to do so, it essentially read § 2(b)(2)(B) out of the statute. This Court’s intervention is needed so as to restore the Congressionally mandated checks on the PTO’s rulemaking power and to reaffirm the basic rights of individuals to be involved in lawmaking.

SUMMARY OF ARGUMENT

The notice-and-comment rulemaking process is designed to ensure “openness, explanation, and participatory democracy,” *Weyerhaeuser Co. v. Costle*, 590 F.2d 1011, 1027 (D.C. Cir. 1978), all of which are critical ingredients for the rule of law. The Administrative Procedure Act furthers these goals by requiring that agencies engage in a robust notice-and-comment process, *id.*, and are excused from following that process only in a narrow set of circumstances. *See Air Transp. Ass’n of Am. v. Dep’t of Transp.*, 900 F.2d 369, 375 (D.C. Cir. 1990), *vacated, and remanded by* 498 U.S. 1077 (1991), and *vacated as moot by* 933 F.2d 1043 (D.C. Cir. 1991) (“[W]e have consistently afforded a narrow cast to the exceptions to section 553, permitting an agency to forgo notice and comment only when the subject matter or the circumstances of the rulemaking divest the public of any legitimate stake in influencing the outcome.”).

The decision below is wrong for two reasons. *First*, contrary to the established methods of statutory interpretation, it reads out of the statute a provision that Congress deliberately added. On top of that, the Federal Circuit’s decision simply ignored a separate provision in the Administrative Procedure Act, which subordinates its own provisions to those. *Second*, the decision below ignores and undermines a deliberately chosen Congressional policy in favor of public participation in the PTO’s rulemaking. The Federal Circuit’s opinion has the effect of uniquely isolating the PTO—an agency that has a profound effect on the national economy—from democratic oversight.

The PTO was given power to “establish regulations, not inconsistent with law, for the conduct of the proceedings in the Patent Office.” Patent Act of 1952, § 6, Pub. L. 82-593, 66 Stat. 793 (July 19, 1952). At the time, neither the Patent Act itself, nor the Administrative Procedure Act (enacted six years prior), required the PTO to subject its regulations to notice and comment. Over the next several decades, Congress modestly expanded the PTO’s rulemaking power, but never linked it to the APA’s requirements. However, in 1999, Congress revised the 1952 Patent Act and for the first time required the PTO to issue its regulations “in accordance with section 553 of title 5.” 35 U.S.C. § 2(b)(2)(B).² This addition would be entirely meaningless and pointless had Congress meant to continue excluding PTO’s procedural rules from the notice-and-comment requirements of § 553. Since the PTO can issue *only* procedural rules, the pre-1999 language already permitted it to avoid the notice-and-comment process, and the newly added language would serve no purpose. This Court has repeatedly cautioned against “adopt[ing] an interpretation of a congressional enactment which renders superfluous another portion of that same law,” *United States v. Jicarilla Apache Nation*, 564 U.S. 162, 185 (2011) (quoting *Mackey v. Lanier Collection Agency & Service, Inc.*, 486 U.S. 825, 837 (1988)), yet this is precisely what the Federal Circuit has done as its decision renders § 2(b)(2)(B) entirely without effect.

The Federal Circuit’s erroneous holding leaves the PTO in a unique position among federal agencies—it

² As part of the Patent Act’s revision, Congress moved the old Section 6 into what is now Section 2 of the Act.

is now perhaps the only agency that can issue rules, which have a profound effect on the national economy, without the benefit of public input and consideration of all the relevant information. *See Nat. Res. Def. Council v. EPA*, 643 F.3d 311, 321 (D.C. Cir. 2011) (“[T]he very purpose of [the notice-and-comment process] is to give interested parties the opportunity to participate in rulemaking and to ensure that the agency has before it all relevant information.”). *See also* Emily S. Bremer, *The Undemocratic Roots of Agency Rulemaking*, 108 Cornell L. Rev. 69, 77 (2022) (“Over time, administrative law has come to understand § 553 primarily as a tool for ensuring democratic participation and accountability in the rulemaking process.”); *id.* at 130 (“[Congress] grafted onto § 553 the democratic values of transparency and public participation.”). This perverse outcome—leaving PTO uniquely in the federal government without democratic accountability—cries out for correction by this Court.³

³ Although there is no circuit split on this issue, given the Federal Circuit’s exclusive jurisdiction over appeals from the Patent Office, *see* 15 U.S.C. 1071(a)(1) (exclusive appeal to the Federal Circuit in trademark cases); 35 U.S.C. § 141 (exclusive appeal to the Federal Circuit in patent cases), no such circuit split is possible. Furthermore, in light of the recent turmoil in the Federal Circuit, *see In re Complaint No. 23-90015*, No. 23-01 (C.C.D. Feb. 7, 2024), that Court’s own internal diversity of opinion has suffered mightily.

