

**IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

COREPHOTONICS, LTD.,

Appellant,

v.

APPLE INC.,

Appellee.

ANDREW HIRSHFELD, performing the functions and duties of the Under
Secretary of Commerce for Intellectual Property and Director of the United States
Patent and Trademark Office,

Intervenor.

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal
Board in No. IPR2018-01133.

INTERVENOR'S RESPONSE TO ORDER OF NOVEMBER 30, 2021

FARHEENA Y. RASHEED
Acting Solicitor

MAUREEN D. QUELER
MICHAEL S. FORMAN
Associate Solicitors

USPTO Office of the Solicitor, Mail Stop 8, P.O. Box 1450
Alexandria, Virginia 22313 (571) 272-9035

Attorneys for the Director of the U.S. Patent and Trademark Office
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INTRODUCTION AND SUMMARY OF ARGUMENT¹

In the wake of *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021), this appeal from a decision of the Patent Trial and Appeal Board (Board) in an inter partes review proceeding was remanded to the U.S. Patent and Trademark Office (USPTO) to allow appellant Corephotonics Ltd. to seek Director rehearing of the challenged Board decision. Because the office of the USPTO Director has been vacant, Corephotonics's rehearing request was referred to Commissioner for Patents Andrew Hirshfeld. Commissioner Hirshfeld denied the rehearing request. SAppx2.

Corephotonics filed an amended notice of appeal in this Court and now challenges this denial of Director review. Because this Court had already issued a merits decision prior to the post-*Arthrex* remand, *see Corephotonics, Ltd. v. Apple Inc.*, 857 F. App'x 641 (Fed. Cir. 2021), the challenge to the denial of Director review comes in the form of a rehearing petition. In response to Corephotonics's petition, this Court issued an Order directing Commissioner Hirshfeld to address “whether review by an Acting Director appointed by the Secretary of Commerce is constitutionally sufficient under the Appointments Clause” and “whether the review on remand by Andrew Hirshfeld was sufficient.” Doc. 77.

As explained below, this Court should answer both of these related questions

¹ The issues raised by Corephotonics have been raised in a number of other cases, and the USPTO's position here is in many ways identical to the one it presented in the response brief it filed in *VirnetX Inc. v. Mangrove Partners Master Fund, Ltd.*, No. 20-2271 (Fed. Cir. Feb. 2, 2022).

in the affirmative. Specifically, recognizing the significant disruption that would result from a rule that would leave the duties of a principal office unfulfilled during any vacancy in that office, the Supreme Court has long recognized that the Appointments Clause allows an inferior officer like Commissioner Hirshfeld to perform the duties of a vacant principal office on a temporary basis. *See United States v. Eaton*, 169 U.S. 331, 343 (1898). Nothing in *Arthrex* suggests that the Supreme Court intended to depart from this longstanding rule; on the contrary, Corephotonics’s argument is ultimately at odds with *Arthrex* itself.

Corephotonics also argues that Commissioner Hirshfeld’s order was barred by the Federal Vacancies Reform Act, 5 U.S.C. § 3345 *et seq.* But that statute does not preclude delegations of authority like the one that vested Commissioner Hirshfeld. The general rule is that functions and duties assigned to a federal officer, including a principal officer, may be delegated to other officers, and Corephotonics fails to show that consideration of a request for Director review is an exclusive function that cannot be delegated. Accordingly, Commissioner Hirshfeld properly exercised the requisite review authority, thereby remedying the Appointments Clause defect.

BACKGROUND

A. Statutory Background

The USPTO is an executive agency within the U.S. Department of Commerce that is subject to the “policy direction of the Secretary of Commerce,” though the agency retains responsibility for decisions “regarding the management and

administration of its operations” and exercises independent control over issues such as “budget allocations,” “personnel decisions,” and “other administrative and management functions.” *See* 35 U.S.C. § 1(a). The powers and duties of the USPTO are vested in the agency’s Director, who is “appointed by the President” with advice and consent of the Senate. 35 U.S.C. § 3(a)(1), (4). Below the Director is the Deputy Director, who is “vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director.” *Id.* § 3(b)(1). The Deputy Director is appointed by the Secretary upon nomination by the Director. *Id.* Congress also created the office of the “Commissioner for Patents,” which is filled through appointment by the Secretary for a term of five years. *Id.* § 3(b)(2).

The Patent Trial and Appeal Board is an administrative tribunal within the USPTO. It is composed of the Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative patent judges (APJs). *Id.* § 6(a). APJs “are appointed by the Secretary [of Commerce], in consultation with the Director.” *Id.*

As relevant here, the Board is responsible for conducting inter partes reviews (IPRs). *See* 35 U.S.C. §§ 6(b), 311-319. At the conclusion of an IPR proceeding, the Board “issue[s] a final written decision” addressing the patentability of the challenged claims. *Id.* § 318(a). The statute creating the Board specified that “each . . . inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board” and that “[o]nly the Patent Trial and Appeal Board may grant rehearings” of

Board decisions. *Id.* § 6(c). However, the Supreme Court in *Arthrex* held that the provision “cannot constitutionally be enforced to the extent that its requirements prevent the Director from reviewing final decisions rendered by APJs”—at least in the context of inter partes review. *Arthrex*, 141 S. Ct. at 1987.

B. The USPTO’s Delegation of the Director’s Functions to the Commissioner for Patents

As noted, the Deputy Director is presumptively assigned the duties of the Director when the Director’s office is vacant. *See* 35 U.S.C. § 3(b)(1). However, the leadership of the USPTO foresaw that there could be times (such as periods following Presidential transitions) when the positions of Director and Deputy Director might be simultaneously vacant. The Federal Vacancies Reform Act of 1998 (FVRA), 5 U.S.C. § 3345 *et seq.*, provides a mechanism for authorizing acting officials to temporarily discharge the duties of a vacant office. The default rule under the FVRA is that the “first assistant” to the vacant office serves as the “acting” official. *Id.* § 3345(a)(1). Because the Deputy Director is the “first assistant” to the Director, the FVRA’s default rule is of no help to the USPTO during simultaneous vacancies in both the Director and Deputy Director offices. The FVRA would also allow the President to override the default rule and select certain other individuals to serve as Acting Director. *See id.* § 3345(a)(2)-(3). But in that scenario, the duties of the Director could not be performed until such time as the President named an Acting Director.

