2011-1067

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

FLFMC, LLC,
Plaintiff-Appellant,

v.

WHAM-O, INC.,
Defendant-Appellee,

v.

UNITED STATES,
Intervenor.

Appeal from the United States District Court
for the Western District of Pennsylvania
in Case No. 10-CV-0435, Judge Arthur J. Schwab.

BRIEF OF *AMICUS CURIAE* CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA IN SUPPORT OF DEFENDANT-APPELLEE AND AFFIRMANCE

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FORM 9. Certificate of Interest

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

FLFMC, LLC v. Wham-O, Inc.

No. 2011-1067

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party) Chamber of Commerce of the United States of America certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

Chamber of Commerce of the United States of America

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None

4. ☑ The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

McDermott Will & Emery LLP - M. Miller Baker, Michael S. Nadel, Jeffrey W. Mikoni
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2/14/2011
Date

Signature of counsel

Jeffrey W. Mikoni
Printed name of counsel

Please Note: All questions must be answered

cc: _____

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STATEMENT OF INTEREST OF *AMICUS CURIAE*[1]

The Chamber of Commerce of the United States of America (the "Chamber") is the world's largest business federation. The Chamber represents 300,000 direct members and indirectly represents the interests of more than three million companies and professional organizations of every size, in every industry, from every region of the country. At least 98% of the Chamber's members are small businesses with 100 or fewer employees. An important function of the Chamber is to represent the interests of its members in matters before Congress, the Executive Branch, and the courts. To that end, the Chamber regularly files *amicus curiae* briefs in cases that raise issues of vital concern to the Nation's business community.

This is such a case. Emboldened by recent decisions of this Court in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1304 (Fed. Cir. 2009) (holding that Section 292(b)'s $500 fine is assessed on a per-item basis) and *Stauffer v. Brooks Brothers, Inc.*, 619 F.3d 1321, 1328 (Fed. Cir. 2010) (holding that qui tam relators lacking any injury to themselves have Article III standing based on Section

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[1] Pursuant to Federal Rule of Appellate Procedure 29(a), all parties have consented to the filing of this brief. No party's counsel authored the brief in whole or in part; no party or party's counsel contributed money that was intended to fund preparing or submitting the brief; and no person—other than the *amicus curiae*, its members, or its counsel—contributed money that was intended to fund preparing or submitting the brief.

292(b)'s assignment of the government's sovereign injury), opportunistic private relators have filed over 1,100 distinct false marking claims under 35 U.S.C. § 292(b) in several hundred suits against scores of defendants, including many Chamber members.[2] Untold millions of dollars have been diverted from otherwise productive uses to defend against these suits. The Chamber's members plainly have an interest in halting this litigation spree.

Beyond the immediate context of false marking litigation, the central question before this Court—whether Congress can transfer the Executive's law enforcement function to unsupervised and uncontrollable private parties—is of vital concern to the Chamber's members. If privatized law enforcement is allowed in this context, it will open the door to further transfers of the Executive's law enforcement function and concomitant abuses by opportunistic private litigants.[3]

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[2] *See* McDonnell Boehnen Hulbert & Berghoff LLP, False Patent Marking, Cases, District Court, *available at* http://www.falsemarking.net/district.php (last visited Feb. 24, 2011).

[3] Precisely because private enforcement of criminal law leads to abuses, the Supreme Court, relying on its inherent supervisory authority over the lower federal courts, has held that an interested attorney (*i.e.*, counsel for a party that is the beneficiary of a court order) may not be appointed as a prosecutor in a contempt action alleging a violation of that order. *Young v. United States ex rel. Vuitton et Fils S.A.*, 481 U.S. 787, 808–09 (1987). Such a conflicted role would violate federal criminal law, which forbids federal prosecutors from representing the government in any matter in which the prosecutor has an interest, as well as ethical canons. *Id.* at 805.

INTRODUCTION

The false marking statute, 35 U.S.C. § 292, provides, *inter alia*, that "[w]hoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word 'patent' or any word or number importing that the same is patented for the purpose of deceiving the public . . . [s]hall be fined not more than $500 for every such offense." 35 U.S.C. § 292(a).[4] Section 292(a) is a criminal statute, punishable by a civil fine. *Pequignot v. Solo Cup Co.*, 608 F.3d 1356, 1363 (Fed. Cir. 2010).

