Retroactivity and Appointments

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The current law of retroactivity in the Appointments Clause context is confused, resulting in significant practical consequences, such as when courts unnecessarily invalidate prior administrative decisions after judicially removing an unconstitutionality, even where the prior statutory misrepresentation had no apparent effect on the invalidated actions. The Supreme Court has recently been active in the Appointments Clause area without discussing the attendant retroactivity issues, which lower courts are confronting with increased frequency. This article reviews the doctrine of retroactivity and appointments, discusses the relevant academic literature, and proposes a coherent and sensible framework for courts to use when faced with these important questions.

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INTRODUCTION

The current law surrounding retroactivity in the Appointments Clause context is a mess, one that this Article aims to help clean up. Retroactivity doctrine is somewhat confusing in general, but in the Appointments Clause context it is even more so. Although the issues may seem abstract and philosophical,[1] they can have very practical consequences. When a court holds that certain administrative judges were not constitutionally appointed, do their prior actions become invalid? That is the primary question dealt with in this Article, and the answer depends in part on whether and how the court deals with the constitutional problem.

For example, the United States Court of Appeals for the Federal Circuit recently held in *Arthrex v. Smith & Nephew* that Administrative Patent Judges (APJs) had not been properly appointed in accord with the Appointments Clause, but the court "fixed" the unconstitutionality by striking statutory removal restrictions as applied to those judges.[2] However, instead of properly viewing the fix as retroactive, the court improperly held that dozens of pending appeals from lengthy and expensive agency proceedings before the United States Patent and Trademark Office (USPTO) had to be vacated and remanded for new additional agency hearings, even though it is highly unlikely that the removal restrictions had any effect or caused any harm in these matters, and there was not even any serious allegation of actual harm.[3] This wasteful Kafkaesque multiplication of bureaucratic hearings was thought to be required by law, but in fact it was both unnecessary and imprudent under the retroactivity doctrine as properly understood.

The amount of waste that can occur due to such misunderstanding is substantial. The *Arthrex* decision has led to somewhere in the neighborhood of one hundred unnecessary remands from appeals of

1. *See* Harper v. Va. Dep't of Tax'n, 509 U.S. 86, 107 (1993) (Scalia, J., concurring) ("That original and enduring American perception of the judicial role sprang not from the philosophy of Nietzsche but from the jurisprudence of Blackstone, which viewed retroactivity as an inherent characteristic of the judicial power, a power 'not delegated to pronounce a new law, but to maintain and expound the old one.'").

2. *See* Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320, 1333 (Fed. Cir. 2019), *cert. granted sub nom.* United States v. Arthrex 141 U.S. 549 (2020). "Removal restrictions" refers to congressionally imposed restrictions on the president's ability to remove certain officers; an officer with removal restrictions (or protections) cannot be removed at will, but rather only for cause. *See infra* notes 173–177 and accompanying text.

3. *See infra* note 441 and accompanying text.

USPTO proceedings, and such remands were ordered to be heard by a new panel of three APJs.[4] These legally improper remands will thus not only cause substantial delay to parties attempting to determine the validity of patent rights, but also result in wasted resources likely totaling in the tens of millions of dollars.[5] This pure waste of resources is caused entirely by the Federal Circuit's perhaps understandable confusion with respect to this admittedly tricky doctrine, highlighting the importance of clarifying the law in this area. The *Arthrex* case is currently being reconsidered before the Supreme Court,[6] and the Court thus has an opportunity to both improve the efficiency of the system by eliminating this waste and clarify the law of retroactivity and appointments to prevent similar blunders from occurring in the future.

This issue however is far from limited to the Federal Circuit. Retroactivity issues have arisen relatively frequently in the Appointments Clause context in recent years,[7] yet the law of retroactivity and appointments remains confused. Very similar issues also arise in the context of other closely related constitutional challenges to agency structure based on Article II or separation of powers. For example, in *Seila Law v. CFPB*, the Supreme Court recently severed removal restrictions to fix what it found to be a constitutional problem with the Consumer Financial Protection Bureau (CFPB), raising questions about the extent to which prior CFPB actions remain valid, without addressing those questions.[8] In this and other contexts, various courts will undoubtedly be faced with these sorts of retroactivity questions soon and would do well to apply a consistent and coherent framework. This Article attempts to provide such a framework.

The doctrine of retroactivity holds that when a court shifts or alters the law, it is in theory not actually changing the law, it is merely clarifying what the law always was, vindicating the law from misrepresentation. The doctrine is thus based on the fiction that courts find law rather than make it, known as the declaratory theory of law. Retroactivity can become especially complex and confusing in the Appointments Clause

4. *See infra* note 408.

5. *See infra* note 386.

6. *See infra* note 460 and accompanying text.

7. *See* Elizabeth Earle Beske, *Backdoor Balancing and the Consequences of Legal Change*, 94 WASH. L. REV. 645, 693 (2019) ("The Court's struggle to reconcile its dueling impulses to soften the blow of disruptive legal change and adhere to principles of adjudicative retroactivity is likely to erupt again soon in a new context. . . . After decades of doctrinal repose, the Court has decided three significant Appointments Clause cases in the past eight years."); *see generally* Lucia v. SEC, 138 S. Ct. 2044 (2018); *Arthrex*, 941 F.3d 1320; Aurelius Inv., LLC v. Puerto Rico, 915 F.3d 838 (1st Cir. 2019).

8. *See* Seila Law LLC v. Consumer Fin. Prot. Bureau, 140 S. Ct. 2183 (2020) (severing removal restrictions) (discussed in Section I.C.4).

context. Where a court finds that certain administrative judges were not constitutionally appointed, the proper mode of analysis depends on whether the court "fixes" the unconstitutionality by "altering" the relevant statute; if it doesn't, the administrative judges were unconstitutional at the time of prior decisions. The agency may then take action, such as ratifying prior actions or properly reappointing the judges, to fix the problem prospectively. In this situation, prior actions of such judges that have become final after judicial appeal are protected by the finality doctrine, but actions still pending on appeal are open to question unless the court chooses to employ the rarely used de facto validity doctrine.[9]

However, if the court "fixes" the problem, say by striking and severing removal protections on the administrative judges so as to render them "inferior officers" who were properly appointed, the analysis must be different, both conceptually and practically. The fix—like any judicial "change" in the law—should at least presumptively be considered retroactive such that the administrative judges were always constitutional. In other words, the fix was not actually a change in the law; the court was merely clarifying what the law always was, in accord with the judicial power as rooted in Article III and the retroactivity doctrine. The courts may still vacate and remand pending appeals from such judges as a matter of remedial discretion where the equities so dictate, such as if it appears that the prior misrepresentation of the law was somehow relied on to the detriment of litigants, but it need not do so, and should not absent persuasive equitable reasons.[10]

The fact that the relevant change in law sometimes—but only sometimes—*fixes* rather than *invalidates* the law is part of what makes application of retroactivity doctrine particularly confusing in this context. This is coupled with the fact that the Court has applied standing and specifically traceability requirements rather loosely in the Appointments Clause and related contexts, such that often the old misrepresentation of the law dictating an unconstitutional agency structure will not have actually impacted the pending cases at all.

This is not to say that an Appointments Clause or similar structural issue could never actually impact agency actions; it certainly could, but in light of the loosened traceability requirements, such impact cannot simply be assumed, as no showing of actual impact or harm is necessary to raise this sort of challenge. And in many cases, there will have been no such impact, such as in *Arthrex* where there is no reason to think that any of the dozens of remanded matters would have been decided any

9. *See infra* note 189 and accompanying text (explaining the de facto validity doctrine).

10. *See infra* notes 96–100, 309 and accompanying text.

differently if the relevant APJs had known that they were in fact removable at will. The USPTO agency proceedings at issue in *Arthrex* generally turn on the technical issues of whether certain patent claims are anticipated or rendered obvious by certain prior art references; political influence in these cases would be extremely rare, especially because the decisions are subject to Federal Circuit review on the merits. As such, the agency is exercising very little political discretion in these cases, so it seems quite unlikely that the cases would turn on whether the APJs were removable at will by executive branch officials. Where the agency actions on review are primarily legal rather than political in character, this should weigh against a discretionary remand in general, and should have been considered by the Federal Circuit in determining whether a remand was prudent in each individual case.

The Federal Circuit's key error in *Arthrex* was treating the remands as automatic and mandatory rather than discretionary, and thus failing to recognize and exercise its equitable discretion in determining whether to remand. This error stemmed from an apparent failure to fully grasp fundamental retroactivity principles. What some courts have not adequately understood, and what this Article will show, is that when a judicial alteration of the relevant statute removes the unconstitutionality, that fix should be retroactively applied such that the agency's prior actions taken under the "old" representation of law are not necessarily invalid and should generally be upheld unless there was some likely reliance on or actual harm caused by the prior misrepresentation of law.

This Article will proceed as follows. Part I analyzes current doctrine: Section I.A summarizes the foundations and limits of retroactivity; Section I.B discusses the evolution of modern general retroactivity doctrine, focusing on the federal civil context; and Section I.C explores how retroactivity has been applied when courts find unconstitutionalities in administrative agency structure, focusing on the Appointments Clause and other closely related contexts. Part II reviews and comments on the relevant academic literature on retroactivity, beginning with classic scholarship in Section II.A, and then moving to modern scholarship in Section II.B, with a focus on the Appointments Clause and patent law contexts; in doing so, it teases out and elaborates further on the theoretical underpinnings of this Article's proposed approach. Part III considers the *Arthrex* situation as a case study illustrating the practical consequences of misunderstanding the law of retroactivity and appointments by showing that the Federal Circuit's improper analysis led it to order many wasteful and unnecessary rehearings based on its mistaken belief that the relevant APJs were "not constitutionally appointed at the time" they had

previously issued final appealable decisions.[11]

Based on the preceding discussion, this Article then concludes by providing a framework for proper analysis of retroactivity in the Appointments Clause and related contexts, in the hopes of improving doctrinal coherence in this area,[12] and so that courts might vacate prior agency actions only in appropriate circumstances. The proposed framework ensures that courts have an appropriate degree of discretion in fashioning relief, while maintaining consistency with both foundational retroactivity principles and the current doctrine of retroactivity and appointments.

Taking a brief step back, what follows is essentially a description of a complex doctrinal puzzle that is currently confounding courts with some practical consequence, along with a proposed answer to that puzzle. From a purely positive doctrinal perspective, the approach proposed may not be the only possible one, but it is likely the most doctrinally coherent one, and it is reasonable from a normative perspective. Even if some other constructed theoretical approach might arguably be preferable from a purely normative perspective, maintaining doctrinal consistency has its own benefits, as will be discussed herein, for retroactivity is partially rooted in and closely tied to stare decisis and related values such as stability and predictability.

I. FOUNDATIONS AND CURRENT DOCTRINE

A. The Useful Partial Fiction of Retroactivity

In the normal case, full retroactivity goes without saying and is no fiction; the court applies its statement of the law to the parties before it, even though the events at issue took place before the court's decision.[13] This follows naturally from Article III and the role of the judiciary, which is to decide concrete cases and controversies after the fact.[14] The law as stated by the court must generally apply to those past events, and it does

11. *See Arthrex*, 941 F.3d at 1338–39.

12. *See, e.g.*, Jack M. Balkin, *Understanding Legal Understanding: The Legal Subject and the Problem of Legal Coherence*, 103 YALE L. J. 105, 116 (1993) (citing NEIL MACCORMICK, LEGAL REASONING AND LEGAL THEORY 106 (1978)).

13. *See* James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 538 (1991) ("In most decisions of this Court, retroactivity both as to choice of law and as to remedy goes without saying."); Harper v. Va. Dep't of Tax'n, 509 U.S. 86, 114 (1993) (O'Connor, J., dissenting).

14. *See* U.S. CONST. art. III, § 2 (United States Constitutional provision outlining judicial powers and jurisdiction); Massachusetts v. EPA, 549 U.S. 497, 516–17 (2007) (explaining that Article III's case or controversy requirement is not an "empty formality"); Samuel Beswick, *Retroactive Adjudication*, 130 YALE L.J. 276, 279 (2020) ("Disputes over rights, adjudicated by courts, can only be resolved from the perspective of hindsight, and they cannot feasibly be insulated from developments in precedent. Precedent today necessarily informs our understanding of past rights.").

because the law as stated in a judicial decision is generally not new; it was the law before and will continue to be after. In this sense, retroactivity rests on and fosters continuity in the law. But the continuity is not perfect—all would admit that courts in some cases do shift the law in a real sense, and it is in such cases that retroactivity becomes an issue and something of a fiction.[15] As will be explained here, applying the retroactivity doctrine, the fiction is that the change was not actually a change; the court was still merely stating what the law always was, even if that statement may arguably contradict prior reasonable understandings of what the law was.

There are limits on the doctrine of judicial retroactivity. The most prominent limit is finality: if a prior case was finally decided under the "old law," a judicial change or clarification in the law will generally not allow a reopening of the case.[16] Although this Article primarily focuses on the civil context, it is also true that in the criminal context, new rules will generally not relate back to convictions challenged on habeas corpus.[17] This *Teague* doctrine also reflects the finality limitation, that "[n]ew legal principles, even when applied retroactively, do not apply to cases already closed."[18] That is, under *Teague*, finality will generally take precedence over retroactivity in the context of a collateral attack on a final criminal judgment, though the Court has stated that "[n]o such difficulty exists in the civil arena, in which there is little opportunity for collateral attack of final judgments."[19]

Statutes of limitations and the doctrine of laches also provide limits on the extent to which new cases based on prior events may be brought after a judicial legal change.[20] Additionally, courts at least arguably may in rare cases choose to make a decision prospective only in effect, and importantly, if there has been likely reliance on a prior misrepresentation of the law, courts have the remedial discretion to undo or mitigate harm

15. *See James B. Beam*, 501 U.S. at 534 ("It is only when the law changes in some respect that an assertion of nonretroactivity may be entertained . . . .").

16. *See id.* at 541 ("Of course, retroactivity in civil cases must be limited by the need for finality . . . .").

17. *See* Teague v. Lane, 489 U.S. 288, 290 (1989) (holding that a habeas corpus petitioner generally cannot obtain a habeas corpus remedy where doing so would require the habeas court to apply a new rule of criminal law retroactively).

18. Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 758 (1995) (explaining the application of the Teague doctrine).

19. *James B. Beam*, 501 U.S. at 540 (explaining the applicability of new rules retroactively applied to habeas corpus).

20. *See id.* at 541 ("[O]nce a suit is barred by res judicata or by statutes of limitation or repose, a new rule cannot reopen the door already closed."); *see also* Beswick, *supra* note 14, at 283 (explaining that "courts can invoke the equitable doctrine of laches, among other possible tools, to constrain the scope of litigation.").

caused such reliance.[21]

Judicial retroactivity is partially rooted in the constitutional principle of separation of powers: prospective lawmaking is generally the role of the legislative branch, not the judicial branch.[22] This is thought to be fundamental, as the Supreme Court has stated: "The principle that statutes operate only prospectively, while judicial decisions operate retrospectively, is familiar to every law student."[23] Although Congress can in some circumstances legislate retroactively, new statutes are presumed to operate only prospectively.[24] But courts, at least in theory, do not *make* law, they merely clarify and state what the law has always been. Under this "declaratory theory of law,"[25] even when overruling a case, a court is not exactly *changing* the law, it is merely freeing the law from a prior misrepresentation.[26]

Similarly, retroactivity highlights differences between the executive branch and the judicial branch. An agency can change its enforcement policy prospectively through administrative adjudication or rulemaking, but generally cannot make such changes retroactive, as to do so may run afoul of fair notice due process principles.[27] The judicial branch, on the other hand, generally *must* make any "change" retroactive, under the fiction that it is not actually a change but rather a statement of what the law always has been. The executive branch agencies do not need to indulge in this fiction; they may openly suddenly change policy prospectively, (so long as they remain within the reasonable statutory bounds, comply with due process, and adequately justify the change).[28]

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21. *See* Beswick, *supra* note 14, at 328 ("[J]udgments will always operate retroactively for the purpose of determining what the law was, but courts may employ equitable considerations to curb the *remedial* impact of unexpected judicial changes in the law.") (emphasis in original); *see generally infra* Section I.B.

22. *See* Harper v. Va. Dep't of Tax'n, 509 U.S. 86, 107 (Scalia, J., concurring) ("Fully retroactive decisionmaking was considered a principal distinction between the judicial and the legislative power . . . .") (citing T. COOLEY, CONSTITUTIONAL LIMITATIONS 91 (1868)).

23. *See* Rivers v. Roadway Express, Inc., 511 U.S. 298, 311–12 (1994) (quoting United States v. Sec. Indus. Bank, 459 U.S. 70, 79 (1982)) (explaining how the principle of retroactivity should be seen as fundamental).

24. *See* Landgraf v. USI Film Prods., 511 U.S. 244, 279 (1994) ("[T]he traditional presumption against truly 'retrospective' application of a statute."); *see also* Jill E. Fisch, *Retroactivity and Legal Change: An Equilibrium Approach*, 110 HARV. L. REV. 1055, 1064 (1997) (explaining the retroactivity doctrine and proposing a new framework for retroactivity analysis to better apply retroactivity to current law).

25. *See James B. Beam*, 501 U.S. at 535–36 (highlighting an application of retroactivity).

26. *See Harper*, 509 U.S. at 107 (Scalia, J., concurring) ("[A] judge overruling [a former] decision would 'not pretend to make a new law, but to vindicate the old one from misrepresentation.'") (quoting 1 W. BLACKSTONE, COMMENTARIES 69–70 (1765)).

27. *See* FCC v. Fox TV Stations, Inc., 567 U.S. 239, 258 (2012) (explaining the fair notice grounds of the Due Process Clause).

28. *See* FCC v. Fox TV Stations, Inc., 556 U.S. 502, 517 (2009) ("There is no doubt that the Commission knew it was making a change.").

This allows the executive branch to shift policy more quickly and drastically as compared with the courts, which must (or at least should) strive to maintain a greater degree of continuity.

The declaratory theory of law is openly recognized to be something of a fiction even by some of its major proponents;[29] courts do in a real sense make or at least shift the law, but they "make it *as judges make it*, which is to say *as though* they were 'finding' it—discerning what the law *is*, rather than decreeing what it is today *changed to*, or what it will *tomorrow* be."[30] It could also be called inherently formalistic in that it seems to presuppose that there is a single right answer to legal questions, such that anyone who studies an issue closely enough should be able to find the correct law, even when it goes against a case that is "wrong" and will thus eventually be overruled or a statute that will eventually be struck down as unconstitutional.[31] As the legal realists showed, law is not actually quite so determinate as that—there are hard cases that do not have a single clear right answer, though there are also many easy ones that do.[32] Nevertheless, one can recognize a fiction but still find it useful to indulge in,[33] and this particular fiction is thought to be useful for at least two reasons.

First, it allows courts to avoid the problematic question of the effective date of the "new" law. If an appellate judicial decision were generally seen as prospectively changing the law, when would the change take effect? Is it when an appellate panel decision is released? When the mandate issues? When the petition for rehearing en banc is denied? When the petition for certiorari is denied? As has been observed, this conscious confrontation of the question of an "effective date" of a judicial decision "smacks of the legislative process."[34] Retroactivity allows courts to avoid

29. *See James B. Beam*, 501 U.S. at 549 (Scalia, J., concurring in the judgment) ("I am not so naïve (nor do I think our forebears were) as to be unaware that judges in a real sense 'make' law.").

30. *Id.*

31. *Cf. Harper*, 509 U.S. at 105 (Scalia, J., concurring) (stating that prospective decision-making "was formulated in the heyday of legal realism . . . .").

32. *See, e.g.*, Henry J. Friendly, *Reactions of a Lawyer—Newly Become Judge*, 71 YALE L. J. 218, 222 (1961) ("A majority of the cases that came before his court, [Judge Cardozo] tells us, 'could not, with semblance of reason, be decided in any way but one,' since 'the law and its application alike are plain' . . . .") (quoting BENJAMIN CARDOZO, THE NATURE OF THE JUDICIAL PROCESS 164 (1921)); Paul J. Mishkin, *Foreword: The High Court, the Great Writ, and the Due Process of Time and Law*, 79 HARV. L. REV. 56, 68, n.16 (1965) ("For it is certainly true that courts in general handle the vast bulk of cases by application of preexisting law, . . . informed estimates put the figure at close to 90%.") (citing Friendly, *supra* note 32, at 222)).

33. *Cf.* Mishkin, *supra* note 32, at 63 n.29 (explaining the importance of discussing the sophistication or simplicity of a law or theory).

34. *See Harper*, 509 U.S. at 107–08 (Scalia, J., concurring) (quoting Mishkin, *supra* note 32, at 65); *see also* Mackey v. United States, 401 U.S. 667, 679 (1971) (Harlan, J., concurring) (criticizing prospective overruling as "an assertion that our constitutional function is not one of adjudication but in effect of legislation.").

this question, under the fiction that the newly *clarified* law was *always* the correct law; to the extent that prior cases suggested otherwise, they were wrong and were simply misrepresentations of the law, like a mirage. The effective date issue also can undermine the principle that similarly situated parties should be treated the same,[35] because it can make the outcome of a case turn on whether a particular event occurred before or after the rather arbitrary "effective date" of a judicial change in the law, so by allowing courts to avoid this issue, retroactivity fosters fairness in this sense.