Consistent with longstanding Executive Branch practice, the USPTO has taken

proactive steps to protect against interruption in its operations through issuance of a standing directive, the latest version of which is attached as an addendum to this brief. USPTO, U.S. Dep’t of Commerce, Agency Organization Order 45-1 (Nov. 7, 2016) (AOO 45-1). In pertinent part, that order provides that when the positions of Director and Deputy Director are both vacant, “the Commissioner for Patents . . . will perform the non-exclusive functions and duties” of the Director. *Id.* at II.D.² This order was issued as an exercise of the Director’s statutorily granted authority to delegate the Director’s powers. *See* 35 U.S.C. § 3(b)(3)(B) (authorizing the Director to “delegate to [subordinate officials] such of the powers vested in the Office as the Director may determine”); Patent and Trademark Office Efficiency Act, Pub. L. No. 106-113, § 4745, 113 Stat. 1501, 1501A-587 (1999) (codified at 35 U.S.C. § 1 note) (creating a presumption that “an official to whom functions are transferred under this subtitle (including the head of any office to which functions are transferred under this subtitle) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate”).³

² The order refers to these positions by their alternate titles of “Under Secretary of Commerce for Intellectual Property” and “Deputy Under Secretary of Commerce for Intellectual Property.” For clarity and to maintain consistency with the terminology used in *Arthrex*, we consistently use the titles of “Director” and “Deputy Director.”

³ The delegation in AOO 45-1 has also long been mirrored in a publicly available Department of Commerce order. *See* U.S. Dep’t of Commerce, *Department Organization Order 10-14*, § 2.04 (effective Sept. 28, 2012), <https://go.usa.gov/xtUWx> (last updated Oct. 3, 2012).

In January 2021, both the Director and Deputy Director positions became vacant in the wake of the Presidential transition. As a result, pursuant to AOO 45-1, Commissioner for Patents Andrew Hirshfeld began exercising the delegable duties and functions of the USPTO Director.

C. The *Arthrex* Litigation

The Constitution prescribes how officers of the United States may be appointed. *See* U.S. Const. art. II, § 2, cl. 2. Principal officers must be nominated by the President and confirmed by the Senate. *See id.*; *see also Edmond v. United States*, 520 U.S. 651, 659-60 (1997). Inferior officers, however, may be appointed through other means, including by the President alone or by the applicable department head. *See* U.S. Const. art. II, § 2, cl. 2.

As noted, the APJs who sit on the Board are appointed by the Secretary of Commerce. 35 U.S.C. § 6(a). Because the Secretary of Commerce is the applicable department head, this method of appointment would be permissible if, but only if, APJs were inferior officers. As this Court is well aware, in recent years, scores of litigants asserted that APJs were principal officers and, thus, were not properly appointed. The issue ultimately reached the Supreme Court in *Arthrex*. The Supreme Court agreed with the challengers that “the unreviewable authority wielded by APJs during inter partes review is incompatible with their appointment by the Secretary to an inferior office.” 141 S. Ct. at 1985. As a remedy, the Court held that the statutory provision allowing only Board panels of at least three members to rehear Board

decisions, 35 U.S.C. § 6(c), “is unenforceable as applied to the Director insofar as it prevents the Director from reviewing the decisions of the [Board] on his own.” 141 S. Ct. at 1987.⁴ The Court “conclude[d] that the appropriate remedy is a remand to the Acting Director for him to decide whether to rehear” the Board’s decision. *Id.*

In the wake of that decision, many cases, including this one, were remanded to the USPTO to allow litigants challenging Board decisions in IPRs to seek Director rehearing. Those rehearing requests have been referred to Commissioner Hirshfeld.

ARGUMENT

I. The Appointments Clause allows for someone other than a principal officer to exercise the powers of a principal office temporarily during a vacancy

The Supreme Court stated in *Arthrex* that “[o]nly an officer properly appointed to a principal office may issue a final decision binding the Executive Branch.” 141 S. Ct. at 1985. Corephotonics invokes that statement to argue that, even when the office of the Director is vacant, only a Senate-confirmed officer may exercise the power to consider a request for Director review. Pet. 9. However, Corephotonics’s reliance on *Arthrex*’s statement is misplaced. In stating that only a principal officer may issue binding final decisions, *Arthrex* was not addressing a situation like the one here, where a principal office holds final decisionmaking authority but that principal office is

⁴ Although the remedy portion of the lead opinion, written by the Chief Justice, was joined by only three other Justices, an additional three Justices “agree[d] with [Chief Justice Roberts’s] remedial holding.” *Arthrex*, 141 S. Ct. at 1997 (Breyer, J., joined by Sotomayor & Kagan, JJ., concurring in the judgment in part and dissenting in part).

vacant. In that situation, statutes dating back to 1792, centuries of Executive Branch practice, and the Supreme Court’s own decisions make clear that the functions of the vacant principal office may be performed on a temporary basis by an inferior officer who has not been confirmed by the Senate. Corephotonics’s proffered reading of *Arthrex* would bring the decision into conflict with these precedents and would give *Arthrex* profoundly disruptive effects that the Supreme Court could not have intended. That Corephotonics is misreading the Supreme Court’s decision is confirmed by features of the decision itself.