Subsection (b) of Section 292 provides that "[a]ny person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States." 35 U.S.C. § 292(b). Section 292(b) thus allows any person, known as a "relator," to bring a civil qui tam action to enforce the criminal provision in Section 292(a). *Pequignot,* 608 F.3d at 1363.

Originally enacted in 1870, *see* Act of July 8, 1870, c. 230, § 39, 16 Stat. 203, the false marking statute was a little known backwater of American patent law until it was discovered by the plaintiffs' bar in just the past few years. This Court's decision in *Bon Tool*, which held that a relator's recovery under Section 292(b) is

[4] For the convenience of the Court, the full text of 35 U.S.C. § 292 is reprinted in the Addendum attached to this brief.

calculated on a per-item basis, *see* 590 F.3d at 1304, touched off an explosion of false marking suits by opportunists who suffered no injury themselves.

Even more recently, in *Stauffer*, this Court held that the sovereign injury of the United States could supply the Article III standing of uninjured relators under Section 292(b), *see* 619 F.3d at 1328, notwithstanding that the Supreme Court has never recognized that the government's sovereign injury alone can establish the Article III standing of private litigants. Because "'the law of Art. III standing is built on a single basic idea—the idea of separation of powers,'" *Raines v. Byrd*, 521 U.S. 811, 820 (1997) (citing *Allen v. Wright*, 468 U.S. 737, 752 (1984)), *Stauffer* set in motion the constitutional collision presented in this case.

SUMMARY OF THE ARGUMENT

Under the Take Care Clause of Article II, Section 3 of the Constitution, the Executive Branch has the obligation to enforce the sovereign's law, including instituting civil litigation to vindicate public rights. This obligation of the Executive can be delegated to private parties only to the extent that the Executive retains "sufficient control" over conduct of the litigation. *See Morrison v. Olson*, 487 U.S. 654, 696 (1988).

Several courts of appeals have considered Take Care Clause challenges to the False Claims Act ("FCA"), 31 U.S.C. § 3927 *et seq*. These courts concluded that the FCA survives scrutiny under the Take Care Clause because the FCA

provides means for the government to control a relator's qui tam action. Specifically, the FCA provides, *inter alia*, for the government's right to receive notice of the relator's action, for the government to intervene in the relator's action, and for the government to dismiss the relator's action.

Section 292(b) violates the Take Care Clause because unlike the FCA, it does not provide for *any* control, much less "sufficient" control, by the Executive over false marking litigation conducted by private relators.

First, Section 292(b) contains no mechanism for informing the government of the relator's suit. That defect alone is fatal under the Take Care Clause because, in the absence of notice, the government has no means to even attempt to exercise any control over the relator's suit.

Second, even if the government somehow receives notice of a Section 292(b) suit, it cannot intervene in such a suit under Federal Rule of Civil Procedure 24 to assert its own claim against the defendant. Under Rule 24(c), intervention is permitted only if the government can file a pleading "that sets out a claim or defense for which intervention is sought." A mere statement by the government of its interest does not qualify as a pleading. Fed. R. Civ. P. 7(a) (a pleading is a complaint setting out a claim or an answer to a complaint). Because the government is not a "person" under the false marking statute, it cannot bring its

own claim under Section 292(b). Consequently, it is categorically precluded from intervening in a Section 292(b) case to assert an affirmative claim.

Finally, even if the government is otherwise permitted to intervene in Section 292(b) suits, the statute provides no means for the government to dismiss the litigation, to prevent the relator's settlement of the litigation, or to otherwise exercise any control over the relator's conduct of the litigation. Because Section 292(b) reduces the government to the role of hapless bystander while self-appointed private relators exercise the Executive's law enforcement function, Section 292(b) violates the Take Care Clause.

The government cannot salvage Section 292(b) by pointing to the history of qui tam statutes that the Supreme Court relied upon in *Vermont Agency of Natural Resources v. United States ex rel. Stevens*, 529 U.S. 765 (2000), to find Article III standing for relators under the FCA. This history has little, if any, relevance to structural separation of powers questions. In any event, the early Congresses do not appear to have considered separation of powers issues. To the extent that the early Congresses did consider those issues in enacting qui tam statutes, the earlier Congresses were certainly capable of violating the Constitution, as evidenced by the Alien and Sedition Acts.