Second, retroactivity strengthens stare decisis, the familiar benefits of which include fostering predictability and consistency in the law, as well as integrity in the judicial process.[36] By forcing judges to write under the fiction that their current statement of the law was always the law, retroactivity requires that judges adhere closely enough to precedent that they may plausibly do so. But if a court is overruling a prior a case, then the court must break with this fiction; it must openly acknowledge the change. In doing so, the court must say that the prior case was wrong, it was a misrepresentation of the law. The prior case was not *bad* law like a legislatively repealed statute might be, rather, the prior case was *not* law.[37] The court's new statement of the law must generally apply to events that took place before, when the public may still have been under the misguided impression given by the old cases.[38] This can lead to unfairness, undermining the notion that the public can rely on what courts and statutes say, and facing this unfairness is part of what makes courts hesitant to overrule precedent.[39]

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35. *See, e.g.*, Frederick Schauer, *Precedent*, 39 STAN. L. REV. 595–96 (1987) ("To fail to treat similar cases similarly, it is argued, is arbitrary, and consequently unjust or unfair.").

36. *See, e.g.*, Kisor v. Wilkie, 139 S. Ct. 2400, 2422 (2019) ("[Stare decisis] promotes the evenhanded, predictable, and consistent development of legal principles, fosters reliance on judicial decisions, and contributes to the actual and perceived integrity of the judicial process") (quoting Payne v. Tennessee, 501 U.S. 808, 827 (1991)); *see also* Richard Re, *Narrowing Precedent in the Supreme Court*, 114 COLUM. L. REV. 1861, 1875–85 (2014) (listing "five values often linked to stare decisis" as correctness, practicality, candor, fidelity, and fit).

37. *See Harper*, 509 U.S. at 107 (Scalia, J., concurring) (quoting 1 W. BLACKSTONE, COMMENTARIES 70 (1765)) (explaining that when a judge overrules a decision, they are not saying the decision was bad law, but rather that the overruled decision was not law).

38. However, as discussed further, where actions were taken that could not have been taken absent prior misrepresentations of the law, such actions should generally be undone as a matter of remedy. *See, e.g.*, Harper v. Va. Dep't of Tax'n, 250 Va. 184, 192 (Va. 1995) (refunding taxes paid under a taxation statute later found unconstitutional); *see also* INS v. Chadha, 462 U.S. 919, 928 (1983) (affirming the Court of Appeals' decision in blocking Chadha's deportation, which would not have occurred absent the unconstitutional House veto of the Attorney General's decision to allow Chadha to remain in the United States).

39. *See Harper*, 509 U.S. at 108 (Scalia, J., concurring) (explaining that the doctrine of prospective decision-making removed "one of the great inherent restraints upon this Court's departing from the field of interpretation to enter that of lawmaking,") (quoting James v. United States, 366 U.S. 213 (1961) (Black, J., concurring in part and dissenting in part)).

Similarly, when a court interprets a statute, it generally treats the interpretation as retroactive; that was always what the statute meant, even if prior courts had indicated otherwise.[40] This idea generally seems to hold as well when a court strikes a statute as unconstitutional; the statute is void ab initio, it is as though the statute never existed to begin with.[41] The general principal of judicial retroactivity holds even when a judicial decision upsets investment-backed expectations,[42] although courts do have a degree of discretion to remedy reasonable reliance on prior representations of law.[43]

So when a court overrules a case or strikes a statue, the fictional nature of the declaratory theory upon which retroactivity is based is brought to light. Courts accordingly usually try to avoid doing these things by simply adhering to precedent, or at least ruling in a manner plausibly consistent with precedent, and with respect to statutes, construing them, if possible, to avoid unconstitutionality.[44] Retroactivity's fortification of stare decisis

40. *See, e.g.*, Rivers v. Roadway Express, Inc., 511 U.S. 298, 311–12 (1994) ("A judicial construction of a statute is an authoritative statement of what the statute meant before as well as after the decision of the case giving rise to that construction."); DIRECTV, Inc. v. Imburgia, 136 S. Ct. 463, 469 (2015) ("[J]udicial construction of a statute ordinarily applies retroactively."); United States v. Ochoa, 861 F.3d 1010, 1015 (9th Cir. 2017) ("[W]e have adopted the view that 'statutory interpretation decisions are fully retroactive.'") (quoting United States v. Aguilera-Rios, 769 F.3d 626, 633 (9th Cir. 2014)); Dixon v. Dormire, 263 F.3d 774, 781 (8th Cir. 2001) (explaining the retroactive interpretation); Patrick v. Nicholson, 242 F. App'x 695, 698 (Fed. Cir. 2007) (nonprecedential).

41. *See* Seila Law LLC v. Consumer Fin. Prot. Bureau, 140 S. Ct. 2183, 2211 (2020) ("We have 'the negative power to disregard an unconstitutional enactment.'") (quoting Massachusetts v. Melon, 262 U.S. 447, 488 (1923)); Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 759–60 (1995) ("In fact, what a court does with regard to an unconstitutional law is simply to ignore it. It decides the case 'disregarding the unconstitutional law. . . . because a law repugnant to the Constitution 'is void, and is as no law.'") (quoting Marbury v. Madison, 5 U.S. 137 (1803), and Ex parte Siebold, 100 U.S. 371, 376 (1880)); United States v. Booker, 543 U.S. 220, 268 (2005) ("[W]e must apply today's holdings—both the Sixth Amendment holding and our remedial interpretation of the Sentencing Act—to all cases on direct review"). The Court's "remedial interpretation" in *Booker* included striking and severing several provisions of the Sentencing Act; *see id*. at 245 ("We conclude that this provision must be severed and excised, as must one other statutory section . . . ."); *see also* United States ex rel. Williams v. Preiser, 497 F.2d 337, 338–39 (2d Cir. 1974) ("New York stresses that *Roe* was a surprise holding and that retroactive application would disregard the justifiable reliance in 1966 that § 1050 always would be good law. . . . [However, §] 1050 is, 'in legal contemplation, as inoperative as though it had never been passed.'") (quoting Norton v. Shelby County, 118 U.S. 425, 442 (1886)).

42. *See* Fisch, *supra* note 24, at 1075 n.121 ("[T]he Court has never taken the view that judicial changes in the law are subject to the Takings Clause. . . . Nor has the Court, in the modern era, read the Contract Clause to invalidate state judicial decisions undermining contractual expectations.").

43. *See* discussion *infra* Sections I.B.2, I.B.4 (analysis of *James B. Beam Distilling Co. v. Georgia*, *Harper v. Va. Dep't of Tax'n*, and *Reynoldsville Casket Co. v. Hyde)* (discussing courts' discretion with respect to remedying reasonable reliance on prior law with respect to retroactivity).

44. *See, e.g.*, Nat'l Fed'n Indep. Bus. v. Sebelius, 567 U.S. 519, 562 (2012) ("[I]t is well established that if a statute has two possible meanings, one of which violates the Constitution, courts should adopt the meaning that does not do so."); Kisor v. Wilkie, 139 S. Ct. 2400, 2422

thus helps "ensure that the law will not merely change erratically, but will develop in a principled and intelligible fashion."[45]

A brief example may be helpful. In *Flood v. Kuhn*,[46] the Supreme Court considered whether to overrule prior cases that held that Major League Baseball (MLB) was not engaged in interstate commerce and thus was beyond the reach of antitrust law. The Court acknowledged that in modern times, it is fairly clear that MLB is interstate commerce, and that if it were writing on a clean slate, it would hold so such that MLB would be subject to antitrust law.[47] But doing so would have required the Court to overrule prior cases and retroactively apply the new holding, such that MLB could have been open to antitrust suits based on prior conduct.[48] As the Court had previously observed, the business of baseball had been left for decades "to develop, on the understanding that it was not subject to existing antitrust legislation," that understanding being based on long-standing case law.[49] MLB had been acting in accordance with the prior cases holding that it was not subject to antitrust law, but had the Court overruled those cases, it would have been saying that those cases were always misrepresentations of the law, so baseball was always subject to antitrust law. The resulting potential unfairness to MLB, including the "flood of litigation" and "harassment that would ensue," in part convinced the Court to adhere to, rather than overrule, its prior precedent.[50] The ability to bring actions based on past events would have been mitigated by the relevant statute of limitations, but the flood of cases may still have been substantial.

Justice Marshall dissented and suggested that the Court could avoid this unfairness and still bring baseball in line with the Court's modern Commerce Clause jurisprudence by overruling the prior cases only prospectively.[51] In his view, "[b]aseball should be covered by the antitrust laws beginning with this case and henceforth, unless Congress

(2019) ("'Overruling precedent is never a small matter.'. . . Adherence to precedent is a 'foundation stone of the rule of law.'"); *see also* Noah Feldman, *Why Precedent Won't Protect 'Roe'*, N.Y. REV. BOOKS (July 2, 2020), https://www.nybooks.com/articles/2020/07/02/why-precedent-wont-protect-roe-v-wade/?lp_txn_id=1011190 [https://perma.cc/UGL3-6VQD] ("In the classic common-law system, judges operated under the convention that they were finding law that belonged in common to all, not making it. In that setting, the doctrine of precedent was more or less fundamental to the whole law-finding undertaking.").

45. June Med. Servs. LLC v. Russo, 140 S. Ct. 2103, 2134 (2020) (Roberts, C.J., concurring in judgment) (quoting Vasquez v. Hillary, 474 U.S. 254, 265 (1986)).

46. *See generally* Flood v. Kuhn, 407 U.S. 258 (1972).

47. *Id.* at 282.

48. *Id.* at 283.

49. Toolson v. New York Yankees, Inc., 346 U.S. 356, 357 (1953).

50. *Flood*, 407 U.S. at 278–79.

51. *Id*. at 293 (Marshall, J., dissenting).

decides otherwise."[52] At the time, the Court had recently stated, "in rare cases, decisions construing federal statutes might be denied full retroactive effect, as for instance where this Court overrules its own construction of a statute."[53] As will be discussed below, however, the Court subsequently threw cold water on this doctrine allowing for occasional prospective overruling such that, although it at least arguably remains, the use of prospective overruling is strongly discouraged.

As another more recent but less explicit example, the Supreme Court in *Kisor v. Wilkie* recently considered overruling *Auer/Seminole Rock* deference,[54] but declined to do so largely due to stare decisis concerns.[55] Although the Court did not directly discuss the retroactivity doctrine, examination reveals that it may have played an underlying role in the Court's analysis, illustrating how retroactivity concerns can be present in the background even when not explicitly discussed.

Auer and *Seminole Rock* held that courts should generally defer to agencies' reasonable readings of genuinely ambiguous regulations.[56] Over the past decades the doctrine has been applied by the Court in dozens of cases interpreting agency regulations, and by lower courts in "thousands" of cases.[57] But if the Court were to overrule *Auer* deference and hold that courts should not defer to such agency interpretations, this "would cast doubt on many settled constructions" of agency regulations where deference to the agency's view had been given.[58] Applying retroactivity, overruling *Auer* deference would mean not only that it should not be applied going forward, but that the doctrine was *never* really the law, so any case that had relied on the doctrine to interpret a regulation was in error. This would not necessarily mean that such interpretations were incorrect (perhaps the error was harmless), but courts would be forced to "'wrestle with whether or not *Auer'* had actually made a difference."[59] The Court observed that it "is the rare overruling that

52. *Id.*

53. *Id.* n.5 (citing United States v. Estate of Donnelly, 397 U.S. 286, 295 (1970)).

54. *See* Kisor v. Wilkie, 139 S. Ct. 2400, 2405 (2019) (considering whether to overrule Auer v. Robbins, 519 U.S. 452 (1997); Bowles v. Seminole Rock & Sand Co., 325 U.S. 410 (1945)).

55. *See Kisor*, 139 S. Ct. at 2422–23 ("[S]tare decisis cuts strongly against Kisor's position.").

56. *Id.* at 2408.

57. *See id.* at 2411 nn.2–3 (highlighting the significant number of cases where the doctrine has been applied); *id.* at 2422 ("This Court alone has applied *Auer* or *Seminole Rock* in dozens of cases, and lower courts have done so thousands of times.").

58. *Id*. at 2422.

59. *Id*. (quoting Transcript of Oral Argument at 30, *Kisor*, 139 S. Ct. 2400); *see also* Transcript of Oral Argument at 47, *Kisor*, 139 S. Ct. 2400) (Solicitor General agreeing that "every single regulation that's currently on the books whose interpretation has been established under *Seminole Rock* now [would have] to be relitigated anew."); *cf. Kisor*, 139 S. Ct. at 2447 (Gorsuch, J., concurring in judgment) ("[D]ecisions construing particular regulations might retain *stare decisis*

introduces so much instability into so many areas of law, all in one blow."[60] If the Court were to consider overruling *Chevron* deference as a number of Justices have called for,[61] similar concerns would be present, likely a fortiori.

B. Evolution of Retroactivity Doctrine

The practice of judicial retroactivity traces back hundreds of years.[62] The following review of case law on retroactivity will show that the possibility of prospective judicial decision-making enjoyed a period of ascendancy in the 1960s and 1970s, but was walked back (though probably not completely eliminated) in the 1980s and 1990s. Although criminal law may be mentioned in passing, the focus of the following review, like that of this Article, is primarily on the federal civil context. The debate around retroactivity goes to the heart of the judicial role and has appropriately been called "one of the great jurisprudential debates of the twentieth century."[63]

1. *Chevron Oil*

The Supreme Court in *Chevron Oil v. Huson* recognized that the judicial retroactivity doctrine is not absolute, refusing to retroactively apply case law to the detriment of a plaintiff who had reasonably relied on a prior different representation of the law.[64] The plaintiff was injured in 1965 while working on a Chevron drilling rig off the coast of Louisiana and then brought suit in 1968 in federal district court. At the time, a line of federal court decisions had interpreted the Outer Continental Shelf Lands Act[65] to make admiralty law applicable to the action, under which the action's timeliness was not disputed.[66] But then, during pretrial discovery in 1969, the Supreme Court decided *Rodrigue v. Aetna*

effect even if the Court announced that it would no longer adhere to *Auer*'s interpretive methodology.").

60. *Kisor*, 139 S. Ct. at 2422.

61. *See* Baldwin v. United States, 140 S. Ct. 690, 691 (2020) (Thomas, J., dissenting from denial of petition for certiorari) (questioning Chevron U.S.A. Inc. v. Nat. Res. Def. Council, Inc., 467 U.S. 837 (1984)); *cf.* SAS Inst., Inc. v. Iancu, 138 S. Ct. 1348, 1358 (2017) ("[W]hether *Chevron* should remain is a question we may leave for another day.").

62. *See* Kuhn v. Fairmont Coal Co., 215 U.S. 349, 372 (1910) (Holmes, J., dissenting) ("Judicial decisions have had retrospective operation for near a thousand years."); *cf.* Linkletter v. Walker, 381 U.S. 618, 623 n.7 ("While Blackstone is always cited as the foremost exponent of the declaratory theory, a very similar view was stated by Sir Matthew Hale in his History of the Common Law which was published 13 years before the birth of Blackstone.") (citing GRAY, NATURE AND SOURCES OF THE LAW 206 (1909)).

63. Beavers v. Johnson Controls World Servs., Inc., 881 P.2d 1376, 1377 (N.M. 1994).

64. Chevron Oil Co. v. Huson, 404 U.S. 97, 112–15 (1971).

65. *See generally* Outer Continental Shelf Lands Act, 43 U.S.C. § 1331 et seq. [hereinafter Lands Act].

66. *See Chevron Oil*, 404 U.S. at 99 (discussing prior Lands Act interpretations).

Casualty & Surety Co.,[67] which interpreted the Lands Act differently to hold that it does not make admiralty law applicable. In light of *Rodrigue*, the district court found that Louisiana's one-year statute of limitations applied and dismissed the plaintiff's action as time barred.

On appeal, the Supreme Court agreed that the Lands Act as interpreted in *Rodrigue* made Louisiana's one-year statute of limitations the applicable law to personal injury actions such as that of the plaintiff, but declined to apply that law retroactively to the plaintiff's case, given that *Rodrigue* was decided after the events in question.[68] The plaintiff's injury occurred more than one year before *Rodrigue*, and the lawsuit was instituted more than one year before *Rodrigue*,[69] but more than one year after the plaintiff's injury.

Distilling prior case law, the Court found three factors bearing on the nonretroactive application of judicial decisions: (1) whether the subsequent decision changed the law in an unforeseeable manner; (2) the purpose and history of the rule in question; and (3) whether retroactive application would create inequity, injustice, or hardship.[70] Applying these factors, the Court found that *Rodrigue* should not be applied retroactively to time bar the plaintiff's case because (1) *Rodrigue* unforeseeably overruled the applicable Fifth Circuit case law upon which the plaintiff could have reasonably relied; (2) a purpose of the Lands Act "was to aid injured employees," but terminating the plaintiff's lawsuit as time barred would deprive him of any remedy and "would surely be inimical to the beneficent purpose of the Congress"; and thus (3) would "produce the most 'substantial inequitable results,'" stripping the plaintiff's day in court and potential redress based on a time limitation that he could not have known the law imposed on him.[71] Accordingly, the Court declined to "indulge in the fiction that the law now announced has always been the law."[72]

Chevron Oil thus allows for civil judgments in federal courts to be made prospective only in operation and provides a test for when this is appropriate. Subsequent cases, however, have walked back *Chevron*

67. Rodrigue v. Aetna Casualty & Surety Co., 395 U.S. 352, 365–66 (1969).

68. *See Chevron Oil*, 404 U.S. at 100 (affirming judgment but noting that *Rodrigue* should not be applied retroactively to this case).

69. *Id.* at 105.

70. *Id.* at 106–07 (citing Hanover Shoe v. United Shoe Machinery Corp., 392 U.S. 481 (1968); Allen v. State Bd. of Elections, 393 U.S. 544 (1969); Linkletter v. Walker, 381 U.S. 618 (1965); Cipriano v. City of Houma, 395 U.S. 701 (1969)); *see also* Harper v. Va. Dep't of Tax'n, 509 U.S. 86, 113–14 (1993) (O'Connor, J., dissenting) (discussing generally the factors to be considered in non-retroactive application of judicial decisions).

71. *Chevron Oil*, 404 U.S. at 107–08.

72. *Id.* at 107 (quoting Griffin v. Illinois, 351 U.S. 12, 26 (1956) (Frankfurter, J., concurring in judgment)).

Oil's allowance of prospective judicial decision-making and discouraged its use, such that although it most likely remains an option, it is rarely used.[73]

2. *James B. Beam*

Two decades after *Chevron Oil*, in *James B. Beam Distilling Co.*,[74] the Court reconsidered *Chevron Oil* and its allowance of prospective-only (or nonretroactive) application of judicial decisions, clarifying some limits on prospectivity. Prior to its 1985 amendment, Georgia state law taxed imports of alcohol products at a rate double that for homegrown products.[75] In 1984, the Court held in *Bacchus* that a Hawaii state statute that similarly distinguished between imported and local alcohol products violated the "dormant" or "negative" Commerce Clause.[76] The plaintiff, a Kentucky bourbon manufacturer, claimed that Georgia's law was likewise invalid under the Commerce Clause, and sought a refund of taxes paid from 1982–84.[77]

The case made its way to the Supreme Court of Georgia, which agreed that the Georgia tax statute was invalid prospectively in light of *Bacchus*, but refused to apply its ruling retroactively, so it declined to declare the state's application of the statute unconstitutional for the years in question.[78] In other words, the court held that Georgia could not continue to discriminate between imported and local alcohol products going forward, but that it could keep the taxes already collected.

The Georgia court used the *Chevron Oil* test, finding (1) the change in law was unforeseeable, at least up until the U.S. Supreme Court's 1984 *Bacchus* decision, given that the Georgia tax statute had been in effect since 1938 and had withstood a Commerce Clause challenge in the Georgia Supreme Court in 1939; (2) the second factor was not applicable because the discriminatory aspect of the Georgia tax statute at issue was repealed in 1985; and (3) retroactive application of the ruling could result in a windfall to alcohol producers, while Georgia would face "liability for over 30 million dollars in refunds for taxes it collected in good faith under

73. *See, e.g.*, Quicken Loans, Inc. v. Jolly, No. 07-13143, 2010 U.S. Dist. LEXIS 150634, at *4 (E.D. Mich. 2010) ("While prospective application of a ruling is rare, it is permissible."); Mauget v. Kaiser Eng'rs, Inc., 546 F. Supp. 486, 489 (S.D. Ohio 1982) ("The instances where noncriminal and nonconstitutional decisions are applied prospectively only are extremely rare."); Michael P. Healy, *Communis Opinio and the Methods of Statutory Interpretation: Interpreting Law or Changing Law*, 43 WM. & MARY L. REV. 539, 608 (2001) ("[P]rospective judicial decisions are rare."); Lonny Hoffman, Pereira*'s Aftershocks*, 61 WM. & MARY. L. REV. 1, 46–47 (2019).

74. *See generally* James B. Beam Distilling Co. v. Georgia, 501 U.S. 529 (1991).

75. *Id.* at 532.

76. Bacchus Imports, Ltd. v. Dias, 468 U.S. 263, 276 (1984).

77. *James B. Beam*, 501 U.S. at 533.