1. All three branches of government have long recognized that non-Senate-confirmed officials may temporarily exercise the duties of a vacant office requiring Senate confirmation. “Since President Washington’s first term,” Congress has given the President authority to temporarily fill vacancies in offices that require Senate-confirmation in order to ensure that the duties of the vacant office are not left unperformed during the vacancy. *NLRB v. SW Gen., Inc.*, 137 S. Ct. 929, 935 (2017). And this authority has long been used by Presidents to temporarily fill vacancies in high-ranking offices with officials who have not received Senate confirmation. Examples of acting cabinet secretaries who had not received Senate confirmation can be found as early as the Jefferson administration. *See* Designating an Acting Attorney General, 42 Op. O.L.C. ___, at *13 (Nov. 14, 2018).⁵ In fact, a recent review by the

⁵ <https://go.usa.gov/xtE23>.

Office of Legal Counsel determined that on 160 occasions between 1809 and 1860 alone, non-Senate confirmed officers were designated acting principal officers. *Id.*

Consistent with this historical practice, the Supreme Court concluded long ago that the Appointments Clause does not preclude an inferior officer from performing the duties of a principal officer “for a limited time[] and under special and temporary conditions” without Senate confirmation. *United States v. Eaton*, 169 U.S. 331, 343 (1898). The Court recognized that it would “disregard[] both the letter and spirit of the constitution” to hold that Congress cannot authorize the creation of a subordinate office not requiring Senate-confirmation that would nonetheless “be charged with the duty of temporarily performing the functions” of a superior office for which Senate-confirmation is required. *Id.* A contrary rule, the Court recognized, would “void any and every delegation of power to an inferior to perform under any circumstances or exigency the duties of a superior officer,” and would “seriously hinder[]” “the discharge of administrative duties.” *Id.*

The Supreme Court has repeatedly cited *Eaton* with approval in the modern era. See *Edmond v. United States*, 520 U.S. 651, 661 (1997); *Morrison v. Olson*, 487 U.S. 654, 672 (1988). And just last year, this Court relied on *Eaton* for the proposition that “a subordinate ‘charged with the performance of the duty of the superior for a limited time, and under special and temporary conditions’ is not ‘thereby transformed into the superior and permanent official.’” *Rodriguez v. Department of Veterans Affairs*, 8 F.4th 1290, 1309 (Fed. Cir. 2021) (quoting *Eaton*, 169 U.S. at 343).

The weight of historical precedent allowing non-Senate confirmed officials to temporarily exercise the power of a principal office is so significant that the Fourth Circuit recently recognized that a contrary rule would require “clear Supreme Court precedent, scores of federal laws, and hundreds of past executive branch designations [to] all have to fall.” *United States v. Smith*, 962 F.3d 755, 765 (4th Cir. 2020).

2. The radical implications of a rule that would not allow such temporary service also bears emphasis. If, as a categorical matter, final written decisions in IPRs cannot become the final decisions of the agency until and unless they are subject to the review of a principal officer, the Board would be unable to issue decisions even when the USPTO is helmed by a properly appointed Deputy Director whom Congress has statutorily “vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director.” 35 U.S.C. § 3(b)(1). After all, the Deputy Director is neither appointed by the President nor confirmed by the Senate. *See id.* It would also mean the IPR process would be disabled in instances where the President designates an inferior officer to serve as an Acting Director pursuant to the Federal Vacancies Reform Act of 1998 (FVRA), 5 U.S.C. § 3345 *et seq.*, which provides a mechanism for the President to temporarily fill a vacancy in an office requiring Senate-confirmation. *See Smith*, 962 F.3d at 764 (“Someone who temporarily performs the duties of a principal officer is an inferior officer for constitutional purposes.”); *see also infra* Part II (discussing the FVRA in greater detail). Under those circumstances, IPRs would not be resolved during a

vacancy in the Director's office until the often-time-consuming process of Senate confirmation could be completed. *Cf. SW Gen.*, 137 S. Ct. at 935 ("The constitutional process of Presidential appointment and Senate confirmation . . . can take time.").⁶

Moreover, the logic of Corephotonics's argument and the attendant disruptive consequences would seem to extend far beyond Board proceedings. A rule that only a principal officer may issue final decisions binding on the Executive Branch could impact any number of essential government functions at a wide array of agencies. Adjudicative boards and bodies staffed by inferior officers are common throughout the Executive Branch and such adjudications serve the public health and welfare in any number of ways. Yet, on Corephotonics's telling, administrative adjudications at any agency headed by a single principal officer will face paralysis during a vacancy in that office until a new principal officer is installed as the agency head. These impacts would be particularly acute in the months following Presidential transitions, which see high turnover in high-ranking offices.

3. Against that backdrop, it cannot be that the Supreme Court intended in *Arthrex* to overrule precedents like *Eaton sub silentio* and preclude the Board from issuing final written decisions or the USPTO from processing requests for Director review of those decisions during any period when the office of Director is vacant.

⁶ Such delay would be inconsistent with Congress's expectation that the Board reach final written decisions in instituted IPRs within a year. *See* 35 U.S.C. § 316(a)(11).

The single sentence to which Corephotonics repeatedly turns, Pet. 2, 4, 9, suggests nothing of the kind. In saying “[o]nly an officer properly appointed to a principal office may issue a final decision binding the Executive Branch,” *Arthrex*, 141 S. Ct. at 1985, the Court was making the unexceptional point that the Constitution requires final authority over administrative adjudications to be vested in principal offices. The Court was not addressing what happens when those offices become vacant. That situation is still governed by *Eaton*, and nothing in *Arthrex* is to the contrary.

Three features of the decision confirm that Corephotonics has misunderstood the meaning of *Arthrex*. First, *Arthrex* itself cites *Eaton*’s holding that “an inferior officer can perform [the] functions of [a] principal office on [an] acting basis.” *Arthrex*, 141 S. Ct. at 1985. Corephotonics offers no explanation as to why *Arthrex* should be read to prohibit what that very decision acknowledges to be allowed.