Section 292(b) is also unconstitutional under the Appointments Clause of Article II, Section 2. Under *Buckley v. Valeo*, 424 U.S. 1 (1976), the function of

directing civil law enforcement must be performed by an "Officer of the United States," nominated by the President and confirmed by the Senate. As a private relator is not an "Officer of the United States," Section 292(b) impermissibly violates the separation of powers by delegating away the Executive's law enforcement function.

ARGUMENT

I. SECTION 292(b) VIOLATES THE TAKE CARE CLAUSE.

A. The Take Care Clause Requires the Executive to Have "Sufficient Control" over Both Civil and Criminal Law Enforcement Functions.

The President's "most important constitutional duty" is to "'take Care that the Laws be faithfully executed.'" *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 576–77 (1992) (quoting U.S. Const. art. II, § 3). That duty includes the responsibility to institute litigation through the Attorney General as the "ultimate remedy for a breach of the law." *Buckley v. Valeo*, 424 U.S. 1, 138 (1976). "*[A]ll* such suits, so far as the interests of the United States are concerned, are subject to the direction, and within the control of, the Attorney-General.'" *Id.* at 139 (quoting *Confiscation Cases*, 74 U.S. (7 Wall.) 454, 458–59 (1869) (emphasis added)).

The Take Care Clause makes no distinction between criminal and civil law enforcement. Thus, the Supreme Court in *Buckley* stated that a statute conferring on persons outside of the Executive Branch "primary responsibility for conducting

civil litigation in the courts of the United States for vindicating public rights," 424 U.S. at 140, violated the Take Care Clause. *Id.* at 138.[5] *See also Nader v. Saxbe,* 497 F.2d 676, 679 n.19 (D.C. Cir. 1974) ("The Executive's constitutional duty to 'take Care that the Laws be faithfully executed,' Art. II, § 3, applies to *all* laws, not merely to criminal statutes." (emphasis added)); *Lujan*, 504 U.S. at 577 (application of Article III standing requirements to *civil* enforcement of the Endangered Species Act reinforced the Take Care Clause).

Under the Take Care Clause, statutory delegation of the Executive Branch's law enforcement authority is only permissible when the relevant statute grants the Executive Branch "sufficient control over the [third party] to ensure that the President is able to perform his constitutionally assigned duties." *See Morrison,* 487 U.S. at 696 (upholding the independent counsel statute based on adequacy of statutory control mechanisms, including the Attorney General's unreviewable

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[5] There can be no dispute that FLFMC's suit against Wham-O under Section 292(b) seeks to vindicate public rights within the meaning of *Buckley*. *See Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 51 & n.8 (1989) (public rights involve the government "in its sovereign capacity" asserting claims against "persons subject to its authority" under "an otherwise valid statute creating enforceable public rights"); *see also* Ann Woolhandler & Caleb Nelson, *Does History Defeat Standing Doctrine?*, 102 Mich. L. Rev. 689, 693 (2004) ("*History*") ("The penal law (which includes not only criminal law but also fines and forfeitures recoverable through civil process) also defines various public rights. The penalties for violations of those rights are not measured strictly by private loss; like public law more generally, penal law focuses on vindicating the claims of the public rather than on compensating individuals.").

discretion whether to appoint an independent counsel, power to define the jurisdiction of an independent counsel, and power to remove an independent counsel for good cause).

In the absence of "sufficient control" in a statutory delegation of the Executive's law enforcement authority, the statute violates the separation of powers and must be invalidated. A federal court should "not hesitate[ ] to strike down provisions of law . . . that undermine the authority and independence of one or another coordinate Branch," *Mistretta v. United States*, 488 U.S. 361, 382 (1989), especially where a federal statute "prevents the Executive Branch from accomplishing its constitutionally assigned functions," *id.* at 383 (internal quotation marks omitted). *See, e.g.*, *Printz v. United States*, 521 U.S. 898, 923 (1997) (striking down federal statute assigning to state law enforcement officials the duty of enforcing federal law in part because the Executive Branch "unity would be shattered, and the power of the President would be subject to reduction, if Congress could act as effectively without the President as with him, by simply requiring state officers to execute its laws"); *see also CFTC v. Schor*, 478 U.S. 833, 856 (1986) (separation of powers violated when Congress "impermissibly undermine[s]" the powers of the Executive Branch); *Nixon v. Adm'r of Gen. Servs.*, 433 U.S. 425, 443 (1977) ("prevent[ing] the Executive Branch from

accomplishing its constitutionally assigned functions" violates the separation of powers).