78. *See id.* (citing James B. Beam Distilling Co. v. State, 382 S.E.2d 95, 96 (Ga. 1989)).

an unchallenged and presumptively valid statute."[79] Balancing these factors, the Georgia court declined to declare the tax statute void ab initio, concluding instead that "prospective application of the decision is appropriate," such that the state could keep the taxes previously collected under the prospectively invalid statute.[80]

In a fractured decision with five different opinions, none of which garnered a majority, the U.S. Supreme Court reversed.[81] Justice Souter announced the judgment of the Court, delivering an opinion joined by Justice Stevens.[82] The opinion is essentially a treatise on retroactivity and is worth discussing in detail; it observed that retroactivity could be viewed as a choice-of-law question pitting the "old" representation of law against the "new," to be answered in one of three ways: (1) full retroactivity, (2) pure prospectivity, or (3) selective prospectivity.[83]

Justice Souter explained that full retroactivity is the default in that judicial decisions are normally made fully retroactive, "applying both to the parties before the court and to all others by and against whom claims may be pressed, consistent with res judicata and procedural barriers such as statutes of limitations," and that this practice of retroactivity "reflects the declaratory theory of law," under which "courts are understood only to find the law, not to make it."[84] However, the standard practice of retroactivity may sometimes create practical difficulties and could be criticized for failing "to take account of reliance on cases subsequently abandoned, a fact of life if not always one of jurisprudential recognition."[85]

In light of these difficulties, the Court "has, albeit infrequently, resorted to pure prospectivity," under which the "case is decided under the old law but becomes a vehicle for announcing the new, effective with respect to all conduct occurring after the date of that decision."[86] This technique of pure prospectivity could be justified where "to apply the new rule to parties who relied on the old would offend basic notions of justice and fairness."[87] However, Justice Souter noted that it could tend to weaken stare decisis, stating, "this equitable method has its own drawback: it tends to relax the force of precedent, by minimizing the costs

79. *James B. Beam*, 382 S.E.2d at 97.
80. *Id.*
81. *James B. Beam*, 501 U.S. at 532.
82. *Id*.
83. *Id.* at 535–38.
84. *Id.* at 535–36.
85. *Id.* at 536.
86. *James B. Beam*, 501 U.S. at 536 (citing Chevron Oil Co. v. Huson, 404 U.S. 97 (1971); N. Pipeline Constr. Co. v. Marathon Pipe Line Co., 458 U.S. 50, 88 (1982); Buckley v. Valeo, 424 U.S. 1, 142–43 (1976); England v. Louisiana State Bd. of Med. Exam'rs, 375 U.S. 411, 422 (1964)).
87. *Id.* at 536–67 (citing United States v. Johnson, 457 U.S. 537, 554–55 (1982)).

of overruling, and thereby allows the courts to act with a freedom comparable to that of legislatures."[88]

The third possibility, known as modified or selective prospectivity, is that "a court may apply a new rule in the case in which it is pronounced, then return to the old one with respect to all others arising on facts predating the pronouncement."[89] This approach was developed in the criminal context, in cases where full retroactivity would have required retrial or releases of numerous prisoners found guilty by "trustworthy evidence in conformity with previously announced constitutional standards," but where "without retroactivity at least to the first successful litigant, the incentive to seek review would be diluted if not lost altogether."[90] However, selective prospectivity's major drawback is that it "breaches the principle that litigants in similar situations should be treated the same, a fundamental component of *stare decisis* and the rule of law generally."[91] In light of this drawback, the Court had a few years earlier abandoned the possibility of selective prospectivity in the criminal context in *Griffith*, in favor of full retroactivity.[92]

In *James B. Beam*, the Souter opinion then extended *Griffith*'s abandonment of selective prospectivity to the civil context.[93] The opinion reasoned that selective prospectivity's advantage of preserving incentives to seek review was weaker in the civil context, where even without retroactive application to their own facts, repeat litigants might still receive forward-looking benefits from working a change in the law.[94] Having removed the possibility of selective prospectivity, the opinion then found that since full retroactivity was applied in *Bacchus* itself—the decision that "changed" the law by holding that discriminatory taxation for alcohol imports violates the Commerce Clause—pure prospectivity of the *Bacchus* change in law was no longer on the table. Thus, *Bacchus* also had to be applied retroactively to the matter before the Court in *James B. Beam*, under "principles of equality and *stare decisis*."[95]

Having decided in favor of full retroactivity on the choice-of-law issue, the Souter opinion in *James B. Beam* then drew out an important distinction between the choice-of-law issue and remedial issues. The opinion explained that even once a rule is found to apply backward,

88. *Id.* at 536–67 (citing *Johnson*, 457 U.S. at 554–55).
89. *Id.* at 537.
90. *Id.* (citing Johnson v. New Jersey, 384 U.S. 719, 731 (1966)).
91. *James B. Beam*, 501 U.S. at 537 (citing RICHARD A. WASSERSTROM, THE JUDICIAL DECISION 69–72 (1961)).
92. *Id.* at 538 (citing Griffith v. Kentucky, 479 U.S. 314, 328 (1987)).
93. *Id.* at 540.
94. *Id.* at 540–41.
95. *Id.* at 540.

"there may then be a further issue of remedies," which can be governed by state law, at least where the case originates in state court.[96] With respect to choice-of-law, the opinion observed that "the rejection of modified [or selective] prospectivity precludes retroactive application of a new rule to some litigants when it is not applied to others," such that "the *Chevron Oil* test cannot determine the choice of law by relying on the equities of the particular case."[97] Justice Souter further clarified that it "is simply in the nature of precedent," that "the substantive law will not shift and spring on such a basis."[98]

But with respect to remedies, the opinion did not preclude consideration of individual equities, stating, "nothing we say here precludes consideration of individual equities when deciding remedial issues in particular cases."[99] Although the Court held that *Bacchus* had to be applied retroactively as a matter of choice-of-law, it made clear that the respondents were not precluded on remand from attempting to "demonstrate reliance interests entitled to consideration in determining the nature of the remedy."[100] Indeed, on remand in *James B. Beam*, the Supreme Court of Georgia declined to grant a tax refund, in part because of the taxpayer's "failure to avail itself of the predeprivation remedies available to it prior to payment of the disputed taxes."[101]

Although it was clear in its view that selective or modified prospectivity is not a viable option, Justice Souter's opinion in *James B. Beam* did "not speculate as to the bounds or propriety of pure prospectivity."[102] However, Justice White did so in his opinion concurring in the judgment, making clear his view that, under *Chevron Oil*, pure prospectivity was still an option in appropriate cases.[103]

On the other hand, Justices Blackmun and Scalia both concurred in the judgment and argued that pure prospectivity was never appropriate, such that full retroactivity was, in their view, always the only viable option. Both viewed pure prospectivity as contrary to Article III's case or controversy requirement, in that if a case requires a court to announce a new rule, the court must "do so in the context of the case and apply it to the parties who brought" the case.[104] To announce a new rule but apply

96. *Id.* at 535 (citing Am. Trucking Ass'ns v. Smith, 496 U.S. 167, 210 (1990) (Stevens, J., dissenting)).

97. *James B. Beam*, 501 U.S. at 543.

98. *Id.*

99. *Id.* at 543–44.

100. *Id.* at 544.

101. James B. Beam Distilling Co. v. State, 263 Ga. 609, 614–15 (1993).

102. *James B. Beam*, 501 U.S. at 535–44.

103. *Id.* at 545–46 (White, J., concurring in the judgment).

104. *Id.* at 547 (Blackmun, J., concurring in the judgment); *see also id.* at 549 (Scalia, J.,

it only prospectively, in their view, would be acting too much like a legislature, and thus contrary to separation of powers.[105] One might similarly say that a purely prospective change in the law would be an impermissible "advisory opinion" if it does not even apply to the parties before the court.[106] Relatedly, any purely prospective statement of what the law will be, not applied to the parties before the court, could fairly be called dictum in that it would not be on the path of reasoning that led to the judgment.[107] Pure prospectivity was also again said to weaken stare decisis by "eliminating the tension between the current controversy and the new rule," allowing courts to "dodge the *stare decisis* bullet by avoiding the disruption of settled expectations that otherwise prevents us from disturbing our settled precedents."[108]

Finally, Justice O'Connor dissented, arguing that under a proper *Chevron Oil* analysis, the *Bacchus* rule should be applied only prospectively, essentially agreeing with the Georgia Supreme Court's analysis on this score.[109] Justice O'Connor also took issue with the assertion that retroactivity furthers stare decisis, arguing instead that pure prospectivity is more in accord with stare decisis, in that "[b]y not applying a law-changing decision retroactively, a court respects the settled expectations that have built up around the old law."[110]

Both sides of the debate around retroactivity and stare decisis have some merit. Justice O'Connor is correct in a micro sense that pure prospectivity better respects justified reliance on the old law—reliance being a core value underlying stare decisis.[111] But Justices Blackmun and Scalia are also correct that in a macro sense, courts may be less likely to

concurring in the judgment) (explaining that in his view "the judicial Power of the United States," as conferred in Article III, must be understood as the power "'to say what the law is' . . . not the power to change it.") (quoting Marbury v. Madison, 5 U.S. 137, 177 (1803)).

105. *James B. Beam*, 501 U.S. at 547 (Blackmun, J., concurring in the judgment) ("Unlike a legislature, we do not promulgate new rules to be applied prospectively only . . . .").

106. *See* Flast v. Cohen, 392 U.S. 83, 96 (1968) ("[T]he oldest and most consistent thread in the federal law of justiciability is that the federal courts will not give advisory opinions." (quoting CHARLES WRIGHT, FEDERAL COURTS 34 (1963)).

107. *See* Andrew C. Michaels, *The Holding-Dictum Spectrum*, 70 ARK. L. REV. 661, 663 (2017) (citing Michael Abramowicz & Maxwell Stearns, *Defining Dicta*, 57 Stan. L. Rev. 953, 961 (2005); Michael C. Dorf, *Dicta and Article III*, 142 U. Pa. L. Rev. 1997, 2007 (1994)) (explaining that judicial statements that are not part of the path of reasoning that led to the judgment in the case before the court are a form of pure dicta known as an "aside").

108. *James B. Beam*, 501 U.S. at 548; *see also id.* at 549 (Scalia, J., concurring in the judgment) (arguing that while overruling prior precedent may present difficulties, those difficulties provide "checks upon judicial lawmaking").

109. *Id.* at 552 (O'Connor, J., dissenting).

110. *Id.*

111. *See id.* at 551–52 ("At its core, *stare decisis* allows those affected by the law to order their affairs without fear that the established law upon which they rely will suddenly be pulled out from under them.").

change the law in the first place when they are required to face the potentially disruptive consequences of full retroactivity.[112]

3. *Harper*

The debate continued just two years later, in *Harper v. Virginia Department of Taxation*, which presents the Court's most recent definitive statement of the current law on retroactivity.[113] Another taxation case, *Harper* involved the retroactive application of *Davis*,[114] where the U.S. Supreme Court held that it was unconstitutional for a state to tax retirement benefits paid by the federal government while exempting retirement benefits paid by the state.[115] The Court in *Davis* applied this rule to the parties before it, holding that "federal retirees were entitled to a refund of taxes" paid pursuant to the invalid state tax scheme.[116] However, in *Harper*, applying *Chevron Oil*, the Supreme Court of Virginia refused to apply *Davis* retroactively.[117] The U.S. Supreme Court reversed, holding when the Court applies a rule of federal law to the parties before it, this "requires every court to give retroactive effect to that decision."[118]

The Court thus reaffirmed and endorsed the complete rejection of the possibility of selective or modified prospectivity as stated in Justice Souter's *James B. Beam* opinion.[119] Stated differently: "When this Court applies a rule of federal law to the parties before it, that rule is the controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review and as to all events, regardless of whether such events predate or postdate our announcement of the rule."[120] The first clause of this sentence further clarifies the Court's rejection of selective prospectivity; once the new rule has retroactively applied to one party, it must be so applied in all open cases. The reference to direct review carves out an exception for collateral

112. *Id.* at 548 (Blackmun, J., concurring in the judgment) ("Because it forces us to consider the disruption that our new decisional rules cause, retroactivity combines with *stare decisis* to prevent us from altering the law each time the opportunity presents itself.").

113. Harper v. Va. Dep't of Tax'n, 509 U.S. 86 (1993).

114. Davis v. Michigan Dep't of Treasury, 489 U.S. 803 (1989).

115. *Harper*, 509 U.S. at 89.

116. *Id.* at 90 (quoting *Davis*, 489 U.S. at 817).

117. Harper v. Va. Dep't of Tax'n, 241 Va. 232, 243 (1991).

118. *Harper*, 509 U.S. at 90.

119. *Id.* at 97 ("This rule extends *Griffith*'s ban against 'selective application of new rules.' . . . we now prohibit the erection of selective temporal barriers to the application of federal law in non-criminal cases.") (quoting Griffith v. Kentucky, 479 U.S. 314, 323 (1987).

120. *Harper*, 509 U.S. at 97.

review, such as habeas corpus,[121] in the criminal context.[122] The reference to "cases still open" reflects the principle that finality will take precedence over retroactivity, so as to maintain legal stability.[123]

The Court held that *Chevron Oil* was inapplicable because the case announcing the "new" rule, *Davis*, had already itself applied the rule retroactively to the parties before it, thus taking pure prospectivity off the table for that rule.[124] Although *Davis* did not discuss retroactivity, full retroactivity is assumed as a default unless the court states otherwise,[125] and the Court in *Davis* did state: "to the extent appellant has paid taxes pursuant to this invalid tax scheme, he is entitled to a refund,"[126] which according to the Court in *Harper* "constituted a retroactive application of the rule announced in *Davis* to the parties before the Court."[127] Since *Davis* had retroactively applied its holding to the Michigan parties before it, the Supreme Court of Virginia was similarly required to apply *Davis* retroactively.[128]

As in *James B. Beam*, the *Harper* Court left the issue of the remedy, that is, whether a tax refund should in fact be granted, for the state courts to address on remand, but noted that "the Constitution requires Virginia 'to provide relief consistent with federal due process principles.'"[129] The Court explained: "State law may provide relief beyond the demands of federal due process . . . but under no circumstances may it confine petitioners to a lesser remedy."[130] Whether a refund was necessary to comply with federal due process was said to turn on whether Virginia

121. *See* James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 540 (1991) ("[N]ew rules will not relate back to convictions challenged on habeas corpus.") (citing Teague v. Lane, 489 U.S. 288 (1989)).

122. *See James B. Beam*, 501 U.S. at 540 ("No such difficulty exists in the civil arena, in which there is little opportunity for collateral attack of final judgments.").

123. *See id.* at 541 ("[R]etroactivity in civil cases must be limited by the need for finality."); *see also* Quantum Res. Mgmt., LLC v. Pirate Lake Oil Corp., 112 So.3d 209, 217 (La. 2013) ("A contrary rule would produce chaos in the legal system, as judgments could be continually opened and reopened with every fluctuation in the law."); Hoffman, *supra* note 73, at 47–48 ("[T]he general rule against retroactivity for fully closed cases is quite clear, both as to criminal and civil cases.").

124. *Harper*, 509 U.S. at 98.

125. *See id.* at 97–98 (stating that the Court's announcement of a rule of federal law is understood to have followed the rule of retroactive application, thereby applying to the litigants before the Court) (quoting *James B. Beam*, 501 U.S. at 539).

126. Davis v. Michigan Dep't of Treasury, 489 U.S. 803, 817 (1989).

127. *Harper*, 509 U.S. at 98. On remand, the Supreme Court of Virginia did grant the taxpayer refunds, because it had previously interpreted the state's tax statute as requiring a refund of taxes illegally collected. *See* Harper v. Va. Dep't of Tax'n, 250 Va. 184, 192 (1995) ("[W]e now adopt, for the first time, the Department's view that a refund is discretionary . . . .").

128. *Harper*, 509 U.S. at 99.

129. *Id.* at 100 (quoting Am. Trucking Ass'ns v. Smith, 496 U.S. 167, 181 (1990) (plurality opinion)).

130. *Id.* at 102 (citing McKesson Corp. v. Div. of Alcoholic Beverages & Tobacco, 496 U.S. 18 (1990)) (noting that the relief must satisfy federal minimum requirements).

provided an adequate form of predeprivation process, for example by authorizing taxpayers to bring suit to enjoin imposition of a tax.[131]

Although some have debated this point, most circuit courts and commentators that have addressed the issue have found, probably correctly, that the Court in *Harper* did not overrule *Chevron Oil*; it just held that *Chevron Oil* cannot apply to thwart retroactivity where the decision announcing a new interpretation of the law has already been applied retroactively; as to do so would be akin to selective prospectivity, which has been rejected.[132] The Court in *Harper* thus did not preclude the possibility of applying *Chevron Oil* in a decision first announcing a new interpretation (which in this situation would have been *Davis*), to make that interpretation purely prospective.[133]

However, Justice Scalia concurred in *Harper*, arguing that *Chevron Oil* should be completely abandoned in favor of absolute full retroactivity.[134] He argued that *Chevron Oil* could not lead to consistent results, pointing for example to the variance in *Harper* itself between Justice Kennedy's concurrence in part, which would have applied the *Chevron Oil* test but still made *Davis* retroactive, and Justice O'Connor's dissent, which would have applied *Chevron Oil* to make *Davis* prospective, as in their view *Davis* had left open the question of prospectivity versus retroactivity.[135]

Justice Scalia also argued that there was no justification for treating retroactivity differently in the civil context as compared with the criminal context, where prospectivity had already been rejected. For a time,

131. *See Harper*, 509 U.S. at 101–02 (noting that an alternate constitutionally sufficient remedy would allow taxpayers to withhold payment and then object in a tax enforcement proceeding).

132. *See* Kolkevich v. Att'y Gen. of U.S., 501 F.3d 323, 337–38 n.9 (3d Cir. 2007) (explaining that a new interpretation of federal law is controlling retroactively to all cases that are open on direct review at the time the rule is announced); Nunez-Reyes v. Holder, 646 F.3d 684, 690 (9th Cir. 2011) (en banc) ("[A] court announcing a new rule of law must decide between pure prospectivity and full retroactivity . . . ."); Crowe v. Bolduc, 365 F.3d 86, 93 (1st Cir. 2004) (citing Chevron Oil Co. v. Huson, 404 U.S. 97, 106–07 (1971)) (explaining that in civil cases there is a narrow equitable exception to the general rule that judicial decisions are retroactive); 1 LAURENCE H. TRIBE, AMERICAN CONSTITUTIONAL LAW § 3-3, at 226 (3d ed. 2000); 18 JAMES WM. MOORE ET AL., MOORE'S FEDERAL PRACTICE—CIVIL § 134.06 (3d ed. 1997) ("In a civil case, therefore, a court announcing a new rule has only two choices: pure prospectivity or full retroactivity."); *cf.* RICHARD H. FALLON, JR. ET. AL., HART & WECHSLER'S THE FEDERAL COURTS AND THE FEDERAL SYSTEM 76 (5th ed. 2003) (noting that much of *Harper*'s reasoning "raises doubts that the Court would regard purely prospective adjudication as legitimate.").

133. *Harper*, 509 U.S. at 114–15 (O'Connor, J., dissenting) ("[S]ix Justices in *James B. Beam*, *supra*, expressed their disagreement with selective prospectivity . . . . But no decision of this Court forecloses the possibility of pure prospectivity . . . .").

134. *Id.* at 102–03 (Scalia, J., concurring).

135. *Id.* at 103; *see also id.* at 118 (O'Connor, J., dissenting) (arguing that the Court in *Davis* "preserved the retroactivity question for another day."); *Id.* at 110 (Kennedy, J., concurring in part) (arguing that *Chevron Oil* governs retroactivity in civil cases and that the principles for retroactivity in criminal cases should not be applied in civil cases).

criminal law did allow for prospectivity, beginning with *Linkletter*,[136] but that case was overruled in *Griffith*, which according to Justice Scalia "returned this Court, in criminal cases, to the traditional view" that prospective decision-making "violates basic norms of constitutional adjudication" and the nature of judicial review.[137] Thus, to bring civil retroactivity doctrine in line with criminal, Justice Scalia would have overruled *Chevron Oil* and abandoned any possibility of prospective judicial decision-making.

Justice O'Connor dissented, lamenting that "the Court applies a new rule of retroactivity to impose crushing and unnecessary liability on the States, precisely at a time when they can least afford it."[138] While agreeing that the possibility of selective prospectivity has been foreclosed, the dissent also wrote to clarify that if and to the extent that the majority opinion "intimates that pure prospectivity may be prohibited," that "intimation is incorrect," and that in any event, "the question of pure prospectivity is not implicated here," so any such intimation would not only be dictum, but "dictum that is contrary to clear precedent."[139] Justice O'Connor also elaborated on the difference between the choice-of-law retroactivity question, and the question of remedy. With respect to the remedy, the "issue is not whether to apply new law or old law, but what relief should be afforded once the prevailing party has been determined under applicable law."[140]

Although the Court in *James B. Beam* had made clear that the choice-of-law question could not turn the individual equities of a case,[141] Justice O'Connor clarified that equitable considerations, such as actual reliance on the prior representation of the law, could in her view "be taken into account in determining the appropriate remedy,"[142] and that

136. Linkletter v. Walker, 381 U.S. 618, 639 (1965) (declining to give full retroactive effect to the Court's decision in Mapp v. Ohio, 367 U.S. 643 (1961)).