Second, to the extent that Corephotonics insists that only a Senate-confirmed principal officer can *issue* a final decision binding on the executive branch (Pet. 4), that view cannot be reconciled with *Arthrex*’s emphasis that “the Director need not review every decision of the [Board].” 141 S. Ct. at 1988. As this admonition makes clear, the Board—which is staffed by inferior officers—can issue final decisions that are never reviewed by any principal officer. The constitutional defect in *Arthrex* was not that the Board had issued a decision that was not reviewed by the Director but, rather, that the Director had been *precluded* by statute from reviewing the Board’s decision unilaterally. *See id.* (describing “the source of the constitutional violation” as “the

restraint on the review authority of the Director”).

Third, the Supreme Court’s remand instructions demonstrate the Court’s awareness that an inferior officer might exercise the Director’s authority to review Board decisions. The Court concluded that “the appropriate remedy is a remand to the *Acting Director* for him to decide whether to rehear” the Board’s decision. *Arthrex*, 141 S. Ct. at 1987 (emphasis added). An Acting Director need not be a principal officer, either under the Patent Act or the FVRA, and there is no reason to believe that the Supreme Court did not appreciate that fact. The Court’s remand to the “Acting Director” cannot be squared with Corephotonics’s insistence that only a Senate-confirmed Director can provide the requisite review.

Corephotonics offers two arguments as to why the Supreme Court’s reference to the “Acting Director” should not be afforded its obvious significance. First, Corephotonics dismisses the Court’s remand to the “Acting Director” as a “passing reference” that did not garner a majority. Pet. 6. But Corephotonics errs in treating this sentence so cavalierly. At the outset, this portion of the opinion effectively garnered a majority because three Justices “agree[d] with [Chief Justice Roberts’s] remedial holding.” *Arthrex*, 141 S. Ct. at 1997 (Breyer, J., joined by Sotomayor & Kagan, JJ., concurring in the judgment in part and dissenting in part). So, it is part of the “Court’s opinion.” *Contrast* Pet. 6. Additionally, this is not some “passing” aside; it is the statement of the Court’s holding and its remand instructions. *See id.* at 1987. Corephotonics also suggests that reading this portion of the opinion consistent with

its plain terms would conflict with other aspects of the decision, which emphasize the importance of principal officer review. Pet. 6-7. But this Court can avoid any conflict and give meaning to the entirety of the Supreme Court’s opinion by recognizing that *Arthrex*’s general statement that final authority must be vested in a principal office was not speaking to the circumstance where the relevant principal office is vacant.

Corephotonics also argues that Commissioner Hirshfeld does not hold the title of “Acting Director.” Pet. 7. But this statement, while true, does not support Corephotonics’s constitutional claim. Even if the Supreme Court did not specifically hold that Commissioner Hirshfeld can perform the requisite review, the Court did permit an “Acting Director” to perform that function. That is sufficient to defeat Corephotonics’s contention that the Constitution categorically precludes an inferior officer from issuing a binding final decision during a vacancy in a principal office.

II. Corephotonics misapplies the Federal Vacancies Reform Act

Arthrex held that “the source of the constitutional violation” in that case was “the restraint on the review authority of the Director, rather than the appointment of APJs by the Secretary.” 141 S. Ct. at 1988. Because this case was remanded after that “restraint” was invalidated, any Appointments Clause defect in the Board’s decision has now been remedied. In contending that the post-remand process was inadequate, Corephotonics argues that Commissioner Hirshfeld could not perform the necessary review function because he was not named Acting Director pursuant to the FVRA. Pet. 7-8. But the FVRA is not the only means by which the nonexclusive duties of a

vacant office can be temporarily transferred to another official. Commissioner Hirshfeld's authority here stems from a valid, statutorily authorized delegation of authority that is independent of, and compatible with, the FVRA.

1. In the FVRA, Congress created a mechanism through which certain classes of government officials may serve as "acting" officers. *See* 5 U.S.C. § 3345(a); *SW Gen., Inc.*, 137 S. Ct. at 934. An official serving as an "acting" officer pursuant to the FVRA can exercise all of the functions and duties of the vacant office, including those that are specifically committed by statute exclusively to that office, *see* 5 U.S.C. § 3348(a), (d).

In enacting the FVRA, "Congress understood that there would be occasions when the [FVRA's] time limits would expire or when there would, for a period, be no one qualified to serve in an acting capacity." Guidance on Application of Fed. Vacancies Reform Act of 1998, 23 Op. O.L.C. 60, 72 (1999). To avoid the significant disruption of government operations that would result if none of the duties of a vacant office could be performed during a period when no "acting" official would be in place, Congress provided that the "[d]elegable functions of the [vacant] office could still be performed by other officers or employees," even when no acting official is serving under the FVRA. S. Rep. No. 105-250, at 18 (1998). Thus, the time limitations of 5 U.S.C. § 3346 are inapplicable. *Contrast* Pet. 7.

This follows from the terms of 5 U.S.C. § 3348, which differentiates between delegable and nondelegable functions and duties. In relevant part, § 3348 provides

that when an office that is subject to Senate confirmation is vacant, and no one is filling the office on an acting basis under the FVRA, “only the head of [the] Executive agency may perform any function or duty of such office.” 5 U.S.C. § 3348(b)(2).

However, Congress deliberately adopted a narrow definition of “function or duty” that excludes delegable functions and duties from this restriction. Instead, Congress defined that term to refer to functions and duties that are required by statute or regulation “to be performed by the applicable officer (*and only that officer*).” *Id.*

§ 3348(a)(2)(A)(ii), (B)(i)(II) (emphasis added); *see also* Guidance on Application of Fed. Vacancies Reform Act of 1998, 23 Op. O.L.C. at 72 (“Congress delimited which functions could be performed only by a qualified acting officer . . . defining them as only those functions or duties assigned exclusively to the . . . officer by statute or regulation.”). Where no limitation on delegation of a function or duty has been imposed, other officials therefore remain free to perform the function or duty during a vacancy pursuant to a valid delegation. *See Stand Up for California! v. U.S. Dep’t of the Interior*, 994 F.3d 616, 622 (D.C. Cir. 2021).