B. Section 292(b) Denies the Government "Sufficient Control" Over a Relator's Action.

Several federal courts of appeals have considered Take Care Clause challenges to the qui tam provisions of the FCA. Each has rejected such challenges on the basis that the FCA contains several specific provisions allowing the Executive Branch to retain "sufficient control" over the litigation under *Morrison*, including: (1) the right to be notified of the case before the defendant is served, 31 U.S.C. § 3730(b)(2); (2) the right to intervene in the action as a matter of right within sixty days of the commencement of the action, *id.*, or for "good cause" thereafter, 31 U.S.C. § 3730(c)(3); (3) the obligation to take primary responsibility for prosecuting the action if it intervenes and the right to not be bound by the relator's actions, 31 U.S.C. § 3730(c)(1); (4) the right to seek dismissal or settlement of the action over the objection of the relator, 31 U.S.C. § 3730(c)(2)(A), (B), as well as the right to prevent dismissal of the action by the relator, 31 U.S.C. § 3730(b)(1); (5) the right to limit the relator's discovery, 31 U.S.C. § 3730(c)(4), and participation in the suit, 31 U.S.C. § 3730(c)(2)(C); and (6) the right to be served with all papers even if it chooses not to intervene, 31 U.S.C. § 3730(c)(3). *See, e.g., United States ex rel. Taxpayers Against Fraud v. Gen. Elec. Co.*, 41 F.3d 1032, 1041 (6th Cir. 1994) ("[T]he Executive Branch

retains 'sufficient control' over the [FCA] relator's conduct to 'ensure that the President is able to perform his constitutionally assigned duty'") (citing *Morrison* and the Take Care Clause; brackets omitted); *United States ex rel. Kelly v. Boeing Co.*, 9 F.3d 743, 755 (9th Cir. 1993) (under *Morrison*, "the FCA gives the Attorney General sufficient means of controlling or supervising relators to satisfy separation of powers concerns"); *United States ex rel. Kreindler & Kreindler v. United Techs. Corp.*, 985 F.2d 1148, 1155 (2d Cir. 1993) ("[T]he FCA qui tam provisions do not usurp the executive branch's litigating function because the statute gives the executive branch substantial control over the litigation.").[6]

As demonstrated below, Section 292(b) contains none of the provisions for Executive Branch control cited by other courts of appeals for rejecting Take Care Clause challenges to the FCA.[7]

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[6] The Fifth Circuit similarly held that the FCA's control mechanisms defeated a Take Care Clause challenge, but also stated that the civil context of a qui tam action allowed for more relaxed controls than would otherwise be required in a criminal context. *See Riley v. St. Luke's Episcopal Hosp.*, 252 F.3d 749, 757 (5th Cir. 2001) (en banc). As previously discussed, the Take Care Clause makes no such civil/criminal distinction. *See supra* at 7–8.

[7] The Chamber does not concede that even the presence of these controls in the FCA establishes that the FCA passes muster under the Take Care Clause. Rather, the Chamber simply notes that Section 292(b) lacks any of the controls that other court of appeals have relied upon to reject Take Care Clause challenges to the FCA.

1. The Government Receives No Notice of Section 292(b) Suits.

In contrast with the FCA's notice provisions, the government receives no specific notice of a Section 292(b) suit and therefore has no warning that a private citizen purports to represent the sovereign interests of the United States. *See* Wham-O Br. at 19–24. Therefore, even if the Section 292(b) otherwise contained a mechanism for the Executive Branch to exercise control over the litigation, the absence of a notice provision is fatal, because it prevents the government from ever exercising such control over the litigation. *See Unique Prod. Solutions, Ltd. v. Hy-Grade Valve, Inc.*, No. 5:10-CV-1912, 2011 WL 649998, at *5 (N.D. Ohio Feb. 23, 2011) (absence of provision for notice to the government in Section 292(b) violates Take Care Clause).

2. Even If the Government Receives Notice, the Government May Not Intervene In a Section 292(b) Suit Because It Is Not a "Person" That Can Assert a Section 292(b) Claim.