137. *Harper*, 509 U.S. at 104 (Scalia, J., concurring) (quoting Griffith v. Kentucky, 479 U.S. 314, 322 (1987)).

138. *Harper*, 509 U.S. at 113 (O'Connor, J., dissenting) ("[N[othing in the Constitution or statute requires us to adopt the retroactivity rule the majority now applies.").

139. *Id.* at 115–16 (citing five cases where the Court has applied pure prospectivity).

140. *Id.* at 132 (citing James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 535 (1991), *superseded by statute*, 15 U.S.C. § 78aa-1) (noting additionally that state law governs determining which remedies are available).

141. *James B. Beam*, 501 U.S. at 543 (adding that any judicial system that promotes fairness and equality would not allow the "substantive law [. . .to] shift and spring on such a basis.").

142. *Harper*, 509 U.S. at 133 (O'Connor, J., dissenting) (quoting United States v. Estate of Donnelly, 397 U.S. 286, 296 (1970) (Harlan, J., concurring)) ("To the extent that equitable considerations, for example, 'reliance,' are relevant, I would take this into account in the determination of what relief is appropriate in any given case.").

"commentators appear to be in accord."[143] Thus, according to Justice O'Connor, even where retroactivity is required as a matter of choice-of-law, "state and federal courts still retain the ability to exercise their 'equitable discretion' in formulating appropriate relief on a federal claim."[144] The *Chevron Oil* factors could potentially be used in determining the appropriate relief; indeed, according to Justice Stevens, although those factors may have been understood as dealing with choice-of-law, they were always really about the remedy.[145]

4. *Reynoldsville*

Two years later in *Reynoldsville Casket Co. v. Hyde*,[146] the Court cast some doubt on the robustness of the choice-of-law versus remedy distinction.[147] Previously in *Bendix*,[148] the Court had held unconstitutional (as impermissibly burdening interstate commerce) an Ohio statute that tolled the statute of limitations so as to effectively give Ohio tort plaintiffs unlimited time to sue out-of-state, but not in-state, defendants.[149] The tort plaintiff in *Reynoldsville*, Hyde, argued that *Bendix* should not apply retroactively to bar her suit because she had relied on the statute in waiting to sue the out-of-state defendant, and the Ohio Supreme Court agreed, but the Supreme Court reversed, holding the

143. *Id.* ("[U]rging consideration of novelty and hardship as part of the remedial framework rather than as a question of whether to apply old law or new.") (citing Richard H. Fallon & Daniel J. Meltzer, *New Law, Non-Retroactivity, and Constitutional Remedies*, 104 HARV. L. REV. 1731 (1991)); *see also* Mishkin, *supra* note 32, at 66–67 n.39 (noting that factors, such as whether the defendant actually relied on an earlier of holding of the court have been given inadequate attention as potential alternatives in prospective limitations).

144. *Harper*, 509 U.S. at 134 (commenting that otherwise permitting federal courts to determine the remedy by relying on *Chevron Oil* and not allowing state courts to consider the equities would "turn federalism on its head".).

145. *See* Am. Trucking Ass'ns v. Smith, 496 U.S. 167, 219–20 (1990) (Stevens, J., dissenting) (taking the view that close "examination of *Chevron Oil* and its progeny reveals that those cases establish a remedial principle for the exercise of equitable discretion by federal courts and not, as the plurality states, a choice-of-law principle applicable to all cases on direct review".); *Harper*, 509 U.S. at 134 (O'Connor, J., dissenting) (acquiescing, possibly, to this view and noting that Justice Stevens' interpretation seems to have prevailed); Richard H. Fallon & Daniel J. Meltzer, New Law, Non-Retroactivity, and Constitutional Remedies, 104 HARV. L. REV. 1731, 1767 (1991) ("A related reason for placing new law issues within the law of remedies is that this approach succeeds far better than any competitor in avoiding anomalies and self-contradiction.").

146. Reynoldsville Casket Co. v. Hyde, 514 U.S. 749 (1995).

147. *See* Fisch, *supra* note 24, at 1083–84 (citing *Reynoldsville*, 514 U.S. at 754) ("The Court . . . has recently expressed skepticism about whether the distinction between retroactivity and remedy is anything more than semantic.").

148. Bendix Autolite Corp. v. Midwesco Enters., 486 U.S. 888, 891–92 (1988).

149. *Reynoldsville*, 514 U.S. at 751; *see also id.* (citing OHIO REV. CODE ANN. § 2305.15(A) (West 1991) ("[T]olling the statute of limitations while a person against whom 'a cause of action accrues' is 'out of' or 'departs from' the State")).

plaintiff's suit time barred.[150]

As discussed above, the Court in *Harper* and *James B. Beam* clearly rejected at least selective prospectivity, at least as a matter of choice-of-law. In light of those cases, it was conceded by Hyde that as a matter of choice-of-law, *Bendix* had to apply retroactively to Hyde's case.[151] However, Hyde argued that as a matter of the remedy, her suit should not be barred, given that states "have a degree of legal leeway in fashioning remedies for constitutional ills."[152] Pointing to Justice Stevens's dissent in *American Trucking*, and Justice O'Connor's dissent in *Harper*, Hyde argued that *Chevron Oil* could be recharacterized as a case about remedies rather than choice-of-law,[153] and that, as Justice Harlan had earlier surmised, "'equitable considerations' such as 'reliance' might prove relevant to 'relief'" in retroactivity situations.[154] Thus, Hyde sought to characterize the Ohio Supreme Court's refusal to dismiss her suit "as if it were simply an effort to fashion a remedy that takes into consideration her reliance on pre-*Bendix* law[]."[155]

The Court rejected Hyde's argument. Hyde's argument that she relied on the prior representation of the law, the Court found, "is the very sort that this Court, in *Harper*, found insufficient to deny retroactive application of a new legal rule (that had been applied in the case that first announced it)."[156] Thus, Hyde offered "no more than simple reliance" and "no special reason" for claiming an exception to *Harper*'s general rule of retroactivity.[157]

This squares with Justice Souter's statement in *James B. Beam* that the

150. *See id.* at 750–52. The plaintiff, Carol Hyde, was injured in a motor vehicle accident in 1984, but waited until 1987 to bring her tort claim against the truck driver and company. If the defendants had been based in Ohio, the statute of limitations would have been only two years, so the plaintiff's claim would have been too late, but since the defendants were from Pennsylvania, an Ohio statute tolled the statute of limitations, making the plaintiff's lawsuit timely under that statute. Then in 1988, while the plaintiff's suit was ongoing, the Supreme Court struck down the tolling provision as unconstitutional, in *Bendix*, making the two year statute of limitations for in-state defendants applicable to out-of-of state defendants as well. The Ohio trial court then dismissed Hyde's case as barred by the two-year statute of limitations, but the Ohio Supreme Court reinstated the suit, holding that under the Ohio Constitution, "*Bendix* . . . may not be retroactively applied to bar claims in state courts which had accrued prior to the announcement of that decision."

151. *Reynoldsville*, 514 U.S. at 752.

152. *Id.* (citing Chevron Oil Co. v. Huson, 404 U.S. 97 (1971)) (noting, however, that in *Chevron Oil*, the court applied its ruling regarding the statute of limitations on certain torts prospectively only).

153. *Id.* at 752–53 (first citing Harper v. Va. Dep't of Tax'n, 509 U.S. 86, 133–34 (O'Conner, J., dissenting); then citing Am. Trucking Ass'ns., Inc. v. Smith, 496 U.S. 167, 218–25 (Stevens, J., dissenting)).

154. *Id.* at 753 (quoting United States v. Estate of Donnelly, 397 U.S. 286, 296–97 (1970) (Harlan, J., concurring)).

155. *Id.* at 753.

156. *Id.* at 753–54.

157. *Id.* at 759.

choice-of-law retroactivity could not turn on actual reliance, given the Court's rejection of selective prospectivity and the principle that it is "the nature of precedent . . . that the substantive law will not shift and spring on such a basis."[158] In other words, similarly situated plaintiffs must be governed by the same law, though that law may allow for differentiation in the remedy based on equitable factors.

The Court in *Reynoldsville* seemed concerned that this choice-of-law principle would be swallowed or rendered ineffectual if reliance alone could prevent the effects of retroactivity as a matter of remedial discretion.[159] But nothing in the Court's decision in *Reynoldsville* clearly or entirely eviscerated the remedies versus choice-of-law distinction; it is instead best read as urging caution in employing the distinction lest a mere relabeling as "remedial discretion" eviscerate foundational choice-of-law retroactivity principles.

The Court noted, furthermore, that Hyde's requested remedy would not cure the unconstitutionality of the tolling statute, because allowing Hyde (and other pre-*Bendix* cases) to proceed would be akin to continuing to treat out-of-state defendants differently from in-state defendants, and thus continuing to violate the Commerce Clause.[160] In other words, Hyde's tort claim "critically depends upon Ohio tolling law that continues to violate the Commerce Clause."[161] The Court here seems to reflect that a waiver of the new more stringent statute of limitations period does not naturally seem to fall into the category of remedial, or a "remedy."[162]

Justice Scalia concurred, casting doubt on whether "the case in fact presents any issue of remedies or of remedial discretion at all"; in his view, a court cannot give a "remedy" for an unconstitutional statute, as

158. James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 543 (1991), *superseded by statute*, 15 U.S.C. § 78aa-1.

159. *See* Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 753 (1995) (explaining that reliance upon a prior law is "insufficient to deny retroactive application of a new legal rule . . . ."); *id.* at 754 (commenting that for *Harper* to hold more than mere symbolic effect, mere reliance is insufficient to "permit a virtually identical denial simply because it is characterized as a denial based on 'remedy' rather than 'non-retroactivity'.").

160. *Id.* at 756.

161. *Id.*; *see also id.* at 757 (explaining that Hyde is unable to claim the protection of a separate and independent state law that would have allowed her claim to proceed; rather, her cause of action was dependent on an unconstitutional tolling principle).

162. *Id.* at 756 ("[T]he Ohio Supreme Court's 'remedy' here (allowing Hyde to proceed) does not cure the tolling statute's problem of unconstitutionality."); *but see id.* at 761 (Kennedy, J., concurring) (discussing that, generally, reliance interests give rise to special considerations for remedies in two pre-delineated classes of cases: qualified immunity in which an officer relied on clearly established law, and cases in which a State relied on a law that existed when a conviction became final. Nevertheless, Justice Kennedy describes that reliance on statutes of limitations may form a third class of cases where the importance of reliance interests that are disturbed precludes remedies.).

that "is not in itself a cognizable 'wrong,'" reasoning that "if it were, every citizen would have standing to challenge every law."[163] Rather, "what a court does with regard to an unconstitutional law is simply to ignore it," that is, decide the case disregarding the unconstitutional law.[164] Under this view, "if a plaintiff seeks the return of money taken by the government in reliance on an unconstitutional tax law, the court ignores the tax law, finds the taking of the property therefore wrongful, and provides a remedy."[165] But in this case, ignoring the unconstitutional tolling statute simply resulted in the conclusion that the remedy the plaintiff sought could not be provided.[166]

Justice Kennedy (joined by Justice O'Connor) concurred in the judgment, clarifying: "We do not read today's opinion to surrender in advance our authority to decide that in some exceptional cases, courts may shape relief in light of disruption of important reliance interests or the unfairness caused by unexpected judicial decisions."[167] In their view, no such unfairness was present in this case, because *Bendix* did not work an unforeseeable change in the law or come "out of the blue," rather, it was an application of "well-settled constitutional principles."[168]

After the chipping away at prospectivity done by *James B. Beam*, *Harper*, and *Reynoldsville*, it is not clear that much is left of *Chevron Oil*.[169] But at least, none of these cases clearly preclude pure prospectivity in a case first announcing an unforeseen change in the law, where the other *Chevron Oil* factors are met.[170] And perhaps more importantly, none prohibit the consideration of a case's equities, including reliance interests, in exercising a degree of remedial discretion with respect to retroactivity.

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163. *Id.* at 759–60 (Scalia, J., concurring).

164. *Id.* at 760 (alteration in original) (quoting Marbury v. Madison, 5 U.S. 137, 178 (1803)).

165. *Id.*

166. *See id.* at 760 ("[S]ince it was unconstitutional it 'was . . . as inoperative as if it had never been passed . . . .'") (quoting Chi., Indianapolis & Louisville Ry. Co. v. Hackett, 228 U.S. 559, 566 (1913)).

167. *Id.* at 761 (Kennedy, J., concurring).

168. *Id.* at 762–64.

169. *See* Ryder v. United States, 515 U.S. 177, 184–85 (1995) ("[W]hatever the continuing validity of *Chevron Oil* after [*Harper*] and [*Reynoldsville*], there is not the sort of grave disruption or inequity involved in awarding retrospective relief to this petitioner that would bring that doctrine into play.").

170. *See* Beswick, *supra* note 14, at 297 ("The Court left room for 'pure' prospective overruling—wherein the Court would deny retroactive relief even to the party who brings the novel claim—but the current Roberts Court majority does not seem inclined toward it."); *cf. id.* at 314 ("Despite its seeming demise before the Rehnquist Court, *Chevron Oil*–style balancing continues implicitly to inform judicial reasoning today.").

C. Retroactivity and the Appointments Clause

The Appointments Clause of Article II of the U.S. Constitution provides that "Officers of the United States," shall be appointed by the president, except that Congress may choose to vest the appointment of "inferior officers" in "the Courts of Law, or in the Heads of Departments."[171] Officers of the United States other than inferior officers are referred to as "principal" officers.[172] An officer that can be fired (or removed) "at will" is more likely to be considered an inferior officer, as compared to one with "for cause" type removal protections, who is more likely to be considered a principal officer, though the removability is only one factor in assessing the distinction.[173] Removal restrictions (or protections) mean that the officer is removable only "for cause," such as "inefficiency, neglect of duty, or malfeasance in office."[174] Thus "removal restrictions" are restrictions on the ability of the president (or the heads of departments in the chain of command) to remove an officer, so that the removal restrictions protect or favor the officer or enhance the officer's job security to some degree.[175]

The Appointments Clause is meant to ensure that officers in positions of significant authority are sufficiently accountable to the public through the president, "encouraging good appointments and giving the public someone to blame for bad ones."[176] The Court has observed that the

171. U.S. CONST. art. II, § 2 ("[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other *Officers of the United States*, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such *inferior Officers*, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.") (emphases added).

172. *See, e.g.*, Lucia v. SEC, 138 S. Ct. 2044, 2051 n.3 (2018) (explaining, for example, that Administrative Law Judges of the SEC are viewed as inferior officers).

173. *See* Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320, 1329 (Fed. Cir. 2019), *cert. granted sub nom.* United States v. Arthrex 141 U.S. 549 (2020) (noting that the Court has considered a few factors in distinguishing between principal and inferior officers including: 1. the official's power to review and reverse an officer's decisions, 2. the level of supervision over the officer, and 3. the official's power to remove the officer) (citing Edmond v. United States, 520 U.S. 651, 664–65 (1997)); *Edmond*, 520 U.S. at 663–65 (defining "inferior officers" as those who are directed and supervised by "others who were appointed by Presidential nomination with the advice and consent of the Senate.").

174. *See* Humphrey's Ex'r v. United States, 295 U.S. 602, 619, 626 (1935) (finding that a statute which states that "any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office" is a restriction on the President's removal powers).

175. *See* Transcript of Oral Argument at 14, Seila Law LLC v. Consumer Fin. Prot. Bureau, 140 S. Ct. 2183 (2020) (No. 19-7) (quoting Chief Justice Roberts: "the inefficiency, malfeasance, whatever . . . wouldn't the normal principles of constitutional avoidance suggest that we might want to scrutinize a little bit how rigorous a limitation that is before we get to the point of striking down the statute?").

176. *Lucia*, 138 S. Ct. at 2056 (Thomas, J., concurring) (citing THE FEDERALIST NO. 76, at 455 (Alexander Hamilton) (Clinton Rossiter ed., 1961)).

"principle of separation of powers is embedded in the Appointments Clause," as it concerns the extent to which Congress may vest appointments in officers other than the president.[177]

Complicated retroactivity questions can and do arise when a court finds that administrative officers such as administrative judges have not been appointed properly in accordance with the Appointments Clause, or that the agency's structure similarly violates separation of powers in another way. Such a finding raises questions of whether the past actions of the administrative judges, or at least actions that have not yet become final after appeal to the judiciary, remain valid.

Although the law applying to this situation is not entirely clear, settled, or consistent, a reasonable pattern emerges from Court precedent discussed below. Where the judiciary "fixes" the problem by striking portions of the statute so as to render the officers at issue more accountable to the president, it seems that the judicial fix is usually considered retroactive, such that the past actions of the administrative officers remain valid, as in *Free Enterprise*.[178] But where the court does not alter the statute after finding officers improperly appointed, it is up to the agency itself to fix the problem, and such an agency fix is considered prospective only, such that past actions of the improperly appointed officers are open to challenge and reconsideration, as in *Ryder* and *Lucia*.[179]

This pattern is consistent with the general rule discussed above that, unlike the judiciary whose pronouncements generally apply retroactively, executive branch changes in law or policy are generally considered prospective only.[180] Circuit courts have sometimes ruled in accordance with this pattern, though not always.

177. Freytag v. Commissioner, 501 U.S. 868, 882–83 (1991); *see also* Fin. Oversight & Mgmt. Bd. for P.R. v. Aurelius Investment, LLC, 140 S. Ct. 1649, 1652 (2020) ("The Appointments Clause reflects an allocation of responsibility, between President and Senate . . . .").

178. *See* Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477, 513 (2010) (providing relief that granted increased accountability to the Executive but did not alter past decision by the Board).

179. *See* Ryder v. United States, 515 U.S. 177, 182–83 (1995) (holding that anyone who "makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case" is entitled to relief if there was, in fact, a violation); *Lucia*, 138 S. Ct. at 2055 (applying and upholding the finding in *Ryder* and adding that a rehearing must be held by an ALJ who has not previously heard the case); *see also* NLRB v. Noel Canning, 573 U.S. 513, 557 (2014) (affirming vacatur of NLRB order finding a violation because the Board lacked a quorum due to the President's lack of power to make Board recess appointments).

180. *See supra* notes 27–28 and accompanying text (discussing judicial fixes being statements of what the law always was, not a change that will only apply in the future).

1. *Ryder*

Less than one month after it decided *Reynoldsville*, the Court decided *Ryder*,[181] which dealt with retroactivity in the context of the Appointments Clause. The petitioner, James Ryder, a member of the U.S. Coast Guard, was challenging his conviction by a court-martial, which had been affirmed by the Coast Guard Court of Military Review (CGCMR), and then by the U.S. Court of Military Appeals (CMA)—both Article I tribunals.[182] Though the CMA agreed with the petitioner that two of the civilian judges who had heard his case in the CGCMR had not been appointed properly in accordance with the Appointments Clause, it nevertheless held that the actions of those judges were valid under the "*de facto* officer doctrine."[183] The de facto officer doctrine "confers validity upon acts performed by a person acting under the color of official title even though it is later discovered that the legality of that person's appointment or election to office is deficient."[184] The doctrine stems from the concern that "chaos . . . would result from multiple and repetitious suits challenging every action taken by every official whose claim to office could be open to question, and seeks to protect the public by insuring the orderly functioning of the government despite technical defects in title to office."[185]

The Supreme Court held that the administrative judges' actions in the case at hand were not valid under the de facto officer doctrine, explaining that "one who makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case is entitled to a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred."[186] The petitioner's challenge was timely because his objection to the judges' titles was raised "before those very judges and prior to their action on his case."[187] The Court reasoned that any "other rule would create a disincentive to raise Appointments Clause challenges with respect to questionable judicial appointments."[188]

The CMA had relied upon *Buckley v. Valeo*, where the plaintiffs successfully challenged the appointment of Federal Election Commission

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181. *Ryder*, 515 U.S. 177.

182. *Id.* at 179, 179 n.1.

183. *Id.* at 177.

184. *Id.* at 180 (citing Norton v. Shelby Cnty., 118 U.S. 425, 440 (1886)).

185. *Id.* at 180–81 (quoting 63 AM. JUR. 2D, *Public Officers and Employees* § 578, pp. 1080–81 (1984)).

186. *Ryder*, 515 U.S. at 182–83.

187. *Id.* at 182.

188. *Id.* at 183; *see also id.* at 186 ("[C]orrecting Appointments Clause violations in cases such as this one provides a suitable incentive to make such challenges.").

members on separation of powers grounds, but the Court nonetheless held that the past acts of the Commission were "accorded *de facto* validity."[189] But the *Ryder* Court distinguished *Buckley*, noting that it was a civil case rather than a criminal one, and also that in *Buckley* the relief the petitioners sought was awarded to them.[190] That is, the *Buckley* Court struck down aspects of the Federal Election Campaign Act of 1971, and concluded that "most of the powers conferred by the Act upon the Federal Election Commission can be exercised only by 'Officers of the United States,' appointed in conformity with [Article II, section 2, clause 2], of the Constitution, and therefore cannot be exercised by the Commission as presently constituted."[191] But no retrospective relief with regard to past acts was requested in *Buckley*; only forward looking injunctive and declaratory relief was requested,[192] so that is all the Court granted.