This limitation on the FVRA’s scope is significant because there is a presumption that duties are delegable. *See, e.g., Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1031-32 (Fed. Cir. 2016) (“When a statute delegates authority to a federal officer or agency, subdelegation to a subordinate federal officer or agency is presumptively permissible absent affirmative evidence of a contrary congressional intent.” (quoting *U.S. Telecom Ass’n v. FCC*, 359 F.3d 554, 565 (D.C. Cir. 2004)));

Rodriguez, 8 F.4th at 1307 (similar). As a result, as the Office of Legal Counsel has explained, “[m]ost, and in many cases all, the responsibilities [of an office] . . . will not be exclusive, and the [FVRA] permits non-exclusive responsibilities to be delegated to other appropriate officers and employees in the agency.” Guidance on Application of Fed. Vacancies Reform Act of 1998, 23 Op. O.L.C. at 72; *see also Stand Up for California! v. U.S. Dep’t of Interior*, 298 F. Supp. 3d 136, 137 (D.D.C. 2018) (“there are very few duties that cannot be delegated to . . . another official who acts in the place of the principal pursuant to agency regulations or orders”).

In keeping with this framework, the Executive Branch has long used delegations of authority to ensure that the delegable duties of an office can be performed during a vacancy when there is no acting official in place. *See, e.g.,* Anne Joseph O’Connell, *Actings*, 120 Colum. L. Rev. 613, 633-35 (2020) (discussing the history of delegations being used as a substitute for an acting official); *see also* Valerie C. Brannon, Cong. Research Serv., R44997, *The Vacancies Act: A Legal Overview* 25-26 (2021), <https://fas.org/sgp/crs/misc/R44997.pdf> (describing this practice and noting that “[t]hose courts that have considered the issue have generally upheld the ability of government officials to perform the delegated duties of a vacant office, so long as the delegation is otherwise lawful under the legal principles that ordinarily govern delegations”); Letter from Gary L. Keppinger, General Counsel, U.S. Gov’t Accountability Off., to Richard J. Durbin, Russell D. Feingold, and Edward M. Kennedy, U.S. Senators (Jun. 13, 2008) (concluding that because all of the duties of a

vacant office were delegable, the FVRA posed no obstacle to the performance of the duties of that vacant office by an official designated those duties).⁷

Consistent with these precedents, the former USPTO Director issued AOO 45-1, which provides that in the event that both the position of Director and Deputy Director of the USPTO are vacant, “the Commissioner for Patents . . . will perform the non-exclusive functions and duties” of the Director position. AOO 45-1, at II.D. When the positions of Director and Deputy Director became vacant, Commissioner Hirshfeld began to perform the non-exclusive (*i.e.*, delegable) duties and functions of the Director. It is AOO 45-1, and not the FVRA, that provided Commissioner Hirshfeld with the authority to review Corephotonics’s request for Director review.

2. There is nothing here to overcome the strong presumption that all of the duties of the Director, including the Director-review function, are delegable. Indeed, the Board itself—and not just the Director—is authorized to rehear Board decisions. *See* 5 U.S.C. § 6(c). Thus, rehearing Board decisions is not a task that can be performed “only” by the Director and, therefore, is not the kind of exclusive function that the FVRA reserves only for an “acting” Director. 5 U.S.C. § 3348(a)(2)(A)(ii), (d). Thus, Corephotonics (Pet. 7-8) is incorrect to analogize to *L.M.-M. v. Cuccinelli*, 442 F. Supp. 3d 1 (D.D.C. 2020). There, the district court issued a “narrow” holding finding an FVRA violation where a “statute assign[ed] a function to a single . . .

⁷ <https://go.usa.gov/xtEQP>.

office” and “the department head did not reassign that function using his vesting-and-delegation authority.” *Id.* at 34. Those are not our facts.

Arthrex also supports the conclusion that the Director review function is a task that falls within the scope of Commissioner Hirshfeld’s delegated authority. The Supreme Court disclaimed the intent to impose any “unworkable” duty on the Director and made clear that it instead was merely converting the structure for review in IPRs to match “the almost-universal model of adjudication in the Executive Branch.” *Arthrex*, 141 S. Ct. at 1987. This is significant because elsewhere in the Executive Branch, principal officers often delegate final decisionmaking authority to subordinates. *See, e.g., Smith v. Berryhill*, 139 S. Ct. 1765, 1771 (2019) (describing how, pursuant to a regulatory delegation, the Social Security Administration’s Appeals Council is that “agency’s final decisionmaker”); 7 C.F.R. § 2.35(a)(1) (Secretary of Agriculture’s designation to a Judicial Officer to act “as final deciding officer in adjudicatory proceedings”).

Arthrex put the Director on equal footing with principal officers at other agencies by providing the Director “the authority to provide for a means of reviewing PTAB decisions.” *Arthrex*, 141 S. Ct. at 1987. As at other agencies, the “means” of review need not be personal review by the principal officer himself but rather can include review by a subordinate selected by the principal officer. Accordingly, Corephotonics cannot show that considering a petition for review is a non-delegable duty subject to the FVRA’s exclusivity provision. Therefore, Commissioner

Hirshfeld's delegation under AOO 45-1 provided him with authority to act on requests for Director review, thereby remedying any Appointments Clause defect.

CONCLUSION

For the foregoing reasons, Corephotonics's challenge to the order denying Director review should be rejected.

Respectfully submitted,

/s/ Maureen D. Queler
FARHEENA Y. RASHEED
Acting Solicitor

MAUREEN D. QUELER
MICHAEL S. FORMAN
Associate Solicitors

FEBRUARY 3, 2022

CERTIFICATE OF SERVICE

I hereby certify that on February 3, 2022, I electronically filed the foregoing brief with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system.