Although the FCA provides an express right for the government to intervene in order to assume control of litigation, Section 292(b) categorically precludes the government from intervening. The linchpin of the government's constitutional defense of Section 292(b) in the district courts has been that Federal Rule of Civil Procedure 24 grants it either mandatory or permissive intervention rights in Section

292(b) actions, and that upon such intervention, it can protect its interests. The government is simply wrong. Rule 24 provides no such relief.[8]

Rule 24(c) mandates that all motions to intervene shall "be accompanied by a pleading that sets forth the claim or defense for which intervention is sought." Fed. R. Civ. P. 24(c); *see also* 7C Charles Alan Wright et al., *Federal Practice & Procedure* § 1914 at 523–24 (3d ed. 2007); *R.I. Fed'n of Teachers v. Norberg,* 630 F.2d 850, 854 (1st Cir. 1980) (stating that all motions to intervene must comply with Rule 24(c)). Under Rule 7(a), a "pleading" can only be a complaint (or a counter-complaint or cross-complaint) or an answer to such a complaint. Fed. R. Civ. P. 7(a). General rules on testing a pleading—which apply to an intervenor, *Pin v. Texaco, Inc.*, 793 F.2d 1448, 1450 (5th Cir. 1986)—require a well-pleaded complaint setting forth a cause of action for which relief may be granted. *See* Fed. R. Civ. P. 12(b)(6). A vague statement of "interest" is not a pleading, well-pleaded or otherwise, and cannot satisfy Rule 24(c). As a result, regardless of the nature of

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[8] In *Stauffer*, this Court held that a district court abused its discretion in denying the government's motion to intervene in a Section 292(b) action under Rule 24(a)(2). *See* 619 F.3d at 1328. The defendant, however, did not raise and the *Stauffer* panel did not address the impossibility of government intervention in a Section 292(b) claim because of the pleading requirement of Rule 24(c). The *Stauffer* panel's decision therefore does not dispose of the Chamber's argument here. *See Union Elec. Co. v. United States*, 363 F.3d 1292, 1296 (Fed. Cir. 2004) ("[W]e have repeatedly held that the disposition of an issue by an earlier decision does not bind later panels of this court unless the earlier opinion explicitly addressed and decided the issue.").

any "interests" the government claims are implicated by a private suit under Section 292(b), the government could intervene, either as of right or with the permission of the district court, only if it could state *its own claim* under Section 292(b). The government cannot do so.

Section 292(b) actions can only be brought by *persons*: "Any *person* may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States." 35 U.S.C. § 292(b). It is a "longstanding interpretive presumption that 'person,'" when used by Congress in legislation, "does not include the sovereign." *Vermont Agency*, 529 U.S. at 780–81 (citations omitted). This presumption can only be rebutted upon "affirmative showing of statutory intent to the contrary," *see id.* at 781, and no such "affirmative showing" exists for Section 292(b).

For over a century, the false marking statute has consistently been interpreted to exclude the government from pleading any claims under Section 292(b). *See United States v. Morris*, 2 Bond 23, 26 F. Cas. 1321 (S.D. Ohio 1866) (dismissing Section 292(b) action brought by the United States because the United States is not a "person"); *see also* Odin B. Roberts, *Actions Qui Tam Under the Patent Statutes of the United States*, 10 Harv. L. Rev. 265, 266 (1896–97) ("Thus only a *person* can be an informer under the statute. Even the United States, which as a collateral party is interested in a suit to recover penalties under the act to the

extent of one half the sum recovered, cannot through its attorney be an informer." (emphasis in the original)).

With *no* rights under Section 292(b), the government cannot satisfy Rule 24(c)'s requirement to file a well-pleaded complaint, and consequently cannot in any circumstances intervene in a Section 292(b) action. Rather, the government's only recourse for false marking is to bring a separate criminal action pursuant to Section 292(a).

3. Even If the Government Could Intervene In a Section 292(b) Suit, It Could Not Control a Relator's Conduct of the Litigation.

Wham-O's brief demonstrates that even if the government were permitted to intervene in a Section 292(b) action to assert its own Section 292(b) claim, nothing in the statute grants the government any control over conduct of the litigation, including the right to seek dismissal of the action, to curtail discovery, to prevent a settlement, or to otherwise limit a relator's participation in or direction over the action. *See* Wham-O Brief at 24–42. As the district court in *Unique Product Solutions* concluded, the absence of such controls in Section 292(b) violates the Take Care Clause under *Morrison's* "sufficient control" test. *See Unique Prod. Solutions*, 2011 WL 649998 at *5.