ARGUMENT

I. THE FEDERAL CIRCUIT'S READING OF § 2 CONFLICTS WITH TRADITIONAL CANONS OF STATUTORY CONSTRUCTION

A. THE FEDERAL CIRCUIT'S READING OF THE STATUTE RENDERS AN ENTIRE SUBSECTION SUPERFLUOUS AND WITHOUT MEANING

When Congress enacted the 1952 Patent Act, it conferred upon the Director of the Patent Office very limited rulemaking power, authorizing him to “establish regulations, not inconsistent with law, for the conduct of the proceedings in the Patent Office.” Patent Act of 1952, § 6. At the time of the enactment, the Administrative Procedure Act was already six years old and subjected administrative agencies to the requirements of notice-and-comment whenever they engaged in rulemaking. Administrative Procedure Act, §§ 2, 4, Pub. L. 79-404 (June 11, 1946) (codified in 5 U.S.C. §§ 551 and 553 respectively). The APA then, as it does now, exempted from the notice-and-comment process the “rules of agency organization, procedure, or practice.” 5 U.S.C. § 553 (a)(2). Thus, the rulemaking authority under the original 1952 Patent Act, which was limited to rules “for the conduct of the proceedings in the Patent Office,” was not constrained by the APA’s notice-and-comment requirements.

Over the next 40 years, although Congress had modestly expanded the PTO’s rulemaking authority, that authority remained confined to procedural rules, and thus remained exempt from the APA’s notice-and-comment requirements. The Federal Circuit’s 1996

opinion in *Merck & Co. v. Kessler* put to rest any doubts regarding the limits on PTO's rulemaking authority. *See* 80 F.3d at 1549-50.

In 1999, however, Congress chose to revise the Patent Act by passing the American Inventors Protection Act of 1999, Pub. L. 106-113 (Nov. 29, 1999). The key feature of this Act was the creation of a new post-issuance patent review process—the *inter partes* reexamination. This new provision allowed for contested proceedings within the PTO that could challenge (and eventually lead to a cancellation of) a previously issued patent. *See* 35 U.S.C. § 316 (2011) (“In an inter partes reexamination proceeding ... the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable”) (*repealed by* America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011)).

Given the entirely new proceedings that the American Inventors Protection Act created, the Patent Office was charged with the task of promulgating rules to implement them. Likely recognizing that despite the “procedural” nature of these rules they will create a significant economic impact, Congress, for the very first time, required the PTO to promulgate its rules consistent with “section 553, of title 5.” At the time, the PTO itself recognized that the addition of this new language meant that new rules should be promulgated only following a notice-and-comment process. Thus, when the PTO issued its inaugural Rules to Implement Optional Inter Partes Reexamination Proceedings, it did so following the notice-and-comment procedure. *See* 65 Fed. Reg. 76756, 76756 (Dec. 7, 2000) (“In response to the 1999 Public Law 106-113, a notice of proposed rulemaking

was published in the Federal Register on April 6, 2000, at 65 FR 18154-18186, and in the Official Gazette on May 23, 2000, at 1234 O.G. 93-123. The 2000 notice of proposed rulemaking addressed, and took into consideration, the comments received in response to the 1995 proposed [but not implemented] rules.”).

Oddly enough, even though the PTO itself thought that the promulgation of these rules required notice-and-comment, and proceeded accordingly, when one of the rules was challenged on the merits, the Federal Circuit held that the PTO did not need to engage in the notice-and-comment process, because 5 U.S.C. § 553 exempts from its ambit procedural and interpretive rules. *See Cooper Techs.*, 536 F.3d at 1336-37.⁴ The dicta in *Cooper Technologies* had little effect on the outcome of that case. But that dictum was erroneously relied on in the present case, and that misplaced reliance was outcome-determinative.

In the present case, the Federal Circuit did not retreat from its long-standing understanding that the Patent Office lacks authority to promulgate anything other than procedural rules, and it simultaneously held that these types of rules are exempt from the APA’s notice-and-comment requirements. *See In re Chestek PLLC*, 92 F.4th 1105, 1108-10 (Fed. Cir. 2024). This holding essentially reads § 2(b)(2)(B) out of the Patent Act and returns the Act to its pre-1999 version. Bizarrely, it once again did so *despite* PTO’s

⁴ It is not at all clear why the Federal Circuit chose to opine on this matter, as neither party appears to have raised the notice-and-comment issue in their briefing. *See* Br. of Cooper Techs. Co., 2008 WL 700931 (filed Feb. 11, 2008); Br. of Jon W. Dudas, Director, USPTO, 2008 WL 1376364 (filed March 25, 2008).

own understanding that notice-and-comment process is generally required. In this very case, the PTO (which again, can issue only procedural rules), “engaged in notice-and-comment rulemaking to require trademark applicants, registrants, or parties to a trademark proceeding with domiciles outside the United States or its territories to be represented by United States licensed counsel.” *Chestek*, 92 F.4th at 1107 (citing Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 4393 (Feb. 15, 2019) and Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498 (July 2, 2019)). The PTO, however, did not subject the particular provision challenged here (the requirement that “[a]n applicant or registrant provide and keep current the address of its domicile” to that process. The Federal Circuit, *despite the PTO’s own practices*, held that notice-and-comment was not required for any of the rules, and therefore not required for the domicile provision either. But this conclusion drains all meaning from § 2(b)(2)(B).