/s/ Maureen D. Queler

Maureen D. Queler

ADDENDUM

UNITED STATES PATENT AND TRADEMARK OFFICE

AGENCY ORGANIZATION ORDER 45-1

Agency Organization Order Series

**Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office**

Date of Issuance: 11/07/2016

Effective Date: 11/07/2016

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UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

I. PURPOSE

This Agency Organization Order (AOO) sets forth the authority and functions of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (Under Secretary), and provides for the organizational structure of the United States Patent and Trademark Office (USPTO).

II. APPOINTMENT AND GENERAL AUTHORITY OF UNDER SECRETARY AND COMMISSIONERS

- A. On November 29, 1999, the President signed into law the Patent and Trademark Office Efficiency Act (PTOEA), which establishes the USPTO as an agency of the United States, within the Department of Commerce (DOC).

Under Secretary and Deputy Under Secretary

- B. The Under Secretary is appointed by the President, by and with the advice and consent of the Senate, and reports to the Secretary of Commerce (Secretary) with respect to policy matters. The Under Secretary, as established by 35 U.S.C. § 3, is responsible for providing policy direction and management supervision for the USPTO and the issuance of patents and registration of trademarks, and for consulting with the Patent Public Advisory Committee and the Trademark Public Advisory Committee.
- C. The Under Secretary will be assisted by the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office (Deputy Under Secretary) who will act in the capacity of the Under Secretary in the event of the absence or incapacity of the Under Secretary. The Deputy Under Secretary is appointed by the Secretary upon consideration of individuals nominated by the Under Secretary.
- D. The Deputy Under Secretary shall serve as Acting Under Secretary during any period in which the Under Secretary has died, resigned, or otherwise become unable to perform the functions and duties of the office, subject to the limitations set forth in the Federal Vacancies Reform Act of 1998, as amended, 5 U.S.C. § 3345 et seq. The Deputy Under Secretary shall perform the non-exclusive functions and duties of the Under Secretary when the Under Secretary dies, resigns, or is otherwise unable to perform the functions and duties of the Under Secretary, and when there is no Acting Under Secretary. If both the Under Secretary and the Deputy Under Secretary positions are vacant, the Commissioner for Patents and the Commissioner for Trademarks, in that order, will perform the non-exclusive functions and duties of the Under Secretary. In the event there is no Commissioner appointed under 35 U.S.C. § 3(b)(2), the Chief Policy Officer and

Director for International Affairs, the Chief Financial Officer, the Chief Administrative Officer, or the General Counsel of the USPTO, in order of length of service in those positions, shall perform the non-exclusive functions and duties of the Under Secretary.

- E. In the event of the absence or incapacity of the Under Secretary and Deputy Under Secretary, the following officials may be designated by the Under Secretary or Deputy Under Secretary, as appropriate, to perform the non-exclusive functions and duties of the Under Secretary: the Commissioner for Patents, the Commissioner for Trademarks, the Chief Policy Officer and Director for International Affairs, the Chief Financial Officer, the Chief Administrative Officer, or the General Counsel for USPTO.
- F. A Commissioner performing the functions and duties of the Under Secretary will not assist the Secretary in evaluating the performance of the Commissioners.

Commissioners

- G. The Secretary will appoint a Commissioner for Patents and a Commissioner for Trademarks, each of whom will serve for a five-year term. The Secretary may reappoint a Commissioner to subsequent five-year terms in accordance with PTOEA.
- H. The Under Secretary will appoint such other officers, employees and agents of the Office as deemed necessary to carry out the functions of USPTO, consistent with Title 35, U.S.C.
- I. In accordance with PTOEA and Title 35, U.S.C., in carrying out its functions, USPTO will be subject to the policy direction of the Secretary, but otherwise will retain responsibility for decisions regarding the management and administration of its operations and will exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions, in accordance with applicable provisions of the law.

Public Advisory Committees

- J. USPTO will have a Patent Public Advisory Committee and a Trademark Public Advisory Committee. The Secretary will appoint nine members to each committee who will serve at the pleasure of the Secretary. The Secretary will designate a chair of each Advisory Committee, each of whom will serve for a three-year term. In addition to the voting members, each Advisory Committee will include a representative of each labor organization recognized by USPTO.
- K. The Under Secretary will consult with the Patent Public Advisory Committee on a regular basis on matters relating to the patent operations of USPTO, will consult with the Trademark Public Advisory Committee on a regular basis on matters relating to the trademark operations of USPTO, and will consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget (OMB) or changing or proposing to change patent or trademark user fees or

patent or trademark regulations that are subject to the requirement to provide notice and opportunity for public comment under Title 5, U.S.C. § 553, as the case may be.

Administrative Patent Judges and Administrative Trademark Judges

- L. The Patent Trial and Appeal Board shall include the Under Secretary, the Deputy Under Secretary, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges.
- M. The Trademark Trial and Appeal Board shall include the Under Secretary, the Deputy Under Secretary, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative trademark judges.
- N. Administrative patent judges and administrative trademark judges are appointed by the Secretary, in consultation with the Under Secretary.

III. SPECIFIC AUTHORITIES

- A. Pursuant to the authority vested in the Secretary and the Under Secretary by law, and in recognition of USPTO's responsibility for decisions regarding management and administration of its operations and its independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with the PTOEA and applicable provisions of law, the Under Secretary will exercise the responsibilities relating to USPTO operations and functions including:
 - 1. The functions prescribed by 17 U.S.C. § 914 regarding the privilege of foreign national, domiciliaries, and sovereign authorities to make interim registrations for mask works pursuant to Chapter 9 of Title 17 and by Executive Order (E.O.) 12504 regarding regulations for the presentation to the President of requests for issuance of proclamations described in such Chapter;
 - 2. The functions, other than the appointment of Commissioners, prescribed for the Secretary by 35 U.S.C. § 3(b)(2), including recommendation of Commissioners for the Secretary to appoint, formulation of the annual performance plans for the Commissioners, supervision of the Commissioners, and evaluation of the Commissioners with prompt notice to the Secretary of the evaluations;
 - 3. The functions, other than appointment of members and designation of chairs, prescribed for the Secretary by 35 U.S.C. § 5, including recommendation of public advisory committee members for the Secretary to appoint, recommendation of public advisory committee chairs for the Secretary to designate, and provision of such support to the public advisory committees as required by statute or otherwise as the Under Secretary deems appropriate;