C. The History of Qui Tam Statutes Does Not Excuse Section 292(b)'s Constitutional Defects.

The government's last refuge for the defense of Section 292(b) devolves into the claim that early Congresses enacted a handful of qui tam statutes purportedly similar to Section 292(b), and the Supreme Court in *Vermont Agency* looked to that history to uphold the Article III standing of qui tam relators under the FCA. *See* 529 U.S. at 774–77. But this history cannot explain away Section 292(b)'s defects under Article II.

First, the Court in *Vermont Agency* expressly reserved the question of whether the FCA violated the Take Care and Appointments Clauses. *See* 529 U.S. at 778 n.8. Thus, *Vermont Agency*'s discussion of the historical pedigree of qui tam actions for Article III standing purposes cannot and does not control the Article II issues associated with qui tam statutes.

Second, while the acts of early Congresses are of particular relevance in the context of Article III standing, *see Vermont Agency*, 529 U.S. at 774 ("'Cases'" and "'Controversies'" of Article III are "properly understood to mean 'cases and controversies of the sort traditionally amenable to, and resolved by, the judicial process'"), such acts have limited, if any, relevance to structural separation of powers questions. Thus, the Supreme Court invalidated the legislative veto on separation of powers grounds, notwithstanding the historical pedigree of the legislative veto. *See INS v. Chadha*, 462 U.S. 919, 982–84 n.18 (1983) (White, J.,

dissenting) (First Congress's use of precursors to legislative veto was unconstitutional under the majority's analysis striking down the legislative veto).

Third, there is no evidence that the early Congresses gave any consideration to the separation of powers implications of the few qui tam statutes that they enacted. Instead, the "early qui tam statutes have all the hallmarks of action 'thoughtlessly' taken." Memorandum to Attorney General Dick Thornburg from Assistant Attorney General William Barr, 13 Op. Off. Legal Counsel 207, 234 (1989). *Cf. Marsh v. Chambers*, 463 U.S. 783, 791 (1983) (historical argument based on legislation by early Congresses carries greater force if "the subject was considered carefully and the action not taken thoughtlessly"); Letter from James Madison to President Monroe (Dec. 27, 1817), in 3 *Letters and Other Writings of James Madison* 54, 55–56 (J.B. Lippincott 1865) (suggesting that early statutes should be given little weight on constitutional questions when "the question of Constitutionality was but slightly, if at all, examined" by the enacting Congress); *see also History,* 102 Mich. L. Rev. at 726 (early qui tam statutes do not "demonstrate a determinate 'original understanding' of the constitutional separation of powers. Because American-style separation of powers had never been put into practical operation before the 1780s, members of the First Congress could not possibly have grasped all of the questions that it raised, let alone worked out coherent answers to them.").

Finally, to the extent that early Congresses even considered separation of powers issues before enacting qui tam statutes, they "were not infallible interpreters of the constitutional text," Steven G. Calabresi & Saikrishna B. Prakash, *The President's Power to Execute the Laws*, 104 Yale L.J. 541, 556 (1994), as evidenced by, among other early enactments, the Alien and Sedition Acts, which plainly violated the First Amendment. *See N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 276 (1964) (acknowledging "broad consensus" that the Alien and Sedition Acts of 1798 were unconstitutional).

* * *

Section 292(b) delegates the Executive's law enforcement functions to private parties, who are not supervised by or otherwise answerable in any way to the President's subordinates in the Department of Justice. As it denies the Executive "sufficient control" of a relator's action, Section 292(b) therefore "violates the basic principle that the President 'cannot delegate ultimate responsibility or the active obligation to supervise that goes with it,' because Article II 'makes a single President responsible for the actions of the Executive Branch.'" *Free Enter. Fund v. Pub. Co. Accounting Oversight Bd.*, 130 S. Ct. 3138, 3154 (2010) (citing *Clinton v. Jones*, 520 U.S. 681, 712–13 (1997) (Breyer, J. concurring)).

II. SECTION 292(b) VIOLATES THE APPOINTMENTS CLAUSE.

The Appointments Clause of Article II, Section 2 requires that "Officers of the United States" be appointed by the President, subject to Senate confirmation. The Appointments Clause is "among the significant structural safeguards of the constitutional scheme," *Edmond v. United States*, 520 U.S. 651, 659 (1997), and supports the separation of powers by "prevent[ing] congressional encroachment upon the Executive and Judicial Branches." *Id.*

In *Buckley*, the Supreme Court held that the creation of the Federal Election Commission violated the Appointments Clause because the statute creating the commission vested "primary responsibility for conducting civil litigation in the courts of the United States for vindicating public rights" in persons appointed by Congress, *id.* at 140, and "[s]uch functions may be discharged only by persons who are "'Officers of the United States' within the language of that Section." *Id.* Because Section 292(b) allows private citizens to have exclusive responsibility for conducting civil litigation for the purpose of vindicating public rights, Section 292(b) violates the Appointments Clause under *Buckley*.