As explained above, prior to 1999, the PTO was not required to engage in notice-and-comment procedures precisely because its rulemaking power was limited to procedural rules. All throughout the 1952 to 1999 period, *de jure*, the APA applied to the PTO’s rulemaking processes much like it applied to any other agency. *See* 5 U.S.C. § 551 (defining an agency as “each authority of the Government of the United States.”). However, because the APA exempts procedural rules from the reach of its notice-and-comment requirements, *de facto*, the APA’s requirements did not affect the PTO’s operations.

There was thus no need to reconfirm, by new statutory language, what has been understood and practiced for over 45 years. This in turn means that § 2(b)(2)(B) must bear some meaning beyond authorizing the PTO to continue its operations in the same manner it had already been authorized to do for nearly half a century.

It is well understood that “statutory amendments are meant to have real and substantial effect.” *Stone v. INS*, 514 U.S. 386, 397 (1995). “If the legislature amends or reenacts a provision other than by way of a consolidating statute or restyling project, a significant change in language is presumed to entail a change in meaning.” Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts* 256 (2012). See also *Rumsfeld v. Forum for Acad. & Institutional Rights, Inc.*, 547 U.S. 47, 57-58 (2006) (“We refuse to interpret the Solomon Amendment in a way that negates its recent revision, and indeed would render it a largely meaningless exercise.”). Under the Federal Circuit’s view, however, the inclusion of § 2(b)(2)(B) is entirely superfluous because it would have merely reconfirmed the PTO’s exemption from the notice-and-comment requirements. But “[h]ad Congress intended” the PTO’s rulemaking processes to continue along this well-worn path “there would have been no reason for Congress to have included the” requirement that PTO’s rulemaking be consistent with 5 U.S.C. § 553. *Stone*, 514 U.S. at 397. “The reasonable construction is that the amendment was enacted as an exception [to the APA’s inapplicability to procedural rulemaking], not just to state an already existing rule.” *Id.*

That Congress intended to require the PTO (unlike other agencies) to engage in notice-and-comment processes even for procedural rules is further confirmed when one consults the committee draft of the bill which eventually became the American Inventors Protection Act of 1999. The original language of what became 35 U.S.C. § 2(b)(2)(B) required the PTO, prior to issuing *any* rules, to provide “notice and opportunity for full participation by interested public and private parties.” H. Rep. 106-287 § 612 (106th Cong. Aug. 3, 1999). The quoted provision was eventually amended to the text presently appearing in § 2(b)(2)(B), but there is no evidence to suggest that the amendment was anything more than stylistic, rather than substantive.

In short, the statute’s text, history, purpose, and PTO’s own practices show that the Federal Circuit’s perfunctory analysis, which rejected the notice-and-comment requirement for PTO’s rulemaking, is wrong and requires this Court’s correction.

B. THE FEDERAL CIRCUIT’S READING OF THE STATUTE IGNORES THE PRIMACY OF SPECIFIC PROVISIONS OVER THE GENERAL ONES

The Administrative Procedure Act sets forth a general default rule—administrative rules and regulations can be promulgated only following a notice-and-comment process. *See Clarian Health W., LLC v. Burwell*, 206 F. Supp. 3d 393, 410 (D.D.C. 2016), *rev’d and remanded on other grounds sub nom. by Clarian Health W., LLC v. Hargan*, 878 F.3d 346 (D.C. Cir. 2017) (“[S]tatutory exemptions represent a departure from the default notice-and-comment

requirement.”). The APA also provides some (narrowly construed) exceptions to this default requirement. *See id.*; *Air Transp. Ass’n of Am.*, 900 F.2d at 375; 5 U.S.C. § 553(b). However, these (already narrow) exceptions are themselves subject to an exception. The APA exempts procedural rules from notice-and-comment requirements only where there is not a separate statute that itself requires “notice or hearing.” 5 U.S.C. § 553(b). In other words, the general rules of the APA give way whenever there is a more specific governing statute that imposes more robust requirements than the APA’s floor. Section 2(b)(2)(B) of the Patent Act is just such a statute.