4. The functions prescribed for the Secretary by Chapter 17 of Title 35, U.S.C., except for the appellate function under 35 U.S.C. § 181 (see DOO 10-6, "Office of the General Counsel," § 4.01i);
5. Except as otherwise specified herein, the Under Secretary will exercise the following administrative and management responsibilities:
 - a. Performing the responsibilities of agency head pertaining to USPTO, including the following examples:
 - i. 31 U.S.C. § 3325(a) regarding the certification of vouchers for disbursement of government funds;
 - ii. Any procurement-related authority;
 - iii. Title 5, U.S.C. (Government Organization and Employees);
 - iv. Title 40, U.S.C. (Public Buildings, Property, and Works);
 - v. Title 41, U.S.C. (Public Contracts); and
 - vi. Title 44, U.S.C. (Public Printing and Documents);
 - b. Carrying out responsibilities under Title VII of the Civil Rights Act of 1964, the Equal Employment Opportunity Act of 1972 and all applicable statutes, E.O.s, and regulatory provisions;
 - c. Carrying out responsibilities under:
 - i. The Federal Advisory Committee Act (5 U.S.C. Appendix 2);
 - ii. The Privacy Act (5 U.S.C. § 552a) and implementing directives of the General Services Administration and OMB;
 - iii. The Budget and Accounting Procedures Act of 1950 (P.L. 81-784), subject to III.A.6, below;
 - iv. The Chief Financial Officers Act of 1990 (P.L. 101-576);
 - v. The Government Management Reform Act of 1994 (P.L. 103-356);
 - vi. The Government Performance and Results Act of 1993 (P.L. 103-62);
 - vii. The Federal Records Act (P.L. 81-754);

- viii. The Government Paperwork Elimination Act (P.L. 105-277, Title XVII);
- ix. The Paperwork Reduction Act of 1995 (P.L. 104-13);
- x. OMB Circular A-130, "Management of Federal Information Resources;" and Sections 5 and 6 of the Computer Security Act of 1987 (P.L. 100-235) regarding Federal computer systems security training, identification of systems containing sensitive information, and a plan for computer system security and privacy;
- xi. The Freedom of Information Act (5 U.S.C. § 552);
- xii. 30 U.S.C. §§ 351-359 and 40 U.S.C. §§ 1314, regarding granting easements and other rights of access to real property, or consenting to the lease of mineral rights;
- xiii. The Competition in Contracting Act (P.L. 98-369, Title VII);
- xiv. E.O. 12088 regarding compliance with pollution control standards at USPTO facilities;
- xv. The Inspector General Act of 1978 (5 U.S.C. Appendix 3);
- d. Exercising responsibilities regarding finance, accounting, fiscal management, budgeting, and planning, subject to section III.A.6, below;
- e. Procuring real or personal property or goods and services of any kind by USPTO under any Federal law, regulation, directive or order;
- f. Performing the responsibilities for managing any real property USPTO may acquire, lease, purchase, or acquire responsibility in, including environmental compliance reports;
- g. Developing and issuing agency administrative orders, policies, standards and procedures for administrative functions in USPTO;
- h. Providing publications and printing (e.g. micropublishing, design, graphics, editorial, promotional, distribution, and publishing control), library, mail, messenger, and distribution services for USPTO;
- i. Managing USPTO computer services and electronic mail systems and coordinating with DOC to ensure interoperability;

- j. Monitoring, overseeing, reviewing, managing, maintaining, procuring, or evaluating of USPTO Information Technology (IT) programs, performance, risks, acquisitions, initiatives, resources, personnel, training, or management;
- k. Setting goals for improving the efficiency or effectiveness of USPTO IT operations;
- l. Approving strategic and operational information technology plans and developing information technology policies and procedures, including security;
- m. Managing and maintaining USPTO IT systems for administrative and program management including property and procurement management systems;
- n. Protecting USPTO's assets, operations and personnel;
- o. Managing USPTO's programs for safeguarding national security information (E.O. 12958), personnel security (E.O.s 10450 and 12968), national industrial security (E.O.s 10865 and 12829), physical facility security, and other programs for protecting USPTO's assets, operations, and personnel;
- p. Carrying out responsibilities regarding special studies, reports, technical information, and other related functions under 15 U.S.C. §§ 1525-1527 (P.L. 91-412);
- q. Ensuring USPTO compliance with:
 - i. The provisions of the Federal Managers Financial Integrity Act of 1982 (P.L. 97-255) and acting as the designated senior official for the implementation of OMB Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," and OMB Circular A-127, "Financial Management Systems;"
 - ii. The Drug-Free Workplace Act (P.L. 111-350, Chapter 81) and the procurement integrity provisions of the Office of Federal Procurement Policy Act Amendments of 1988 (P.L. 100-679);
- r. Establishing policies and procedures for the development and operation of financial management, financial information, and internal control systems;
- s. Providing direction, formulation, analysis, coordination, and