The Court's basis for distinguishing *Buckley*—that the petitioners received the relief they sought despite the de facto the validity of the Commission's prior actions—seems to square with the Court's point in *Ryder* that granting de facto validity to prior actions might tend to disincentivize Appointments Clause challenges. In cases where retrospective relief is not even requested, clearly such relief was not necessary to incentivize the challenge.

One of the primary arguments in favor of selective prospectivity was that "without retroactivity at least to the first successful litigant, the incentive to seek review would be diluted if not lost altogether."[193] But nevertheless, the Court has rejected selective prospectivity, reasoning that it violates the principle of treating similarly situated litigants the same, and that "[i]n the civil context, 'even a party who is deprived of the full retroactive benefit of a new decision may receive some relief.'"[194] The Court has thus sometimes placed other values over the desire to

189. *Id*. at 183 (quoting Buckley v. Valeo, 424 U.S. 1, 142 (1976)). *See also Buckley*, 424 U.S. at 142. There is arguably a distinction between granting "de facto validity" as the Court did in *Buckley*, and the "de facto officer doctrine." *See Ryder*, 515 U.S. at 183 ("Neither *Buckley* nor *Connor* explicitly relied on the *de facto* officer doctrine, though the result reached in each case validated the past acts of public officials.") (referring to Connor v. Williams, 404 U.S. 549 (1972), where the Court held that legislative acts performed by legislators held to have been elected in accordance with an unconstitutional apportionment were not void, and which the Court cited for support and *Buckley*); Beske, *supra* note 7, at 696 n.355 ("[D]e facto validity as used here is distinct from the 'de facto officer doctrine . . . ."). The Court in *Ryder* seemed to imply that the "de facto officer" doctrine was inappropriate in the civil Appointments Clause context, see *Ryder*, 515 U.S. at 182–84, so this Article will refer instead primarily to "de facto validity" or the "de facto validity doctrine."

190. *Ryder*, 515 U.S. at 183–84.

191. *Buckley*, 424 U.S. at 143.

192. *Id.* at 8–9.

193. James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 537 (1991).

194. *Id.* at 540–41 (quoting Am. Trucking Ass'ns, Inc. v. Smith, 496 U.S. 167, 198–99 (1990).

incentivize challenges, particularly in the civil context, where regardless, repeat players likely have incentives to raise structural challenges to agencies based on the fact that they anticipate continuing to interact with the agency in the future.

The Court in *Ryder* also rejected the argument that it was proper for the CMA to give its decision prospective application only as an exercise of remedial discretion pursuant to *Chevron Oil*, on the basis that "there is not the sort of grave disruption or inequity involved in awarding retrospective relief to this petitioner that would bring that doctrine into play," given that "the defective appointments of the civilian judges affect only between 7 to 10 cases pending on direct review."[195] The Court here seems to imply that it has perhaps accepted the view that *Chevron Oil* applies to, or at least can apply to, remedies rather than choice-of-law. The Court also seems to imply here that if the number of pending cases were greater, such that remanding in each case would be more disruptive, perhaps remands would not be appropriate in all cases.

The government also argued in *Ryder* that the CMA applied "something akin to a harmless-error doctrine in affirming" the conviction, but the Court declined to address this argument because it had not been made below.[196] The Court elsewhere (in *Booker*) has subsequently indicated that appropriate remedies in retroactivity situations may be subject to principles of harmless error.[197] The Court in *Ryder* held ultimately that the petitioner was "entitled to a hearing before a properly appointed panel" at the CGCMR and remanded the case for further proceedings.[198]

Ryder and its discussion of *Buckley* could be read to suggest that in fashioning relief for an Appointments Clause violation, courts should balance the degree of disruption that would be caused by not granting de facto validity to past administrative acts, against the unfairness and harm to incentives to raise Appointments Clause issues that might be caused if de facto validity were granted.[199] In *Ryder*, the degree of disruption was not that great, as only seven to ten cases were affected,[200] and the potential unfairness and harm to incentives were arguably greater because the context was criminal rather than civil, so de facto validity was not

195. *Ryder*, 515 U.S. at 184–85.

196. *Id.* at 186.

197. *See* United States v. Booker, 543 U.S. 220, 268 (2005) ("[W]e expect reviewing courts to apply ordinary prudential doctrines . . . . whether resentencing is warranted or whether it will instead be sufficient to review a sentence for reasonableness may depend upon application of the harmless-error doctrine.").

198. *Ryder*, 515 U.S. at 188.

199. *See infra* notes 363–364 and accompanying text (discussing the balance between legal disruption and adjudicative retroactivity).

200. *Ryder*, 515 U.S. at 185.

granted. But in *Buckley*, the degree of disruption likely would have been far greater if the past actions of the Federal Election Commission were deemed invalid, and the unfairness and harm to incentives was likely less since the relief requested was only prospective, so de facto validity was granted in *Buckley*.

Another important point though is that in *Ryder* the fix came from the executive, so it would be only a prospective fix, thus presumptively requiring the requested remand with respect to actions previous to the fix. That is, the Court in *Ryder* did not do anything to fix the Appointments Clause violation, such as striking a portion of the relevant statute. Rather, in *Ryder*, the Appointments Clause issue had apparently already been cured prospectively in the executive branch by the Secretary of Transportation, but this had been done subsequent to the petitioner's case being heard by the unduly appointed judges.[201] This matters because as explained above, unlike judicial pronouncements, executive actions such as a new appointment (or a reappointment) are not generally considered retroactive.[202] But when the fix comes from the judiciary rather than from the executive branch, the de facto validity doctrine is not necessary because the officers are already rendered retroactively valid under foundational principles of retroactivity. The next case provides an example of this situation.

2. *Free Enterprise*

The Supreme Court was again faced with retroactivity issues in an Appointments Clause context in *Free Enterprise*.[203] The case considered the constitutionality of the Security and Exchange Commission's Public Company Accounting Oversight Board, which had been created by the Sarbanes-Oxley Act of 2002.[204] The Board began a formal investigation of one of the Free Enterprise Fund's members, and the Fund then sued the Board seeking a declaratory judgment that the Board was unconstitutional and an injunction preventing the Board from exercising its power prospectively.[205]

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201. *See id.* at 184 n.4 ("[The government] also contended that subsequent action taken by the Secretary of Transportation to cure the Appointments Clause error . . .[was a] relevant criteria."); *see also* Transcript of Oral Argument at 5, *Ryder*, 515 U.S. 177 (No. 94-431) (questioning how the petitioner was harmed: "The subsequent appointment by the Secretary of Transportation put the very same people back on the court who made the decision, and it's hard to construct any kind of harm to the petitioner here."); *id.* at 29–30 (stating that it would be "rather strange" to rely on the fact that a cure was attempted if no such attempt actually occurred).

202. *See supra* notes 27–28, and accompanying text (discussing the difference between executive actions and judicial actions with regards to retroactivity).

203. Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477 (2010).

204. *Id.* at 484; Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745 (codified as amended in scattered sections of 15 U.S.C.).

205. *Free Enter. Fund*, 561 U.S. at 487.

The Court agreed with the Fund and held "that the dual for-cause limitations on the removal of Board members contravene the Constitution's separation of powers."[206] The Act as originally written had said that Board members could be removed only for cause, and that the determination as to whether cause exists would be made not by the president but rather by "other tenured officers—the Commissioners—none of whom is subject to the President's direct control."[207] To cure the unconstitutionality, the Court severed and struck the statutory sections that provided for removal restrictions on the Board members, leaving the Board removable by the Commission at will, such that the president was "separated from Board members by only a single level of good-cause tenure."[208] The Court recognized that there may have been other ways of editing the statute to cure its unconstitutionality, but viewed the excision of the Board's removal protections as the least extensive option and thus the one most appropriate for the judiciary.[209] The editorial freedom to make more extensive changes "belongs to the Legislature, not the Judiciary," so Congress remained "free to pursue any of these [more extensive] options *going forward*."[210]

The Court clarified that, with the tenure restrictions excised, the Act remained "fully operative as a law."[211] The petitioners (Free Enterprise) had also argued that the Board members are "principal officers requiring Presidential appointment with the Senate's advice and consent," but the Court found instead that the "Board members are inferior officers," given that the Board's removal restrictions had been found "unconstitutional and void," such that the Commission was "properly viewed, under the Constitution, as possessing the power to remove Board members at will."[212]

The Court's language here suggests that it viewed its statutory excisions as operating retroactively: it did not say that the Board members were inferior officers "going forward"—language it had just used in referring to what Congress could do—rather, it said that the Board members "properly viewed, under the Constitution" were inferior officers, because the removal protections were "unconstitutional and void."[213] This seems imply that this was always the proper way to view

206. *Id.* at 492.
207. *Id.* at 495.
208. *Id.* at 509 (severing 15 U.S.C. §§ 7211(e)(6), and 7217(d)(3)).
209. *Id.* at 509–10.
210. *Id.* at 510 (emphasis added).
211. *Id.* at 509 (quoting New York v. United States, 505 U.S. 144, 186 (1992)).
212. *Free Enter. Fund*, 561 U.S. at 510 (citing Edmond v. United States, 520 U.S. 651, 662–63 (1997) ("[W]hether one is an 'inferior' officer depends on whether he has a superior . . . .")).
213. *Id.* at 510; *see also id.* at 513 ("Petitioners argue that the Framers vested the nomination of

the Board, in line with foundational retroactivity doctrine and the view that the proper response to an unconstitutional statutory provision is to ignore it as though it had never been passed, "because a law repugnant to the Constitution 'is void, and is as no law.'"[214] The Court was just clarifying what the law had always been.

This theory is admittedly in some tension with the Court's acknowledgment that there may have been other ways to cure the unconstitutionality. How can one say that the edited statute has always been the law if one could not have predicted that the Court would choose this particular way of curing the problem? On the other hand, the Court did follow the general principle of fixing the problem with the narrowest or least extensive statutory modification, which perhaps would have provided some grounds for prediction. In any event, as discussed above, although the retroactivity doctrine is somewhat formalist—seeming to imply a single right answer to legal questions that could have been known all along—and although this is something of a fiction, it is nevertheless a useful legal fiction.[215]

The Court went on to reject the petitioners' remaining arguments that the Board was unconstitutionally structured, such that they were not entitled to their requested "broad injunctive relief against the Board's continued operations."[216] But the Court stated that the petitioners were "entitled to declaratory relief sufficient to ensure that . . . standards to which they are subject will be enforced only by a constitutional agency accountable to the Executive."[217]

It is unclear what if anything the Court had in mind here as far as declaratory relief beyond the Court's holding that the Board members' removal protections were void, but on remand the parties apparently agreed that the Court's decision did not require invalidating the Board's prior actions.[218] Perhaps the Court was just leaving open the possibility

principal officers in the President to avoid the perceived evils of collective appointments, but they reveal no similar concern with respect to inferior officers, whose appointments may be vested elsewhere, including in multimember bodies. Practice has also sanctioned the appointment of inferior officers by multimember agencies.").

214. Reynoldsville Casket Co. v. Hyde, 514 U.S. 748, 759–60 (1995) (Scalia, J., concurring) (quoting *Ex parte* Siebold, 100 U.S. 371, 376 (1880)).

215. *See supra* Section I.A. (summarizing foundations and limits of retroactivity).

216. *Free Enter. Fund*, 561 U.S. at 513; *see also id.* at 487 (stating that the petitioners were seeking "a declaratory judgment that the Board is unconstitutional and an injunction preventing the Board from exercising its powers.").

217. *Id.* at 513 (citing Bowsher v. Synar, 478 U.S. 714, 727 n.5 (1986) as "concluding that a separation-of-powers violation may create a 'here-and-now' injury that can be remedied by a court.").

218. *See* Arthrex, Inc. v. Smith & Nephew, Inc., 953 F.3d 760, 779 n.15 (Fed. Cir. 2020) (Dyk, J., dissenting from denial of petition for rehearing en banc) (citing Judgment, Free Enter. Fund v. Pub. Co. Account. Oversight Bd., No. 06-0217 (D.D.C. Feb. 23, 2011) (ECF No. 66)).

of some "remedial discretion" on remand, which would be consistent with the Court's general retroactivity jurisprudence as discussed above.[219] That is, although the Court seemed to view its statutory excisions as operating retroactively as a matter of substantive law (or "choice-of-law"), it left open the possibility that if there were some "grave disruption or inequity" to these petitioners that had occurred based on the prior statutory misrepresentation of law, additional remedial action could have been granted on remand.[220]

3. *Lucia*

More recently, in a situation more akin to *Ryder* than *Free Enterprise*, the Supreme Court addressed retroactivity in the Appointments Clause context again in *Lucia*.[221] The SEC had charged Mr. Lucia with violating certain securities laws, and in accordance with its typical practice, assigned an Administrative Law Judge (Cameron Elliot) to adjudicate the case.[222] In an "initial decision" Judge Elliot found that Lucia had violated the law and imposed sanctions.[223] On appeal to the Commission, Lucia argued Judge Elliot had not been constitutionally appointed under the Appointments Clause, because ALJs are "Officers of the United States," but Judge Elliot had been appointed by an SEC staff member rather than the president, the courts, or a head of department.[224]

The Commission rejected Lucia's argument, as did the DC Circuit, finding that the ALJs were not "officers" but rather mere employees; however, the Supreme Court reversed.[225] The Court found that the ALJs were in fact "Officers of the United States"[226] because they held "a continuing office established by law," and exercise "significant discretion" in carrying out "important functions."[227]

Having found that Judge Elliot's appointment had not been made in accordance with the Appointments Clause, the Court then turned to the issue of remedy.[228] Quoting *Ryder*, the Court stated that it had held that

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219. *See supra* Section I.B. (reviewing recent scholarship on the Appointments clause in a patent law context).

220. *See* Ryder v. United States, 515 U.S. 177, 185 (1995) ("But whatever the continuing validity of *Chevron Oil* after *Harper v. Virginia Dept. of Taxation*, 509 U. S. 86 (1993), and *Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749 (1995), there is not the sort of grave disruption or inequity involved in awarding retrospective relief to this petitioner that would bring that doctrine into play.").

221. Lucia v. SEC, 138 S. Ct. 2044, 2055 (2018).

222. *Id.* at 2049–50.

223. *Id.* at 2050.

224. *Id.*

225. *Id.* at 2050–51.

226. *Id.* at 2049.

227. *Id.* at 2053 (citing Freytag v. Comm'r, 501 U.S. 868, 882 (1991)).

228. *Id.* at 2055.

"the 'appropriate' remedy for an adjudication tainted with an appointments violation is a new 'hearing before a properly appointed' official."[229] The Court also held that on remand, that official could not be Judge Elliot even if he had by then received a constitutional appointment, because he "cannot be expected to consider the matter as though he had not adjudicated it before."[230] This was not a major imposition because other properly appointed ALJs were available to hear the case on remand, but the Court noted that in other circumstances, a new officer may not be required.[231] Although the Court did not discuss in its opinion how many other cases would be affected, Lucia's counsel identified only thirteen other pending cases in which litigants had preserved objections that could likewise require rehearing.[232]

It is important to point out though, that in *Lucia* as in *Ryder* the Court itself did nothing to fix the appointments issue with the administrative judge. In *Lucia*, the Court relied on the agency itself to fix the problem, noting that while the case was on judicial review, the SEC had issued an order ratifying the prior appointments of its ALJs, though it declined to address the issue of whether that order was valid.[233] This is in contrast to *Free Enterprise*, where the Court fixed the issue by striking portions of the relevant statute so as to make the officers properly appointed.[234] Where the judiciary fixes the problem, that fix, like any judicial statement of the law, is presumptively retroactive. One might say then that where there is a judicial fix, the prior hearings, properly viewed, were not in fact "tainted with an appointments violation," as they were in *Ryder* in *Lucia* where there was no judicial fix.[235]

Lucia thus squares with the general theory and pattern that judicial action is at least presumptively retroactive so that past agency actions are not necessarily invalid when there is a judicial fix, though some additional relief may be provided in individual cases as a matter of remedial discretion. But where the judiciary has not fixed the problem, the past actions of improperly appointed agency actors are generally subject to reconsideration, at least when requested and unless the court decides to apply the de facto validity doctrine, which *Lucia* did not discuss.

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229. *Id.* (quoting Ryder v. United States, 515 U.S. 177, 183, 188 (1995)).

230. *Id.*

231. *See id.* at 2055 n.5 ("[W]e do not hold that a new officer is required for every Appointments Clause violation.").

232. *See* Beske, *supra* note 7, at 697–98 (citing Brief for Petitioners at 48–49, *Lucia*, 138 S. Ct. 2044 (No. 17-130)).

233. *Lucia*, 138 S. Ct. at 2055 n.6.

234. Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477, 509–10 (2010).

235. *Lucia*, 138 S. Ct. at 2055.

4. *Seila Law*

Most recently, in *Seila Law*, a case more akin to *Free Enterprise* than to *Ryder* and *Lucia*, the Supreme Court severed removal restrictions to cure an unconstitutionality.[236] Although the Court did not address retroactivity or the extent to which prior agency actions should be called into question, the Court's analysis may nevertheless shed some light on these questions.

The Consumer Financial Protection Bureau (CFPB) issued a civil investigative demand (CID) in 2017 against Seila Law LLC, a law firm that provides debt-related legal services to clients, to determine whether the firm had engaged in "unlawful acts or practices in the advertising, marketing, or sale of debt relief services."[237] The CID directed Seila Law to produce information and documents related to its business practices, but Seila Law objected, asking the CFPB to set aside the demand on the basis that the agency's leadership by a single director removable only for cause violated Article II and separation of powers.[238] The CFPB declined to set aside the demand, Seila Law refused to comply, and the CFPB filed a petition to enforce the demand in the district court, where Seila Law again argued that the CFPB's structure violated the Constitution.[239]

The district court disagreed and ordered Seila Law to comply with the demand, and the court of appeals affirmed, but the Supreme Court reversed, agreeing with Seila Law that the CFPB structure violated the Constitution.[240] Although the Court had upheld removal restrictions (or "tenure protection") on a single independent counsel in *Morrison v. Olson*,[241] the Court distinguished that case on the basis that the independent counsel was an inferior officer under the Appointments Clause, not a principal officer like the director of the CFPB.[242] The Court reasoned that removal restrictions on the single director of the CFPB gave too much power in the executive branch to an individual other than the president, and was thus "incompatible with our constitutional structure."[243]

However, the Court then found that the constitutional problem could be fixed by striking and severing the director's removal restrictions, in part because the relevant act contained a severability clause.[244] The Court

236. Seila Law LLC v. Consumer Fin. Prot. Bureau, 140 S. Ct. 2183, 2210–11 (2020).
237. *Id.* at 2194.
238. *Id.*
239. *Id.*
240. *Id.* at 2197, 2202.
241. Morrison v. Olson, 487 U.S. 654, 696–97 (1988).
242. *Seila Law*, 140 S. Ct. at 2200.
243. *Id.* at 2201.
244. *Id.* at 2209.

reasoned that the relevant act (the Dodd-Frank Act)[245] is capable of functioning independently without the director's removal restriction, such that its provisions "bearing on the CFPB's structure and duties remain fully operative without the offending tenure restriction."[246] Although there may have been other ways to remedy this defect, the Court reiterated that it does not have the power to rewrite statutes, but merely has "the negative power to disregard an unconstitutional enactment."[247]

Having excised the unconstitutionality, the Court remanded to the court of appeals "to consider whether the civil investigative demand was validly ratified."[248] This remand was dictated by the peculiarities of the case and the way in which it was argued. In an unusual move, the Government had declined to defend the CFPB structure, yet also had declined to simply drop the CID, arguing that the demand was enforceable because "it has since been ratified by an Acting Director accountable to the President," though the parties disputed "whether this alleged ratification in fact occurred and whether, if so, it is legally sufficient to cure the constitutional defect in the original demand."[249] Because this issue had not been briefed or addressed below, the Court declined to address it in the first instance.[250]

Nor did the Court address the extent to which other prior actions of the CFPB could now be called into question.[251] But under the approach of this Article, and in accord with retroactivity principles (which the Court also did not address), the Court's severance of tenure protections should be viewed as operating retroactively, so there is no need to view the agency's prior actions as invalid, though as a matter of discretion courts might grant appropriate relief in cases where it appears that the prior representation of the excised removal restrictions were somehow relied

245. *See generally* Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5301 et seq.

246. *Seila Law*, 140 S. Ct. at 2209.

247. *Id.* at 2211 (quoting Massachusetts v. Mellon, 262 U.S. 447, 488 (1923)).

248. *Id.* at 2211.

249. *Id.* at 2208.

250. *Id.* at 2221, 2208 n.12 ("[W]hether and when the temporary involvement of an unconstitutionally insulated officer in an otherwise valid prosecution requires dismissal falls outside the questions presented, has not been fully briefed, and is best resolved by lower courts in the first instance.").