Had Section 2(b)(2)(B) continued not to exist (much like it did not exist between 1952 and 1999), there is little dispute or doubt that operations of the PTO would be governed by APA’s general rules. *See* 5 U.S.C. § 551. The 1999 addition of § 2(b)(2)(B) meant that the PTO was now governed by a more specific statute than the APA. To be sure, the procedures required by § 2(b)(2)(B) are the same as those required by the APA, which is why § 553 is incorporated by reference into the amended Patent Act. But that the Patent Act’s own notice-and-comment requirements mirror those of the APA in no way undermines the conclusion that this specific provision of the Patent Act triggers the “exception to the exception” provision of § 553(b).

“It is a commonplace of statutory construction that the specific governs the general.” *RadLAX Gateway Hotel, LLC v. Amalgamated Bank*, 566 U.S. 639, 645 (2012) (quoting *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 384 (1992)). In this case it means that the specific provisions applicable to the proceedings in

the PTO govern and supersede the general provisions (and exclusions) of the Administrative Procedure Act. Yet, the Federal Circuit's holding runs directly contrary to this canon and ignores the "exception to the exception" proviso in the APA. Thus, the decision below misconstrues not only the Patent Act, but the APA itself.

II. THE DECISION BELOW ENFEEBLES DEMOCRATIC OVERSIGHT OF THE PATENT OFFICE

The purpose of the notice-and-comment process is to confer democratic legitimacy on agencies' political and policy choices. *See Hoctor v. U.S. Dep't of Agric.*, 82 F.3d 165, 170-71 (7th Cir. 1996) ("Legislators have the democratic legitimacy to make choices among value judgments When agencies base rules on arbitrary choices they are legislating, and so these rules are legislative or substantive and require notice and comment rulemaking, a procedure that is analogous to the procedure employed by legislatures in making statutes."); Michael Sant'Ambrogio and Glen Staszewski, *Democratizing Rule Development*, 98 Wash. U.L. Rev. 793, 796 (2021) ("Public engagement also enhances the democratic legitimacy and accountability of federal agencies and the regulations they promulgate. ... Requiring agencies to consider and respond to public comments in a reasoned fashion improves the democratic legitimacy and accountability of agency action from a variety of theoretical views."); Richard J. Pierce, Jr., *Administrative Law Treatise* § 6.8, at 368 (4th ed. 2002) (noting rulemaking's democratic character).

As Professor Emily Bremer pointed out, prior to the APA, agencies engaged in a “consultative” process that “entailed the targeted solicitation of views from representatives of organized industry or interest groups,” Bremer, *supra* at 104, and that such a process raised “concern that [it] was too closed or might sometimes produce insufficiently representative information,” *id.* at 108. The notice-and-comment proceedings were adopted in response to these criticisms and to ensure broader public participation in agency rulemaking. *Id.* at 119-21. Eventually, recognizing the enormous importance that the Patent Office has to the American economy, Congress applied the strictures of the APA to that agency as well (while also keeping its rulemaking authority strictly limited). The Federal Circuit’s decision, however, frees the Patent Office from any democratic accountability because under the Federal Circuit’s logic, the PTO need not subject *any* of its rules to the (legitimacy conferring) notice-and-comment process.

This exemption is particularly problematic in the context of the Patent Office. First, the Office is headed by a single Director, *see* 35 U.S.C. § 3(a)(1), rather than a multi-member commission. This means that, at least under the Federal Circuit’s view, when promulgating rules, the Director can act without any input whatsoever, either from the public or from fellow Commissioners who could bring a different perspective to bear. Thus, in some sense, under the Federal Circuit’s view, the PTO’s rulemaking processes can now be even less democratic than what various agencies were prior to the enactment of the APA. *See* Bremer, *supra* at 108. Second, the PTO’s

impact on the economy is simply enormous. As the Patent Office itself reports, “[i]n 2019, the group of IP-intensive industries accounted for \$7.8 *trillion* in GDP.” USPTO, *Intellectual Property and the U.S. Economy: Third Edition* at 3 (March 2022) (emphasis added), available at <https://tinyurl.com/mubp38hj>. The PTO’s “procedural” rules can have a profound impact on the value of intellectual property. *See, e.g.*, Gregory Dolin & Irina D. Manta, *Taking Patents*, 73 Wash. & Lee L. Rev. 719, 787 (2016) (noting that “post-issuance review procedures ... change[d] the scope of existing patents and greatly diminished their value.”). If any agency needs robust public input into its rulemaking, it is the PTO. The Federal Circuit’s erroneous conclusion to the contrary not only contradicts the statutory text of the Patent Act and the APA, but also fundamentally threatens democratic governance of vast aspects of the national economy.

CONCLUSION

The Court should grant *certiorari* and vacate the decision of the court below.

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