- implementation of USPTO's financial management policies and procedures;
 - t. Developing and issuing policies, standards, measures, and procedures for the issuance of patents and the registration of trademarks, and provide functional appraisal and supervision in the conduct of its functions;
 - u. Developing and administering the personnel management policies and programs of USPTO, including the direction, administration, and processing of all matters involving personnel, payroll, and occupational safety and health;
 - v. Executing all functions relating to all elements of all USPTO officers' and employees' annual performance plans, rewards and promotions, except for the plans, bonuses, and agreements of the Under Secretary, the Deputy Under Secretary, the Commissioner for Patents, and the Commissioner for Trademarks;
 - w. Developing, implementing, and improving management structures, systems, tools, and practices to achieve the highest degree of management efficiency, operational effectiveness, and economy, and to limit the opportunity for fraud and mismanagement;
 - x. Coordinating preparation of national emergency plans and the development of preparedness programs required by E.O. 12656 and Federal Preparedness Circular No. 10; and serving as the USPTO's Emergency Coordinator, as required by E.O. 12656;
6. The Under Secretary shall have the authority to provide appropriate communication and coordination, when appropriate, with all other agencies and offices of the Federal Government directly on applicable USPTO matters, including as examples, OMB, subject to the provisions in section III.D of this AOO and the proviso in this paragraph, the Department of the Treasury, the Office of Personnel Management, the Government Accountability Office, the General Services Administration, and other Executive Branch or independent agencies; the House Government Operations Committee, the Budget Committees, Appropriations Committees, and Judiciary Committees of the Congress, the Joint Committee on Printing, the Government Printing Office, and other Legislative Branch committees, offices, and agencies. The Under Secretary shall transmit the USPTO budget directly to OMB, provided, however, that the Under Secretary shall first timely provide the Secretary in advance with the proposed USPTO budget in order to receive the Secretary's policy review and direction before USPTO transmits the budget to OMB; and
7. Such functions under other authorities as are applicable to administration and

management of the USPTO.

- B. Exercise of the authorities described in paragraph A of this section shall be subject to the policy direction, and such functions, powers, duties and responsibilities as are retained by the Secretary, as are set forth in paragraph D, below.
- C. The Under Secretary may, except as precluded by law or regulation, redelegate the authorities in this section to officers and employees of USPTO, subject to such conditions in the exercise of the delegated authorities as the Secretary or Under Secretary may prescribe.
- D. Functions, powers, duties, and responsibilities retained by the Secretary, as policy direction or incidental thereto, include:
 - 1. Policy direction as provided in 35 USC § 1;
 - 2. The power to accept gifts and bequests on behalf of the USPTO valued at greater than \$35,000;
 - 3. USPTO shall remain subject to the oversight responsibilities of the Inspector General;
 - 4. Legal services related to the following:
 - a. Legislation and matters related thereto, as provided in Departmental Organizational Order 10-6;
 - b. Review of regulations subject to the following procedures:
 - i. USPTO shall notify the DOC Office of the General Counsel of all planned rulemaking activity in a timely manner,
 - ii. The DOC Office of the General Counsel may review any rulemaking that it, the USPTO, or OMB determines to be significant or to implicate policy matters, and
 - iii. The USPTO may otherwise promulgate rules relating to agency management or personnel, agency organization, agency procedures or practices, or public property, benefits, or contracts without further review;
 - c. Authorities of the Secretary provided in Chapter 40 of title 15, U.S.C., except with regard to:
 - i. The use of undesignated general gift funds;

- ii. The conduct of studies, reports, technical information, and other related functions under 15 U.S.C. § 1525 (first paragraph) et seq.; and
- iii. Review of joint projects under the 15 U.S.C. § 1525 (second paragraph) et seq.;
- d. Appellate liaison with the Civil Appellate Section of the United States Department of Justice regarding all appeals of court litigation including litigation for which USPTO otherwise is responsible;
- e. All functions of the DOC's Designated Agency Ethics Official (DAEO) and agency-head review of all ethics-related collective bargaining agreements or portions thereof, and any ensuing litigation due to the agency-head review, except as USPTO is authorized by statute or other authority to have its own DAEO;
- f. DOC-wide and other litigation which may affect USPTO as an operating unit of DOC as well as other operating units of DOC;
- g. Gifts, other than the use of undesignated gift funds;
- h. Review of Department Organization Orders and Department Administrative Orders;
- i. Restrictions on expenditures intended or designed to influence Congress on legislation;
- j. Qui tam actions;
- k. Advice on grand jury and Congressional investigations.

E. Payment for Services

- 1. USPTO shall make reimbursements for services provided by DOC into the Working Capital Fund, the Advances and Reimbursements Fund, or other Departmental funds as may be necessary to support the Secretary's policy direction of USPTO and other functions, powers, duties, and responsibilities retained by the Secretary.
- 2. Except as provided in section III.E.1, USPTO shall receive services from DOC on the basis of mutual agreements entered into under authority of 35 U.S.C. § 2(b)(5), and shall reimburse DOC for services received according to the terms of such agreements.

3. USPTO may enter into agreements under authority of 35 U.S.C. § 2(b)(5) to use services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis.

IV. FUNCTIONS

The Under Secretary performs the following functions:

- Administers the laws relating to the granting and issuing of patents;
- Administers the laws relating to the registration of trademarks;
- Administers the laws relating to the dissemination to the public of information with respect to patents and trademarks;
- Advises the Secretary on intellectual property policy. Subject to the policy direction of the Secretary, also advises Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries. Advises the President, through the Secretary, on national and certain international intellectual property policy issues.
- Conducts programs, studies, and exchanges of items and services regarding intellectual property;
- Conducts cooperative programs with nongovernmental organizations, foreign intellectual property offices and international intergovernmental organizations;
- Serves as focal point within DOC and is prepared, when requested by appropriate authority and subject to the policy direction of the Secretary, to serve as spokesperson for the Executive Branch on the broad range of domestic and international intellectual property issues confronting the Nation; and
- Performs other functions required or deemed necessary and proper by the Under Secretary in exercising the authority described herein.

V. EFFECT ON OTHER ORDERS

This AOO supersedes AOO 45-1, dated June 24, 2002, and replaces its content in its entirety.

Michelle K. Lee

MICHELLE K. LEE

Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

11/7/2015

Date

CERTIFICATE OF COMPLIANCE

I certify pursuant to Federal Rule of Appellate Procedure 32(a)(7) that the foregoing INTERVENOR'S RESPONSE TO ORDER OF NOVEMBER 30, 2021 complies with the type volume limitation. The total number of words in the foregoing brief, excluding the table of contents and table of authorities, is 5,043 as measured by the word-processing software used to prepare this brief.

/s/ Maureen D. Queler
Maureen D. Queler