251. *See* Evan Weinberger, *High Court Ruling Leaves CFPB Enforcement Actions in Doubt*, BLOOMBERG NEWS (June 30, 2020, 4:31 AM), https://news.bloomberglaw.com/us-law-week/high-court-ruling-leaves-cfpb-enforcement-actions-in-doubt [https://perma.cc/FN7L-K2MK] (speculating that if the CFPB's past actions are not quickly ratified, "companies could run to court seeking to overturn them on the grounds that the CFPB was unconstitutional at the time the decisions were made . . . ."); *see also id.* ("The Supreme Court may have 'opened Pandora's Box' that could allow companies to nullify enforcement actions and even regulations from when the CFPB was constitutionally defective . . . .").

upon or otherwise likely made some actual difference to the outcome. The Court did not address these issues perhaps in part because the government conceded that the initial issuance of the CID to Seila Law was unconstitutional.[252]

The Court in *Seila Law* reiterated that traceability requirements are loosened in the context of Appointments Clause–type challenges to agency structure. Although the appointed amicus curiae[253] had argued that Seila Law lacked standing to challenge the director's removal restriction in light of the fact that it had (allegedly) been ratified by an acting director without any removal restrictions, the Court rejected this argument on the basis that "a litigant challenging governmental action as void on the basis of separation of powers is not required to prove that the Government's course of conduct would have been different in a 'counterfactual world' in which the Government had acted with constitutional authority."[254]

This loosened traceability requirement is part of what makes retroactivity issues especially salient in the Appointments Clause and related separation of powers contexts, because it increases the likelihood that a constitutional defect that is cured by the court will have had no likely effect on the merits, such that remand will accordingly be imprudent as a matter of remedial discretion. It is one thing to say that a challenger may raise this sort of constitutional issue even where it is has not made a difference, but it is another to ignore foundational retroactivity principles while ordering a wasteful and unnecessary rehearing in such a situation.

Because the Court in *Seila Law* did not address the extent to which the CFPB's past actions are now invalid, lower courts will likely soon be forced to, and should keep in mind that the Supreme Court's statutory excisions must be viewed as operating retroactively under established law. Unfortunately, certain circuit courts have at times lost sight of this fundamental principle.

5. Lower Court Decisions

There is some conflict and inconsistency among the circuits regarding retroactivity in the Appointments Clause context.

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252. *See Seila Law*, 140 S. Ct. at 2215 (Thomas, J., dissenting in part) ("The Court grounded its analysis in its assertion that the FTC 'occupies no place in the executive department and . . . exercises no part of the executive power vested by the Constitution in the President.'") (quoting Humphrey's Ex'r v. United States, 295 U.S. 602, 628 (1935)).

253. *Id.* at 2195 ("Because the Government agrees with petitioner on the merits of the constitutional question, we appointed Paul Clement to defend the judgment below as *amicus curiae*.").

254. *Id.* at 2196 (quoting Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477, 512 n.12 (2010)).

In *Collins v. Mnuchin*,[255] the en banc Fifth Circuit struck for cause removal restrictions on agency officials to cure an Appointments Clause violation and declined to vacate prior actions of the agency. In 2012, the Federal Housing Finance Agency (FHFA) and Treasury adopted an amendment to their financing agreements, under which Fannie Mae and Freddie Mac were to give Treasury "nearly all their net worth each quarter as a dividend."[256] The plaintiffs, shareholders in Fannie and Freddie, objected to this amendment on the grounds that the FHFA was unconstitutionally structured, because it was headed by a single director removable only "for cause."[257] The en banc Fifth Circuit agreed that this structure is unconstitutional, but cured the issue by striking the for cause removal protections from the FHFA's enabling statute,[258] such that the director was removable at will.[259]

As for the remedy, a majority of the en banc court held that having rendered the statute constitutional by severing the for cause removal restrictions, it was not necessary to undo the prior actions of FHFA that had been taken while its director was purportedly (based on the later-stricken portions of the statute) not removable at will.[260] The court considered that perhaps in some instances where removal restrictions had been stricken, past actions should be invalidated, such as where "an independent officer would act differently than if that officer were removable at will."[261] But the court concluded that "even if that theory is right, it does not apply here," because the president did have plenary authority to stop the action complained of given that it was overseen by the Secretary of Treasury, who was subject to removal at will; moreover, "subsequent Presidents have picked their own FHFA directors, allaying concerns that the removal restriction prevented them from installing someone who would carry out their policy vision."[262]

As such, the court found that the "only judgment the Shareholders are entitled to is the one the Supreme Court has given in similar removal-restriction cases [such as *Free Enterprise*], which is a declaration removing the 'for cause' provision found unconstitutional," noting that sending "the case back for further litigation would cast one of the most

255. Collins v. Mnuchin, 938 F.3d 553, 563 (5th Cir. 2019) (en banc), *cert. granted*, 141 S. Ct. 193 (2020). The case was argued before the Supreme Court on December 9, 2020.

256. *Id.* at 562–63.

257. *Id.* at 563.

258. The Housing and Economic Recovery Act of 2008 (HERA) created the FHFA. *See Collins*, 938 F.3d at 563 (citing Pub. L. No. 110-289, 112 Stat. 2654).

259. *Collins*, 938 F.3d at 563–92.

260. *Id.*

261. *Id.* at 593–94.

262. *Id.* at 594.

financially consequential agencies into chaos."[263] *Collins* is thus consistent with the general theory of this Article: where the judiciary fixes an Appointments Clause issue by severing portions of the statute, the fix at least presumptively applies retroactively such that it is not necessary to undo prior administrative actions. However, as a matter of remedial discretion, courts may order that prior actions be undone (or redone) for example if there is some reason to think that such actions would not have been taken under a correct understanding of the law, viewing it without the severed provisions.

But this view of the law is not currently universally understood or accepted. To begin with, seven of the sixteen judges in *Collins* explicitly disagreed with it, in a dissent written by Judge Willett.[264] Those judges thought that the past actions of the unconstitutionally structured FHFA, including the disputed amendment to the financing agreements, had to be set aside, and dissented "from the court's decision to instead grant a prospective remedy."[265]

As an initial point, the reference to a "prospective remedy" here is confused. Although the majority did not vacate the prior actions of the FHFA, it did not make its holding prospective only in the *Chevron Oil* sense. To the contrary, by striking the unconstitutional statutory removal protections, and viewing that as retroactively fixing the problem, the majority avoided the need to vacate the prior actions. In other words, the majority made both its declaration of unconstitutionality *and its fix* to that unconstitutionality retroactive in operation, thus avoiding the need for vacatur of prior agency actions.

For support, the dissent pointed to *Bowsher v. Synar*, where the Court held that Congress had unconstitutionally retained a role in the removal

263. *Id.* at 595. *See also Collins*, 938 F.3d at 626 (Costa, J., dissenting in part) ("But if we were to grant Shareholders that relief based on their separation-of-powers claim, they would be receiving not just a financial windfall. Unravelling the Net Worth Sweep because of limits on the removal power that had nothing to do with the creation or continuation of that financial policy would also be giving Shareholders a constitutional windfall."). Interestingly, Judge Costa would have gone further and found that because the alleged injury was not traceable to the alleged constitutional error (the removal protections), the plaintiffs lacked standing altogether. *See id.* at 620–21 ("[T]he Net Worth Sweep is not traceable to the for-cause limitation on the President's power to remove the FHFA Director. In deciding whether Congress has violated the separation of powers at the behest of plaintiffs who lack standing, we violate the separation of powers ourselves."). *But see id*. at 586 ("The Shareholders' injury is traceable to the removal protection.") *and id*. at 624 (Costa, J., dissenting in part) ("The Supreme Court has loosened the standing inquiry when it is not possible to know if the allegedly unconstitutional structure of an agency caused the challenger's injury."); Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477, 512 n.12 (2010) ("[S]tanding does not require precise proof of what the Board's policies might have been in that counterfactual world.").

264. *Collins*, 938 F.3d at 626 (Willett, J., dissenting in part).

265. *Id.* at 626, 629.

of the Comptroller General, an officer exercising executive power.[266] The Court held that the proper remedy was simply to allow the relevant act's fallback provisions to take effect.[267] Before any court had ruled on the constitutional challenge, the president had issued one sequestration order under the initial procedure, on February 1, 1986, which was to take effect on March 1, 1986.[268] However, the district court ruled on February 7, 1986, that this order was "declared without legal force and effect" because it was issued "pursuant to the unconstitutional automatic deficit reduction process," though this was "without prejudice to implementation of the alternate deficit reduction process specifically set forth in section 274(f) of the Act to cover the eventuality of the invalidation declared above."[269] In affirming the district court, the Court did not discuss any further what was to be done about the improperly issued sequestration order.[270]

The *Collins* dissent viewed *Bowsher* as requiring the invalidation of the FHFA amendment.[271] Judge Duncan however, concurring with the majority, viewed *Bowsher* as "off-point," observing that the *Bowsher* Court concluded that the "issue of remedy" was "a thicket we need not enter" given that Congress had provided a "fallback" provision.[272]

Bowsher is not contrary to the general theory of this Article, first because the Court did not even discuss what was to be done about the prior sequestration order, but primarily because the sequestration order had clearly been issued under a procedure that had been declared unconstitutional; that is, the executive branch actions following that procedure had been taken in clear reliance on stricken portions of the Act and could not have been taken in the same manner under the cured Act. By contrast, in *Collins*, it was clear that the complained of past action did

266. *Id.* at 626 (discussing Bowsher v. Synar, 478 U.S. 714, 736 (1986)); *see also Bowsher*, 478 U.S. at 720 ("[T]he [District Court] concluded, Congress may not retain the power over an officer performing executive functions.") At issue in *Bowsher* was the Gramm-Rudman-Hollings Act, designed to eliminate the federal budget deficit by setting a "maximum deficit amount" for each fiscal year from 1986 through 1991, with that amount progressively reducing to zero in 1991. *Id.* at 717 (discussing 2 U.S.C. § 901 et seq. (1982)). The Act required the Directors of the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) to independently estimate the amount of the expected deficit for the upcoming fiscal year, calculate the necessary reductions, and report jointly their estimates to the Comptroller General, who then reviews the reports and conveys conclusions to the President, who must then issue a "sequestration order" mandating the spending reductions. *Id.* at 718 (citing 2 U.S.C. § 251(b)). The Act also contained a "fallback" deficit reduction process which did not involve the Comptroller General, to take effect in the event that any of these reporting procedures were invalid. *Id.* at 718 (citing 2 U.S.C. § 274(f)).

267. *Bowsher*, 478 U.S. at 735–36.

268. Synar v. United States, 626 F. Supp. 1374, 1377 (D.D.C. 1986).

269. *Id.* at 1404.

270. *See generally Bowsher*, 478 U.S. 714.

271. Collins v. Mnuchin, 938 F.3d 553, 626 (5th Cir. 2019) (Willett, J., dissenting in part).

272. *Collins*, 938 F.3d at 595–96 (Duncan, J., concurring).

not depend at all on the stricken removal protections.[273] The fix in *Bowsher* was to bring the fallback provisions into effect, and so when this is applied retroactively, the procedure followed in issuing the prior sequestration order was contrary to law. Thus, as a matter of remedial discretion, the *Bowsher* district court was well within its power to invalidate the sequestration order, especially given that it had not yet taken effect, and that this was done without prejudice to later implementation of the substantially different fallback procedure.

Aside from the dissent in *Collins*, the DC Circuit in *Intercollegiate* has also taken an approach to retroactivity in the Appointments Clause context that is arguably contrary to the general theory of this Article.[274] Intercollegiate Broadcasting was appealing a determination by the Copyright Royalty Judges (CRJs) setting the default royalty rates applicable to internet-based webcasting of digitally recorded music, and the court agreed with Intercollegiate that the CRJs exercised significant enough authority that they were principal rather than inferior officers, such that Congress's decision to vest their appointment in the Librarian of Congress rather than the president violated the Appointments Clause.[275]

To remedy the issue, the court invalidated and severed the restrictions on the Librarian's ability to remove the CRJs, rendering them inferior officers.[276] Then, in the final sentence of its decision, with no citation or further discussion, the court stated: "Because the Board's structure was unconstitutional at the time it issued its determination, we vacate and remand the determination and do not address Intercollegiate's arguments regarding the merits of the rates set therein."[277]

It was not necessarily improper for the DC Circuit to vacate and remand as a matter of remedial discretion, but it was not required to do so, because the fix—the striking of the statutory removal restrictions—should have been viewed as operating retroactively, such that the CRJs were inferior officers at the time they issued the decision. It is not clear that any other appeals from the CRJs were currently pending, so the remand was not necessarily disruptive in this particular case, and thus arguably prudent if viewed as discretionary.

A recent First Circuit case provides an example of a grant of de facto validity in situations where there is no judicial fix to render the relevant

273. *See Collins*, 938 F.3d at 625 (Costa, J., dissenting in part) ("[T]here is no doubt that the alleged constitutional error did not cause the plaintiffs' injury.").

274. Intercollegiate Broad. Sys. v. Copyright Royalty Bd., 684 F.3d 1332 (D.D.C. 2012).

275. *Id.* at 1337.

276. *Id.* at 1340–41.

277. *Id.* at 1342.

officers retroactively constitutional.[278] In *Aurelius*, the court held that PROMESA Board Members who had been appointed without Senate confirmation were principal officers and thus in violation of the Appointments Clause.[279] The court severed a clause from the relevant statute that authorized the Board Members' appointment without Senate confirmation.[280] This severance served to prevent any future additional unconstitutional appointments, but since current Board Members had already been appointed without Senate confirmation, applying this judicial severance retroactively would not render the current members constitutional, as a fix that had rendered them inferior officers would have.

However, the court nevertheless conferred validity on the prior actions of the Board Members under the de facto officer doctrine, rather than "cast a specter of invalidity over all of the Board's actions until the present day."[281] The court explained that the doctrine is an "ancient tool of equity," and viewed the doctrine as "especially appropriate in this case," because invalidating all of the Board's prior actions would "have negative consequences for the many, if not thousands, of innocent parties who have relied on the Board's actions until now."[282] The court thus held that its ruling did "not eliminate any otherwise valid actions of the Board prior to the issuance of our mandate in this case."[283]

This grant of de facto validity was reasonable given the high degree of disruption that would have been caused by not granting it, and the lack of any apparent manifest unfairness caused by the grant.[284] The Supreme Court reversed and held that the Board Members were not in fact "Officers of the United States," so there was no Appointments Clause problem after all.[285] As such, the Court did not need to consider the de facto officer doctrine.[286] But the case illustrates how de facto validity might be granted as a way of avoiding mass disruption where a court finds

278. Aurelius Inv., LLC v. Puerto Rico, 915 F.3d 838, 861 (1st Cir. 2019).

279. *Id.* at 861.

280. *Id*. at 862–63.

281. *Id.* at 861–62.

282. *Id.* at 862.

283. *Id.* Again, there is arguably a distinction between the de facto officer doctrine, and de facto validity, with the latter being used in *Buckley*. The First Circuit in *Aurelius* claimed to be using the de facto officer doctrine, though it also said: "In so doing, we follow the Supreme Court's exact approach in *Buckley*." *Id.* at 862 (citing Buckley v. Valeo, 424 U.S. 1, 1 (1976)). The extent to which there is such a distinction does not much matter for the purposes of this Article, but as noted above this Article refers primarily to the doctrine of "de facto validity." *See supra* note 189.

284. *See infra* notes 364–365 and accompanying text (discussing how this sort of balancing may be appropriate under the de facto validity doctrine).

285. Fin. Oversight & Mgmt. Bd. for Puerto Rico v. Aurelius Inv., LLC, 140 S. Ct. 1649, 1651–55 (2020).

286. *Id.* at 1665.

an Appointment Clause violation but does not provide a fix to retroactively render officials properly appointed.

II. LITERATURE REVIEW

This part will review the relevant literature, beginning with classic scholarship on retroactivity, and then moving to modern retroactivity scholarship, focusing particularly on that germane to the Appointments Clause and to a lesser degree patent law, given that Part III's case study is in the area of patent law.[287]

A. Classic Scholarship

A good place to begin is with Paul J. Mishkin's *Foreword: The High Court, The Great Writ, and the Due Process of Time and Law* in the 1965 Harvard Law Review.[288] Professor Mishkin was responding to *Linkletter v. Walker*, a case from that year which, according to the Court itself, was the first time the Court had explicitly addressed retroactivity (at least as to constitutional interpretation), though individual Justices had previously written on it.[289] He surmised that the Court's previous absence of discussion likely rested on the belief "that it is so 'obvious' as to be taken for granted that whatever the Court now holds to be the law of the Constitution becomes 'what has always been the law'—even if the new holding overrules an earlier decision of the Court."[290] The Court's "prior instincts in simply taking that approach for granted" were, in Mishkin's judgment, "quite sound."[291]

Professor Mishkin recognized that the declaratory theory of law—that courts simply find law rather than make it—is not entirely "an accurate description of reality," but in his view that did not "dispose of nor dispense with the reasons for retroactive operation of judicial decisions."[292] Given that it is "the basic role of courts to decide disputes after they have arisen," this function "requires that judicial decisions

287. Literature is discussed to the extent that it informs the issues addressed in this Article; this is of course not meant to be an exhaustive review of the literature in any broader area such as retroactivity, the Appointments Clause, or patent law.

288. Mishkin, *supra* note 32, at 56.

289. *See* Linkletter v. Walker, 381 U.S. 618, 628 (1965) ("It is true that heretofore without discussion, we have applied new constitutional rules to cases finalized before the promulgation of the rule."); Mishkin, *supra* note 288, at 57 ("Though no 'opinion of the Court' had ever discussed the question, individual Justices had at different times advanced the suggestion that particular new holdings of the Court should be given only prospective (or limited retroactive) effect.") (citing various dissents).

290. Mishkin, *supra* note 32, at 57.

291. *Id.*

292. *Id.* at 60.

operate (at least ordinarily) with retroactive effect."[293]

Discussing institutional considerations, Professor Mishkin explained that many aspects of the judiciary, such as strict standing requirements, insulation from political pressure, and the nature of available relief, are particularly well-suited toward resolving past disputes and not a regime of prospective lawmaking.[294] The adversary process generally relies on the "incentive supplied by the possibility of winning a rewarding judgment," but if a new rule is given prospective-only effect (that is, pure prospectivity), it "of course does not determine the judgment awarded in the case in which it is announced," and it follows that "if parties anticipate such a prospective limitation, they will have no stimulus to argue for a change in the law."[295] The possibility of pure prospectivity could thus "deter counsel from advancing contentions involving novelty or ingenuity."[296]

These incentive concerns though might not apply for a repeat litigator in a particular area, who still might have an interest in arguing for a change in the law even if the change does not apply to the case at hand, and Professor Mishkin recognized that such concerns do not necessarily "constitute a barrier to occasional, sporadic, and unpredictable resort" to prospectivity.[297] He also acknowledged that these incentive concerns would not apply to selective prospectivity, where the change is applied retroactively only to the parties to the particular case in which the change is announced, but in his view selective prospectivity "produces intolerable inequality as well as other undesirable consequences."[298]

While recognizing that the declaratory theory of law upon which retroactivity is based does not entirely square with reality, as courts sometimes do in a real sense change the law, Professor Mishkin nevertheless viewed the declaratory theory as having important symbolic

293. *Id.*

294. *Id.*

295. Mishkin, *supra* note 32, at 60–61.

296. *Id.* at 61.

297. *Id*; *See also id.* at 61 n.20 (acknowledging that "institutional litigants" may have an incentive to argue for a change in law even with prospectivity, but viewing this as an "inadequate excuse for the prospective limitation technique," given that it would destroy incentives for all other litigants to argue for a change in law).

298. *Id.* at 61 n.23 (citing Molitor v. Kaneland Cmty. Unit Dist., 18 Ill. 2d 11 (Ill. 1959); Paul Bender, *The Retroactive Effect of Overruling Constitutional Decision: Mapp v. Ohio*, 110 U. PA. L. REV. 650, 675–76 (1962). As explained in Section I.B, selective prospectivity has been clearly rejected under current retroactivity doctrine.

significance,[299] as reflected for example in judicial robes.[300] The belief that "judges are bound by a body of fixed, overriding law, that they apply that law impersonally as well as impartially, that they exercise no individual choice and have no program of their own to advance" is "a major factor in securing respect for, and obedience to, judicial decisions."[301]

Although recognizing that this symbolic notion of the declaratory theory is "in part myth," Professor Mishkin saw it as "a myth by which we live and which can be sacrificed only at substantial cost."[302] And it is not just a myth; it does embody "substantial elements of truth," as judges "in fact do not have completely unfettered choice," and the "choices they do have, though substantial and important, are still necessarily conditioned by traditions, processes, and institutions of law."[303]

Prospective judicial decision-making, Professor Mishkin points out, "wars with this symbol," as it is "generally equated with legislation," and indeed "the conscious confrontation of the question of an effective date . . . smacks of the legislative process,"[304] highlighting the fact that the court has changed the law. And any selection of an effective date "seems to involve an arbitrariness which is normally seen as inconsistent with judicial action," as "it is hard to provide reasoned grounds for selecting one moment rather than another."[305]

Professor Mishkin's general rejection of prospectivity, though, is not a rejection of legal change; to the contrary, he recognizes that "a totally unadaptive body of law would disserve" the view that the law embodies "Justice."[306] But he pointed out that judicial legal change can and does occur despite retroactivity. To mitigate the potential unfairness of retroactive legal change, he proposes that "demonstrated reliance" on a prior representation of the law could be made "a shield against the impact

299. Mishkin, *supra* note 32, at 62 ("Despite (and perhaps also because of) its shortcomings as a description of reality, the 'declaratory theory' expresses a symbolic concept of the judicial process on which much of courts' prestige and power depend.") (citing KARL LLEWELLYN, THE COMMON LAW TRADITION—DECIDING APPEALS 191–95 (Little, Brown & Co.) (1960)).

