

## In re DBC

No. 08-1120, Fed. Cir. (Linn,\* Dyk, Stearns)

***[The failure before the Board to] ascertain the appointment status of the administrative patent judges assigned to its case [and] challenge the composition of the panel [based on] constitutional infirmity [resulted in a waiver of the] right to appeal the issue.***

On November 3, 2008, the Federal Circuit affirmed the USPTO Board of Patent Appeals and Interferences decision upholding the examiner's obviousness rejection in a reexamination of the claims of U.S. Patent No. 6,730,333, which related to a nutraceutical composition of the pulp and pericarp of the mangosteen fruit. The Federal Circuit also held that DBC waived challenging the appointment of the administrative patent judges who presided over its appeal. The Federal Circuit stated:

DBC argues that regardless of the merits of the underlying rejection, the decision of the Board must be vacated because two of the administrative patent judges on the panel were appointed unconstitutionally. . . . We agree with the government that DBC waived the issue by failing to raise it before the Board. In an article published in 2007, Professor John F. Duffy of the George Washington University Law School contended that legislation enacted in 2000 and delegating the power to appoint administrative patent judges to the Director of the PTO ("the Director") instead of the Secretary of Commerce ("Secretary") was constitutionally infirm under the Appointments Clause, U.S. Const. art. II, § 2, cl. 2.

[A] party generally may not challenge an agency decision on a basis that was not presented to the agency. [W]hile this issue could have been raised before the Board, it was not. Although DBC may not have appreciated the argument until discovering Professor Duffy's article, that article was not an intervening change in law or facts, nor was it based on any legal or factual propositions that were not knowable to DBC when it was proceeding before the Board. We are not persuaded to overlook DBC's lack of diligence to present an issue of which it was, or should have been, aware. . . .

We also consider the remedial action taken by Congress to weigh against considering the waived challenge. On August 12, 2008, the President signed into law legislation that redelegate the power of appointment to the Secretary, thereby eliminating the issue of unconstitutional appointments going forward. The legislation also includes a provision attempting retroactive correction of the Director's appointments by providing "a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer." While we take no position on the constitutionality of that defense, Congress's action in fixing the problem prospectively means that our decision will not affect cases decided by future panels of the Board. This argues against our exercising discretion to address the issue.

Finally, DBC has not made any allegation of incompetence or other impropriety regarding the administrative patent judges who heard its appeal, nor has it alleged that these judges are somehow unqualified to serve in the position. Indeed, the Secretary, acting under the new statute, has reappointed the administrative patent judges involved in DBC's appeal. Thus, even if we were to exercise our discretion to consider DBC's constitutional argument, conclude that the judges were improperly appointed, and remand to the Board for reconsideration by a properly appointed panel, there is nothing to suggest that the Board would do anything other than simply (and legitimately) assign the case to the same panel. The fact that we have affirmed the merits of the Board's action in this case also speaks against our exercising discretion and needlessly protracting the reexamination of the present patent. We conclude that the circumstances presented here do not warrant the exercise of our discretion to hear DBC's Appointments Clause challenge. . . .

DBC does not appear to challenge the Board's prima facie case of obviousness per se, only that it was not based upon a substantial new question of patentability. [We reject that argument and] affirm that portion of the Board's decision. During reexamination, and in response to the examiner's rejection of the pending claims, DBC submitted three declarations pursuant to 37 C.F.R. § 1.132 in an effort to demonstrate the commercial success of XanGo™ juice. [T]he evidence of commercial success is insufficient to persuade us of the unobviousness of the claimed subject matter, which differs from the prior art only in the addition of a known, tasty, mangosteen juice. [T]he proponent must offer proof "that the sales were a direct result of the unique characteristics of the claimed invention—as opposed to other economic and commercial factors unrelated to the quality of the patented subject matter." Here, DBC has done little more than submit evidence of sales. However substantial those sales, that evidence does not reveal in any way that the driving force behind those sales was the claimed combination of mangosteen fruit, mangosteen rind extract, and fruit or vegetable juice. Nor is there any evidence that sales of XanGo™ juice were not merely attributable to the increasing popularity of mangosteen fruit or the effectiveness of the marketing efforts employed. [W]e cannot conclude that the Board's decision is unsupported by substantial evidence [and] thus affirm that portion of the Board's decision.

*The previous statements are for information purposes only, and do not constitute legal advice. Questions regarding the matters discussed above, and any requests to be subscribed to the free electronic distribution of this publication, may be directed to Lawrence M. Sung, Ph.D., at +1 202.346.7850 or lsung@dl.com, or to any other Dewey & LeBoeuf LLP attorney with whom you regularly consult.*

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