In its defense of Section 292(b) in various district courts, the government has argued that *Buckley* only requires *officeholders* exercising significant Executive Branch authority to have been appointed in compliance with the Appointments Clause, and that *Buckley* does not apply in instances where Congress vests persons

outside of government with such authority. With respect, the government's focus on the *office* held by a person is exactly backwards. *Buckley* turns not on what office a person holds, if any, but on the *function* exercised by the person under federal law. 424 U.S. at 140. The function exercised by a person, not the office held by the person, defines whether the person must be appointed in conformity with the Appointments Clause. Because *Buckley* holds that the function of prosecuting civil litigation to vindicate public rights is a function that can be exercised only by persons appointed in compliance with the Appointments Clause, Section 292(b) is unconstitutional.

CONCLUSION

For the reasons outlined above and in Wham-O's brief, this Court should hold that Section 292(b) violates the Take Care and Appointments Clauses of Article II to the United States Constitution and therefore is unconstitutional. On that basis, this Court should affirm the judgment of the district court.

Respectfully submitted,

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March 1, 2011

STATUTORY ADDENDUM

35 U.S.C. §292-False Marking

(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, offered for sale, or sold by such person within the United States, or imported by the person into the United States, the name or any imitation of the name of the patentee, the patent number, or the words "patent," "patentee," or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made, offered for sale, sold, or imported into the United States by or with the consent of the patentee; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word "patent" or any word or number importing that the same is patented for the purpose of deceiving the public; or

Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

Shall be fined not more than $500 for every such offense.

(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

(July 19, 1952, c. 950, 66 Stat. 814; Dec. 8, 1994, Pub. L. 103-465, Title V, § 533(b)(6), 108 Stat. 4990.)

HISTORICAL AND STATUTORY NOTES
Revision Notes and Legislative Reports

1952 Acts. Based on Title 35, U.S.C., 1946 ed., § 50 (R.S. 4901 [derived from Act July 8, 1870, c. 230, § 39, 16 Stat. 203]).

This is a criminal provision. The first two paragraphs of the corresponding section of existing statute are consolidated, a new paragraph relating to false marking of "patent applied for" is added, and false advertising is included in all the offenses. The minimum fine, which has been interpreted by the courts as a maximum, is

replaced by a higher maximum. The informer action is included as additional to an ordinary criminal action.

1994 Acts. House Report No. 103-826 (Parts I and II) and Statement of Administrative Action, see 1994 U.S. Code Cong. and Adm. News, p. 3773.

Amendments

1994 Amendments. Subsec. (a). Pub. L. 103-465, § 533(b)(6), substituted "used, offered for sale, or sold by such person within the United States, or imported by the person into the United States" for "used, or sold by him" and "made, offered for sale, sold, or imported into the United States" for "made or sold".

Effective and Applicability Provisions

1994 Acts. Amendment by section 533(b)(6) of Pub. L. 103-465 to take effect, subject to certain exceptions and qualifications, on the date that is one year after the date on which the WTO Agreement enters into force with respect to the United States [Jan. 1, 1995], see section 534 of Pub. L. 103-465, set out as a note under section 154 of this title.

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPEFACE REQUIREMENTS AND TYPE STYLE REQUIREMENTS

1. This brief compiles with the type-volume limitation of FED R. APP. P. 29(d) and 32(a)(7)(B) because:

   This brief contains 4768 words, excluding the parts of the brief exempted by FED. R. APP. P. 32(A)(7)(B)(iii).

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Jeffrey W. Mikoni

CERTIFICATE OF SERVICE

I hereby certify that on this March 1, 2011, I caused two copies of the foregoing **BRIEF OF *AMICUS CURIAE* CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA IN SUPPORT OF DEFENDANT-APPELLEE AND AFFIRMANCE** to be served by courier overnight service on the following:

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I further certify that on this same date the original and eleven copies of the foregoing brief were sent to the United States Court of Appeals for the Federal Circuit by overnight courier.

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