300. Mishkin, *supra* note 32, at 63 n.29 ("Though I know that judges are human and quite distinct individuals, I am not in favor of their doffing their robes, for I think there is value in stressing, for themselves and for others, the quite real striving for an impersonality I know can never be fully achieved.").

301. Mishkin, *supra* note 32, at 62.

302. *Id.* at 63.

303. *Id.* (citing LLEWELLYN, *supra* note 299).

304. *Id.* at 64–65.

305. *Id.* at 66 n.37.

306. *Id.* at 66.

of a newly changed law."[307] Others have made similar suggestions.[308] This proposed technique of making the holding generally retroactive, but not for the parties before the court if they can demonstrate reliance, seems something like the mirror image of selective prospectivity (i.e., making the holding generally prospective, but retroactive only for the present parties), which seems to have been rejected by the current retroactivity doctrine as a matter of choice-of-law, though not necessarily as a matter of remedial discretion.[309]

Finally, beyond the symbolic, Professor Mishkin discussed the functional effect that "retroactivity would seem to operate as an 'inherent restraint' on judicial lawmaking because it compels the Court to confront in sharpest form the possible undesirable consequences of adopting a new rule," such as when it "may result in imposing liability or other burden on someone who acted in justified reliance on the old law."[310] Concern about the possible retroactive imposition of harm could "thus tend to restrain a court from adopting new law that is neither reflective of current community standards nor adequately foreshadowed by prior judicial developments."[311] The principal effects of such a restraint "go not to the ultimate possibility" of judicial change but rather "to its pace," that is, slowing it down.[312] The restraint of generally required retroactivity encourages courts to gradually shift the law while foreshadowing future changes, rather than make drastic changes.

Retroactivity thus strengthens stare decisis by forcing courts to confront the potential unfairness of legal change when that change must be made retroactive.[313] This inherent restraint could be undercut

307. *See id.* at 66 n.39 (citing James v. United States, 366 U.S. 213, 241 (1961)).

308. *See* Pamela J. Stephens, *The New Retroactivity Doctrine: Equality, Reliance, and Stare Decisis*, 48 SYRACUSE L. REV. 1515, 1574 (1998) ("With respect to the demonstration of reliance, it should be actual reliance in the usual case, which will be necessary to overcome the presumption of retroactivity."); Aero Spark Plug Co. v. B.G. Corp., 130 F.2d 290, 298 (2d. Cir. 1942) (Frank, J., concurring).

309. *See* James B. Beam Distilling Co. v. Georgia, 501 U.S. 529, 543–44 (opinion of Souter, J., announcing the judgment) ("Nor, finally, are litigants to be distinguished for choice-of-law purposes on the particular equities of their claims to prospectivity: whether they actually relied on the old rule and how they would suffer from retroactive application of the new. . . . Conversely, nothing we say here precludes consideration of individual equities when deciding remedial issues in particular cases."); *see also* Fisch, *supra* note 24, at 1083 n.169 ("[A] judicial decision to withhold certain relief under a retroactive rule need not be the equivalent of refusing to apply the rule retroactively.").

310. Mishkin, *supra* note 32, at 70 (citing James v. United States, 366 U.S. 213, 225 (1961)).

311. *Id.*; *see supra* note 50 and accompanying text (discussing *Flood v. Kuhn* and the adherence to precedence).

312. Mishkin, *supra* note 32, at 70.; *see also id.* at 72 (noting that public reaction may hinder but does not block retroactive implementation).

313. Harper v. Va. Dept. of Tax'n, 509 U.S. 86, 105 (Scalia, J., concurring) ("Prospective decisionmaking is the handmaid of judicial activism, and the born enemy of *stare decisis*.").

somewhat if it became commonplace to allow demonstrated justified reliance to be a shield against retroactivity, as Professor Mishkin suggested, though perhaps not entirely if the shield were left to potentially unpredictable remedial discretion and required an actual showing of reliance, which would not necessarily be easy.[314] In other words, a demonstrated reliance shield could mitigate the very unfairness that serves as a restraint on overruling for judges who would prefer to avoid the unfairness. So a demonstrated reliance shield could be seen as a middle ground, mitigating but not eliminating potential unfairness of retroactive legal change, and thus perhaps weakening stare decisis a bit, but not as much as regular use of pure prospectivity.

Other commentary has been more receptive to prospectivity, at least in the context of overruling a judicial decision. Perhaps most prominently, Benjamin Cardozo as a scholar in *The Nature of the Judicial Process* wrote:

> [I]n the vast majority of cases the retrospective effect of judge-made law is felt either to involve no hardship or only such hardship as is inevitable where no rule has been declared. I think it is significant that when the hardship is felt to be too great or to be unnecessary, retrospective operation is withheld. Take the cases where a court of final appeal has declared a statute void, and afterwards, reversing itself, declares the statute valid. Intervening transactions have been governed by the first decision. What shall be said of the validity of such transactions when the decision is overruled? Most courts in a spirit of realism have held that the operation of the statute has been suspended in the interval. It may be hard to square such a ruling with abstract dogmas and definitions. When so much else that a court does, is done with retroactive force, why draw the line here? The answer is, I think, that the line is drawn here, because the injustice and oppression of a refusal to draw it would be so great as to be intolerable.[315]

Cardozo also defended prospectivity as a Justice in *Great Northern Railway*, reviewing the Montana Supreme Court's decision to overrule one of its precedents prospectively.[316] The petitioner argued that

314. *Cf.* Walter V. Schaefer, *The Control of "Sunbursts": Techniques of Prospective Overruling*, 42 N.Y.U. L. REV. 631, 643 (1967) ("To inject into every case an added requirement that individual reliance be proved would seriously complicate the judicial process.").

315. BENJAMIN N. CARDOZO, THE NATURE OF THE JUDICIAL PROCESS 146–47 (1921).

316. Great N. Ry. Co. v. Sunburst Oil & Refining Co., 287 U.S. 358, 359 (1932). The Supreme Court of Montana had held in 1921, in Doney v. Northern Pacific Ry. Co., 60 Mont. 209 (Mont. 1921), that shippers could recover the overcharge for excessive rates, which had been made in accordance with a tariff schedule approved by the Railroad Commission of Montana, though the Commission later held that the rates approved were excessive and unreasonable. The Montana Court "held that the ruling in the *Doney* case was erroneous and would not be followed in the future," but nevertheless held that "the *Doney* case was law until reversed and would constitute the governing principle for shippers and carriers who, during the period of its reign, had acted on faith of it." i.e., the Montana Court overruled *Doney* prospectively. *Great N. Ry. Co.*, 287 U.S. at 361.

"[a]dherence to precedent as establishing a governing rule for the past in respect of the meaning of a statute" was "a denial of due process when coupled with the declaration of an intention to refuse to adhere to it in adjudicating any controversies growing out of transactions of the future."[317] Justice Cardozo for the Court disagreed, holding the state court's practice of prospective overruling "involved no denial of a right protected by the federal constitution," such that a "state in defining the limits of adherence to precedent may make a choice for itself between the principle of forward operation and that of relation backward."[318] That is, without infringing the U.S. Constitution, a state court may practice prospective overruling "whenever injustice or hardship will thereby be averted," or it may instead "hold to the ancient dogma that the law declared by its courts had a Platonic or ideal existence before the act of declaration, in which event the discredited declaration will be viewed as if it had never been, and the reconsidered declaration as law from the beginning."[319]

According to Justice Cardozo, it made no difference "whether the subject of the new decision is common law . . . or statute," that is, whether the court had overruled a prior decision or invalidated a statute; either way, it was up to the state court to decide whether to make the effect retroactive.[320] The choice was to be "determined by the juristic philosophy of the judges" of the state courts, and the Court did not pass on the "wisdom of their philosophies," but merely "the legality of their acts," holding that either choice was permissible under the U.S. Constitution.[321]

B. Modern Scholarship

Some more recent scholarship has been highly critical of retroactivity and has offered a more robust defense of prospectivity. Professor Jill Fisch has proposed an "equilibrium approach" to retroactivity, wherein retroactivity should be disfavored in situations where the law had previously been settled in a stable equilibrium such that reliance interests were at their peak.[322] In her view, "the Court's retroactivity analysis has focused primarily on two prudential considerations: fairness and efficiency," with it being "typically thought that prospective laws are more fair and retroactive laws are more efficient."[323]

317. *Id.* at 363–64.
318. *Id.* at 364.
319. *Id.* at 364–65.
320. *Id.* at 365.
321. *Great N. Ry. Co.*, 287 U.S. at 365.
322. *See generally* Fisch, *supra* note 24.
323. *Id.* at 1084.

With regard to fairness, Professor Fisch points to *Chevron Oil*, which "directs a court to inquire into the equitable aspects of application of a new rule, including whether a litigant's reliance on the prior rule should be protected," in consideration of the "need to protect settled expectations" by not retroactively upsetting them.[324] She claims, on the other hand, that "efficiency is generally viewed as favoring retroactivity."[325] This is apparently based on the "assumption that legal change has occurred because of a determination that the new rule is an improvement," which "supports the application of that rule to as broad a class of cases as possible," particularly where "the new rule is curative or restorative, that is, if it is designed to undo a rule perceived as mistaken."[326]

Professor Fisch thus offers her "equilibrium theory" as a touchstone for retroactivity, explaining that a legal context "is in stable equilibrium when the applicable legal rules are clear, have been promulgated by a higher legal authority, have persisted over time and in a variety of specific cases, and have not been widely criticized or questioned by lawmakers with comparable authority."[327] She argues that in such situations, the "existence of a stable equilibrium justifies the protection of reliance-based interests," such that retroactivity should be avoided.[328] On the other hand, retroactivity "may be appropriate in certain circumstances," such as where "the legal change is sufficiently small that either it does not disturb the equilibrium or the costs associated with the disturbance are minimal,"[329] or where the law is "in unstable equilibrium or a state of flux."[330]

Professor Fisch's analysis seems to give short shrift to the strongest arguments against judicial prospective-only decision-making. These arguments are not about efficiency per se, but rather that prospective lawmaking is generally contrary to the judicial role, that courts are not institutionally well-suited for it, and that it tends over time to weaken stare decisis leading to legal instability.[331] That said, Professor Fisch's point that retroactivity is more likely to be unfair and upset reliance

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324. *Id.* at 1085.

325. *Id.* at 1088 (citing, *inter alia*, Louis Kaplow, *An Economic Analysis of Legal Transactions*, 99 HARV. L. REV. 509, 615–16 (1986)).

326. Fisch, *supra* note 24, at 1088 (citing Saul Levmore, *The Case for Retroactive Taxation*, 22 J. LEGAL STUD. 265, 306 n.71 (1993)).

327. *Id.* at 1102.

328. *Id.* at 1105–06.

329. *Id.* at 1106.

330. *Id.* at 1108. *See also id.* at 1109 (suggesting that reliance on prior law is unreasonable in an unstable equilibrium, and that change results in minimal disruption of expectations when the law is in flux).

331. *See supra* notes 301–304 and accompanying text (discussing Mishkin).

interests in a situation where the law has long been settled in a state of equilibrium, such that prospectivity may tend to be more appropriate in such circumstances, is reasonable and worth keeping in mind.

In the patent context, Jonathan Masur and Adam Mortara have recently argued in favor of increased prospective judicial decision-making.[332] Professor Masur and Mr. Mortara point out that reliance interests are particularly strong in the patent context, in that businesses are built around existing patents, and if "patent rights become unreliable or unstable, the purpose and function of the patent system will be undermined," and in the future, "innovators and investors might be much more reluctant to pursue patent-based research if they have reason to fear the Federal Circuit will pull the rug out from under them."[333]

As Masur and Mortara recognize, the usual solution to this general issue is just to adhere to stare decisis and not to drastically change the law, or at least not often, as this is how retroactivity strengthens stare decisis and serves as an inherent restraint on judicial legal change. But the authors view this general approach as "a poor fit for patent law," where they claim the law "must be frequently updated if it is to keep pace with changes in technology and markets."[334]

As a solution, Masur and Mortara urge that "federal courts—or at least patent courts [by which they apparently mean the U.S. Court of Appeals for the Federal Circuit, which generally hears all patent appeals]—should be given the authority to hand down decisions that are prospective only."[335] This would "decouple a judicial decision's prospective effect—which is presumptively positive—from the backward-looking harm it might do to investment-backed expectations and reliance interests," such that patent law "would become more dynamic and less hidebound," and "would also become more effective."[336] To be clear, under *Chevron Oil*, all courts seem to already have the rarely used prospectivity authority that Masur and Mortara argue for,[337] but their article primarily argues for increased use of this authority in the patent context by the Federal Circuit, because in their view prospectivity is particularly appropriate in patent law.[338]

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332. *See generally* Jonathan S. Masur & Adam K. Mortara, *Patents, Property, and Prospectivity*, 71 STAN. L. REV. 963 (2019).

333. *Id.* at 965–66.

334. *Id.* at 967 (citing Thomas F. Cotter, *A Burkean Perspective on Patent Eligibility*, 22 BERKELEY TECH. L. J. 855, 878–79 (2007)).

335. *Id.* at 968.

336. *Id.*; *see also id.* at 998 (citing Kaplow, *supra* note 325, at 551–52).

337. *See supra* note 73 and accompanying text. It is perhaps notable that Masur and Mortara do not even cite *Chevron Oil*. *See generally* Masur & Mortara, *supra* note 332.

338. *See* Masur & Mortara, *supra* note 332, at 996–97 ("[C]ourts issue purely prospective legal

There are some issues with this argument. To begin with, Masur and Mortara's argument for increased prospectivity particularly in patent law runs counter the Supreme Court's consistent admonitions in recent decades that patent law is subject to the same general principles of law as any other area; in other words, that it is not exceptional.[339] It could also tend to undermine the principle that similarly situated litigants should be treated the same by potentially making the validity of a patent turn on the happenstance of whether it was issued (or applied for) the day before versus the day after a particular judicial legal change took effect.[340] There are also the significant logistical difficulties that courts and litigants would face in lawsuits with multiple asserted patents, having to potentially apply different law for each patent depending on the patent's application or issuance date.

And perhaps most saliently, the argument undermines itself. Masur and Mortara correctly point out that stability is particularly important in patent law, in part because of "the lag time between R&D investments and patent rewards."[341] That is, firms invest "in R&D with the belief that some number of years down the road, it will be able to recoup those investments and turn a profit by leveraging the patents it has obtained."[342] So Masur and Mortara correctly argue that if "patent law is generally unstable, innovative firms (or investors) may fear that they will never recoup their R&D investments and therefore refrain from making those investments in the first place."[343] Yet their entire argument is geared toward making it easier for courts to change patent law by allowing more prospective decision-making, because "[d]oing so would permit brisk

rulings only rarely, despite indications from the Supreme Court that they are permitted to do so. It is time for patents courts to avail themselves of this opportunity.").

339. *See, e.g.*, Peter Lee, *The Supreme Assimilation of Patent Law*, 114 MICH. L. REV. 1413, 1416 (2016) ("[T]he Supreme Court has consistently sought to eliminate patent exceptionalism, bringing patent law in conformity with what it characterizes as general legal standards.") (citing cases).

340. Professor Masur and Mr. Mortara are not entirely clear on whether their proposal makes the applicable law that of the date the patent was granted (i.e., issued), or the date the patent was applied for. *Compare* Masur & Mortara, *supra* note 332, at 968 ("[F]ederal courts—or at least patent courts—should . . . have the power to determine that a particular decision affects only patents whose owners applied for them on or after the date of that decision."), *with id.* at 996 ("The solution is to decouple the effects on future patents from the effects on existing patents—to allow courts to make positive changes affecting patents that will be granted in the future without similarly affecting patents that already exist."). Presumably either might be accomplished via a prospective ruling at the Federal Circuit coupled with a general rule of patent law that the applicable law in patent suits is that of either date, rather than the current law (or simply, "the law"), as it is now understood to be.

341. *Id.* at 970–71.

342. *Id.* (citing Daniel J. Hemel & Lisa Larrimore Ouelette, *Beyond the Patent-Prizes Debate*, 92 TEX. L. REV. 303, 310–12, 319–20, 326 (2013)).

343. *Id.* at 972.

legal change," thus making patent law *less* stable, or as they put it, "more dynamic and less hidebound."[344]

Masur and Mortara attempt to address this apparent inconsistency by arguing that a "nonretroactive decision, by not impinging on existing patent rights, does not upset existing reliance interests and thus does not threaten to diminish investment incentives."[345] But the relevant reliance interests are not limited to existing patents, for as Masur and Mortara themselves argued, there is a significant "lag time between R&D investments and patent rewards,"[346] in that it may take years of R&D before a firm is ready to even apply for a patent, and then a few more years for the patent to issue.[347] Masur and Mortara recognize that for this reason, prospectivity "will not necessarily protect all of the reliance interests involved," but dismiss this point by stating "nonretroactivity will be at least a partial solution, and one preferable to a fully retroactive judicial decision."[348] However, in this regard, they do not address the point (which they themselves made earlier as a feature of their argument) that increased prospective decision-making will weaken adherence to stare decisis and make overruling and legal change more common. Thus, although prospective legal change will reduce the reliance interests upset by any particular change, it will still upset some reliance interests, so encouraging more of it may well ultimately upset reliance interests to a greater degree overall.

One might be able to live with all this if accelerated legal change in

344. *Id.* at 968, 1022; *see also id.* at 999 ("[I]nsisting that a new legal rule be both prospective and retroactive may make it more difficult to enact a legal change . . . .").

345. *Id.* at 1001.

346. *Id.* at 970–71; *see also id.* at 1005–06 ("[A] firm might invest billions of dollars in R&D for a single type of invention, believing that it will be able to obtain patents related to this invention for decades to come.").

347. *See* Michael Carley, Deepak Hegde & Alan Marco, *What Is the Probability of Receiving a U.S. Patent?*, 17 YALE J. L. & TECH. 203, 205 n.5 (2015) ("[T]he average patent application pends for four to five years at the USPTO before it is granted . . . ."). If the applicable law is that of the application date rather than the grant date (see *supra*, note 340), the disruption of reliance interests is mitigated further, though still not completely, given that much investment takes place prior to application. And this could create its own host of problems, such as forcing patent examiners to examine co-pending patent applications under different sets of law at the same time, and potentially encouraging applicants to game the system by abandoning and re-filing applications to gain the benefit of patent-friendly but prospective-only judicial decision. Indeed, Masur and Mortara confusingly suggest that prospectivity is more appropriate when the change strengthens patent rights. *See* Masur & Mortara, *supra* note 332, at 1003 ("While there is often a strong argument in favor of issuing a retroactive decision that invalidates or weakens patents, decisions that expand or strengthen patent rights should very rarely be made retroactive."). This would seem to be in some tension their general argument that retroactively weakening patent law to render existing patents invalid upsets reliance interests. *See, e.g.*, *id.* at 965 ("Changing the law would risk upending the business and, worse, invalidating the patents might deter future investments in research and development (R&D).").

348. Masur & Mortara, *supra* note 332, at 1005–06.

patent law were really as clearly desirable as Masur and Mortara posit, based on their assumption that "the new rule is likely superior to the old rule,"[349] but that is a dubious proposition. Masur and Mortara argue that it is particularly important for patent law to be "'correct' (or nearly so) if it is to be effective," by which they presumably mean to adequately balance incentives for innovation against the monopoly dead-weight-loss costs on society imposed by patents, and to incentivize "genuine innovation" instead of "unproductive projects."[350]

The problem, however, is that there are widely varying reasonable views on what "correct" patent law looks like, and the "correct" answer is very difficult (if not impossible) to ascertain because one cannot know the counterfactual degree or type of innovation that would have occurred under a different patent regime in a given time and place.[351] Innovation is inherently unpredictable by its very nature: it generally consists of things not yet known.[352] It is very difficult to know in advance precisely what a change in law might help us discover in the future.

Also, the precise value of additional innovation to society is debatable and depends on the type of innovation as well as how it is used,[353] so even if we could accurately foresee the effects on innovation of each potential change to patent law, reasonable people would still disagree about at what point the societal cost of granting additional monopolies outweighs the societal benefit of the additional innovation to be received. The effects also depend to some degree on the area of technology; in certain sectors patents may help startups more than incumbents and

349. *Id.* at 998 ("The first and most obvious advantage of making the new rule fully retroactive is that it is likely superior to the old rule. (If not, it would be odd to adopt it.)") (citing Kaplow, *supra* note 325, at 551–52, as "describing the virtues of legal transitions and reasons for expediting them."). The cited portion of Kaplow's article favors retroactivity "when the justification for a reform suggests that the prior activity was undesirable," but not "if a new rule were established in response to a change in circumstances." Kaplow, *supra* note 325, at 551–52. This is a reasonable point in that when a change in law is in response to changed circumstances, it may make marginally less sense to retroactively apply the new rule to events prior to that change; but it does not particularly support the claim that new rules are likely to be superior in general, or that legal change should be expedited in general.

350. Masur & Mortara, *supra* note 332, at 970.

351. *See* Lisa Larrimore Ouelette, *Patent Experimentalism*, 101 VA. L. REV. 65, 66–68 (2015) ("Despite well over a century of intense interest, we lack answers to fundamental empirical questions in patent law. . . . Locking the world into uniformly strong patent protection simply makes it more difficult to address these questions because empirical progress depends on policy variation.").

352. *See* 35 U.S.C. § 102 (requiring novelty as a condition for patentability).

353. *See, e.g.*, ALBERT CAMUS, THE REBEL 295 (1956) ("The machine is bad only in the way that it is now employed. Its benefits must be accepted even if its ravages are rejected."); MARTIN HEIDEGGER, THE QUESTION CONCERNING TECHNOLOGY 33 (1977) ("The essence of technology is in a lofty sense ambiguous."); Shawn Bayern, *Why I Don't Blog*, HUFFPOST (June 20, 2010), https://www.huffpost.com/entry/why-i-dont-blog-yes-i-rec_b_542127 [https://perma.cc/C6V8-L2U7] ("The problem isn't technology; it's what we're doing with it.").

reduce market concentration, which could be viewed as a benefit of the patent system even though it is not traditionally thought of as a primary goal of patent law.[354]

Importantly, there are strongly held and widely varying views on patent policy at the Federal Circuit—the primary court targeted by Masur and Mortara's proposal—with some judges believing in strong patent rights much more than others.[355] This variance is currently at least tempered by respect for stare decisis.[356] While we cannot make patent law perfectly "correct," we can at least keep it relatively stable, and that has value in itself, as Masur and Mortara recognize.[357] If the Federal Circuit were encouraged to overrule prior decisions more often, it seems unlikely that the result would be a steady march toward greater correctness rather than a semi-random oscillation based on the idiosyncratic policy views of the judges composing particular panels or the court in general. Forcing the court to, at least in most cases, weigh the potential benefits of a change in law against the full weight of retroactively upset reliance interests helps ensure that when the court does change the law, it has reached a greater degree of consensus and certainty that the change actually will be beneficial.

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354. *See* ROBERT P. MERGES, JUSTIFYING INTELLECTUAL PROPERTY 81 (2011) (explaining that intellectual property can "allow the makers of the input to set themselves up as a separate, independent firm," which "gives them more say over their work, more control over their professional fate—more autonomy."); Andrew C. Michaels, *The Patent Lawyer's Guide to Fascism: On Individual Autonomy and Private Law*, 49 N.M. L. REV. 169, 181–85 (2019) (discussing patents and market concentration); *cf.* Glenn C. Loury, *Market Structure and Innovation*, Q. J. OF ECON. 395, 408-409 (1979) ("Social welfare can be maximized by appropriately limiting entry and firm investments with licensing fees and finite patent life.").

355. *See, e.g.*, Ted L. Field, *Hyperactive Judges: An Empirical Study of Judge-Dependent 'Judicial Hyperactivity' in the Federal Circuit*, 38 VT. L. REV. 625, 627 (2014) ("Many patent practitioners believe that decision-making by the U.S. Court of Appeals for the Federal Circuit is highly judge-dependent.") (citing John R. Allison & Mark A. Lemley, *How Federal Circuit Judges Vote in Patent Validity Cases*, 27 FLA. ST. U. L. REV. 745, 745 (2000); Craig Allen Nard & John F. Duffy, *Rethinking Patent Law's Uniformity Principle*, 101 NW. U. L. REV. 1619, 1627 (2007) ("[O]ne of the prominent criticisms of the Federal Circuit is that the court exhibits 'panel dependency.'")).

356. *See, e.g.*, Newell Cos. v. Kenney Mfg. Co., 864 F.2d 757, 765 (Fed. Cir. 1988) ("This court has adopted the rule that prior decisions of a panel of the court are binding precedent on subsequent panels unless and until overturned *in banc*. . . . When there is direct conflict, the precedential decision is the first.").

357. Masur & Mortara, *supra* note 332, at 970 ("One of the peculiarities of patent law is that it must also be relatively *stable*."); *In re* Diagnostics, 800 F.2d 1077, 1084 (Fed. Cir. 1986) ("[C]learly within the congressionally envisioned role of this court, i.e., to contribute to doctrinal stability in the field of patent law."); *cf.* S. Corp. v. United States, 690 F.2d 1368, 1370 (Fed. Cir. 1982) (en banc) (Markey, J.) (adopting as Federal Circuit precedent the "body of law represented by the holdings of the Court of Claims and the Court of Customs and Patent Appeals," for to "proceed without precedent, deciding each legal principle anew, would for too long deprive the bar and the public of the stability and predictability essential to the effort of a free society to live under a rule of law.").

Interestingly, another recent and prominent article on general retroactivity (not specifically focused on patent law or the Appointments Clause) makes essentially the opposite proposal from Masur and Mortara, arguing that the Court should place the nails in the coffin of *Chevron Oil* and remove the possibility of prospective overruling altogether.[358] Professor Beswick criticizes the various conceptions of prospective judicial decision-making, including what he refers to as the "remedial framework,"[359] and proposes a "right-of-action" framework, which "embraces the retroactivity of judicial precedent," but still allows that "equitable principles" should "be employed when the ordinary adjudication of rights in the light of novel precedent would lead to injustice."[360]

Professor Beswick distinguishes the "remedial framework," which he rejects, from these remedial equitable considerations by shifting the focus from whether the legal change was unpredictable to the individual equities of each case.[361] In his view, the "remedial framework produces a one-size-fits-all outcome," whereas his proposed framework is more "attuned to the rights and interests of parties before adjudicating courts."[362] What Professor Beswick calls the "remedial framework" seems to be essentially the view that *Chevron Oil* type prospectivity is itself really a matter of remedies rather than choice-of-law—a view espoused by Justice Stevens and possibly acquiesced to by Judge O'Connor.[363] This view, which again Professor Beswick rejects, might seem to collapse the remedial and choice-of-law analyses and thereby eliminate the arguably important distinction between the two.

Terminology aside, nothing about Professor Beswick's primary proposal seems terribly contrary to the approach of this Article. What is referred to as "remedial discretion" in this Article seems more in line with Professor Beswick's right-of-action framework than with what he terms the "remedial framework," in that a court's "remedial discretion" as discussed herein involves a decision about the appropriate relief in an

358. *See* Samuel Beswick, *Retroactive Adjudication*, 130 YALE L. J. 276, 365 (2020) ("The Court should take the final step by collapsing the presumption [of adjudicative retroactivity] into acceptance.").

359. *See id.* at 332 ("The remedial framework is not grounded in traditional equitable considerations of prejudice or hardship to a defendant. . . . This is its flaw.").

360. *Id.* at 337–39.

361. *See id.* at 337 ("This framework reorients judges' focus onto the claims that are currently before them").

362. *Id.* at 354.

363. *See id.* at 328 (distinguishing the remedial framework from choice of law, "Under [the remedial framework judgements always operate retroactively for the purpose of determining what the law was, but courts may employ equitable considerations to curb the remedial impact . . . ."); *supra* notes 144–145; *supra* Section I.B.3.

individual case in light of the case's equities after and apart from an acceptance of a judicial decision's usual retroactive effect as a matter of what is herein referred to as choice-of-law.

Moving on, the prior literature on retroactivity in the Appointments Clause context is sparse but not nonexistent. Professor Elizabeth Beske has recently observed that the "Court's struggle to reconcile its dueling impulses to soften the blow of disruptive legal change and adhere to principles of adjudicative retroactivity is likely to erupt again soon in a new context," given that "the Court has decided three significant Appointments Clause cases in the past eight years."[364] She argues that in such cases, courts should balance the disruption occasioned by remanding for new hearings against the harm or unfairness to individual litigants of not remanding, and that such a balancing is consistent with the Court's existing jurisprudence.[365]

Recently in *Lucia*, the Court found that the SEC ALJ that heard the petitioner's case had not been properly appointed and remanded for a new hearing before a different, properly appointed ALJ.[366] Professor Beske notes that in briefing, "Lucia's counsel identified thirteen other pending cases in which litigants had preserved objections" that would likely require rehearing, such that the "sky would not fall" were the Court to order remands in all of those cases.[367] Professor Beske observes, however, that "it will be difficult to cabin this decision to SEC ALJs, and the Court's rationale is likely to reach the more than 1600 ALJs who work in the Social Security Administration," and who "handle upwards of 650,500 hearings a year," such that "the Court will be challenged to articulate a mechanism for confining the systemic disruptions of its handiwork."[368] As such, "the logic of *Lucia* may compel the Court to confront very hard questions of far greater disruption in the immediate future."[369]

In Professor Beske's view, the Court's "situation-specific mention of the number of affected cases," seven to ten in *Ryder*,[370] and thirteen in

364. Beske, *supra* note 7, at 693 (citing Lucia v. SEC, 138 S. Ct. 2044 (2018), NLRB v. Noel Canning, 573 U.S. 513 (2014), Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477 (2010)).

365. *Id.* at 650–51.

366. *See supra* note 229 and accompanying text (describing the new hearing as an appropriate remedy).

367. Beske, *supra* note 7, at 697–98 (citing Brief for Petitioners at 48–49, *Lucia*, 138 S. Ct. 2044 (No. 17-130)).

368. *Id.* at 693–94 (citing Alan Morrison, *Symposium:* Lucia v. SEC*—More Questions than Answers*, SCOTUSBLOG (June 22, 2018), https://www.scotusblog.com/2018/06/symposium-lucia-v-sec-more-questions-than-answers/ [https://perma.cc/4SXY-BUFW]).

369. *Id.* at 698.

370. *See supra* note 201 and accompanying text (discussing the minimal disruption provoked in *Ryder*).

Lucia (mentioned in the Court's opinion in *Ryder* though not in *Lucia*), leaves "room for the proposition that cases posing greater dislocation and negative effects may require a different resolution."[371] On the other side of the balance, the "Court's frequent suggestion that the injuries of individual litigants occasioned by Appointments Clause violations are largely symbolic, and its repeated expression of the need to incentivize litigants," potentially suggest that new hearings might not be required in all cases where a greater degree of disruption would be caused.[372]

This Article agrees with Professor Beske that in situations such as *Lucia* and *Ryder* where there is no judicial fix, this sort of balancing is likely appropriate for a court determining whether to grant de facto validity to prior agency actions, as the Court did in *Buckley*, where the degree of disruption would have been high and no retrospective relief was even requested.[373]

But this Article primarily is focused on the situation, as in *Free Enterprise* and *Seila Law*, where there is a judicial fix—a situation that Professor Beske does not much address. Where there is a judicial fix, the analysis must be different, as the fix presumptively applies retroactively, so application of the de facto validity doctrine is not necessary. While remedial discretion allows for remands in such situations, the presumption should generally be against a remand, at least in the Appointments Clause context where in light of loosened traceability requirements, it cannot automatically be assumed that the constitutional defect had any impact on past hearings.[374] Thus, the practical effect may be a flipping of the presumption; a judicial fix is presumptively retroactive so presumptively no rehearing is required, whereas if there is no judicial fix, rehearings are presumptively required unless the court chooses to grant de facto validity.

This reversal of the presumption is driven by foundational retroactivity principles and the declaratory theory: the judiciary mostly "acts" retroactively and the other branches usually act only prospectively. That remands should tend to be less common where there is a judicial fix is also in accord with the notion that a statutory unconstitutionality that can be "fixed" judicially should tend to be less serious than one that cannot be fixed.[375] Where a court through interpretation or severance is able to

371. Beske, *supra* note 7, at 698.

372. *Id.* at 698–99.

373. *See supra* notes 189–191, and accompanying text (explaining the *Buckley* holding).

374. *See* Beske, *supra* note 7, at 699 ("[T]he Court itself has admitted that rarely, if ever, can they show that the results in their cases would have been different before a properly appointed decision maker.").

375. *Cf.* Alaska Airlines, Inc. v. Brock, 480 U.S. 678, 684–85 (1987) ("[T]he unconstitutional

use "a scalpel rather than a bulldozer" to "limit the solution to the problem," the effects should naturally tend to be less disruptive as compared with where a court cannot fix the unconstitutionality.[376] Where the unconstitutionality has not been fixed, the invalidation of the statute retroactively takes away the authority for prior actions, unless de facto validity is granted.[377]

Professor Beske notes that there is often only an attenuated connection between a petitioner's injury and any alleged Appointments Clause issue, such that "these structural challenges rest uneasily with conventional Article III standing," but nevertheless the Court has long allowed regulated parties to raise these claims. That is, "courts have not required litigants to demonstrate that a properly-constituted tribunal would have rendered a different decision."[378]

Although the connection may not be immediately apparent, this relationship between the Court's loosened traceability requirements in Appointments Clause cases[379] and the lesser need for a new hearing is worth drawing out. When a petitioner challenges the structure of the agency that heard their claim, it may be unlikely that any defect in the agency structure had any impact on their case, but that has not prevented standing. A petitioner who prevails in finding a constitutional defect in the agency's structure has sometimes been afforded a new hearing even despite the lack of any likely connection between that defect and the outcome of the prior hearing, where granting such a new hearing to the petitioner and those similarly situated would not cause major disruption. But where the disruption would be greater, granting new hearings may not be wise or necessary.

The *Arthrex* situation discussed next, with its number of affected hearings being somewhere in the neighborhood of one hundred, illustrates this type of disruptive situation that might have warranted not granting new hearings, with the added wrinkle of a judicially imposed fix

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provision must be severed unless the statute created in its absence is legislation that Congress would not have enacted.").

376. Seila Law LLC v. Consumer Fin. Prot. Bureau, 140 S. Ct. 2183, 2209–10 (2020) ("Generally speaking, when confronting a constitutional flaw in a statute, we try to limit the solution to the problem, severing any problematic portions while leaving the remainder intact." (quoting Free Enter. Fund v. Pub. Co. Acct. Oversight Bd., 561 U.S. 477, 508 (2010))); *Seila Law*, 140 S. Ct. at 2210–11 ("We think it clear that Congress would prefer that we use a scalpel rather than a bulldozer in curing the constitutional defect we identify today.").

377. *See* Beske, *supra* note 7, at 697 ("*Buckley* had granted relief and invoked a different doctrine, 'de facto validity,' as a mechanism for circumscribing the new rules' retroactive effect.").

378. *Id.* at 694 (citing Andrade v. Lauer, 729 F.2d 1475, 1495–96 (D.C. Cir. 1984)). *See also supra* notes 252–50 (explaining Thomas' dissent in *Seila Law*).

379. *See supra* note 272 and accompanying text (discussing the majority opinion in *Collins*); Collins v. Mnuchin, 938 F.3d 553, 586 (5th Cir. 2019) (majority opinion); *Free Enter. Fund*, 561 U.S. at 512 n.12.

that—properly considered—would have rendered such remands entirely unnecessary and at least mostly imprudent.

III. A CASE STUDY: *ARTHREX*

This harrowing and twisted tale begins on Halloween 2019, when the United States Court of Appeals for the Federal Circuit issued its panel decision in *Arthrex*.[380] Arthrex was appealing directly from a decision of the Patent Trial and Appeals Board (PTAB), which is part of the United States Patent and Trademark Office (USPTO). The PTAB had held invalid certain claims from Arthrex's U.S. Patent No. 9,179,907 ("the '907 patent"), directed to "a knotless suture securing assembly."[381] *Arthrex*'s prevailing argument on appeal was not that the claims were in fact valid, but rather that the PTAB was unconstitutionally structured because the PTAB's Administrative Patent Judges (APJs) had been appointed in violation of the Appointments Clause.[382]

The PTAB was created by the America Invents Act (AIA) of 2011,[383] which provides that the APJs are appointed by the Secretary of Commerce, in consultation with the Director of the USPTO.[384] The PTAB hears challenges to patents in panels of three APJs via various proceedings, one of which is called *inter partes* review (IPR).[385] IPR proceedings, although intended as a more cost-effective and faster way to challenge the validity of patents as compared with district court, are nevertheless lengthy and expensive, generally costing in the six figures and lasting eighteen months from the initial petition to the agency final written decision, from which an appeal can be taken directly to the Federal Circuit.[386] The *Arthrex* case was appealed to the Federal Circuit

380. *See generally* Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted sub nom.* United States v. Arthrex 141 U.S. 549 (2020).

381. *Id.* at 1325.

382. *Id.*

383. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

384. 35 U.S.C. § 6(a) ("The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director.").

385. *See Arthrex*, 941 F.3d at 1326 ("A three-judge panel of Board members then conducts the instituted *inter partes* review.") (citing 35 U.S.C. § 316(c)).

386. *See, e.g.*, e-Watch Inc. v. Avigilon Corp., No. 13-0347, 2013 WL 6633936, at *2 n.3 (S.D. Tex. Dec. 17, 2013) ("Avigilon's counsel explained during the hearing that it is expensive to pursue *inter partes* review. The filing fee for the IPR petition is $25,000.00. Additionally, the petitioner incurs very substantial attorneys' fees for the petition, discovery, trial before the PTAB, and all associated briefing."); RPX, 2015 REPORT: NPE LITIGATION, PATENT MARKETPLACE, AND NPE COST 5 (2016) ("IPR petition costs are generally in the six figures: $200 thousand on the low end, and $700 thousand on the high end, for those that reach a final decision."). A decision on whether to institute an IPR proceeding must be made within six months of the filing of the petition, and a final written decision must generally be issued within twelve months of an institution decision. *See*

by Arthrex, the patent owner, from an IPR final written decision which had held invalid (as "anticipated" by "prior art") some of the claims of Arthrex's '907 patent.[387]

The Appointments Clause provides that principal officers must be appointed by the president, but that Congress may choose to vest the appointment of "inferior officers" in "the Courts of Law, or in the Heads of Departments."[388] Thus, assuming that the APJs are "Officers of the United States," if the APJs were properly classified as "inferior officers," then they were properly appointed by the Secretary of Commerce, but if they were instead really "principal officers," then it was unconstitutional for Congress to vest their appointment in the Secretary rather than the president.[389]

The court first found, uncontroversially, that the APJs were "Officers of the United States," rather than mere employees, because they "exercise significant authority."[390] The question then became whether they were principal or inferior officers, which the court stated turns on three factors: "(1) whether an appointed official has the power to review and reverse the officers' decision; (2) the level of supervision and oversight an appointed official has over the officers; and (3) the appointed official's power to remove the officers."[391]

The central consideration, according to the court, is the "extent of direction or control" that appointed officials have over the officers and their decision-making on behalf of the executive branch, as the "ultimate concern is 'preserving political accountability.'"[392] Given that the "only two presidentially-appointed officers that provide direction to the USPTO are the Secretary of Commerce and the Director," the court found that neither of those officers "exercises sufficient direction and supervision over the APJs to render them inferior officers."[393]

As such, the court ultimately concluded that the APJs were "principal officers" that would have to be appointed by the president and confirmed by the Senate, and because they were not, "the current structure of the

35 U.S.C. §§ 314, 316(a)(11), 319 (describing the time requirements related to making a final determination on an IPR proceeding).

387. *See Arthrex*, 941 F.3d at 1325–26 ("[T]he Board issued a final written decision finding the claims unpatentable as anticipated."); 35 U.S.C. § 102.

388. *See* U.S. CONST. art. 2, § 2 (describing the President's appointment power); *supra* notes 171–173 and accompanying text.

389. *See Arthrex*, 941 F.3d at 1327 (explaining the distinction between inferior officers and principal officers).

390. *Id*. at 1327–28.

391. *Id*. at 1328–29 (citing Edmond v. United States, 520 U.S. 651 (1997)).

392. *Id.* at 1329 (citing *Edmond*, 520 U.S. at 663).

393. *Id.*

Board violates the Appointments Clause."[394] This conclusion turned on the fact that the relevant statutes made the APJs removable only for cause.[395] Title 35 § 3(c) provides that all officers and employees of the USPTO are "subject to the provisions of title 5,"[396] which according to the court, provide that "APJs may be removed 'only for such cause as will promote the efficiency of the service.'"[397]

The court, however, viewed this problem as curable by severing "the application of Title 5's removal restrictions to APJs."[398] The court viewed this "as-applied severance" as "the narrowest possible modification to the scheme Congress created and cures the constitutional violation."[399] With Title 5 thus altered or construed so as to make the APJs removable by the Secretary at will, the court viewed them as inferior officers, properly appointed by the Secretary.[400] This sort of "as-applied severance" is essentially a combination of statutory interpretation and severing a portion of the statute as unconstitutional, and it is somewhat controversial, though certainly not unheard of.[401]

Having admirably analyzed the issues thus far, the court then took a consequential misstep, stating: "Because the Board's decision in this case was made by a panel of APJs that were not constitutionally appointed at the time the decision was rendered, we vacate and remand the Board's decision without reaching the merits."[402] It was not necessarily beyond the court's power to vacate and remand, but the notion that the APJs "were not constitutionally appointed at the time the decision was rendered," but then *became* constitutional as result of the court's decision is contrary to foundational retroactivity principles in the Supreme Court's jurisprudence and the declaratory theory of law upon which they are based.[403]

394. *Id.* at 1335.

395. *Id.* at 1332–34.

396. 35 U.S.C. § 3(c) ("Officers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees.").

397. *Arthrex*, 941 F.3d at 1333 (quoting 5 U.S.C. § 7513(a)).

398. *Id.* at 1337 ("Title 5's removal protections cannot be constitutionally applied to APJs, so we sever that application of the statute."); *see also id.* at 1338 ("[W]e hold unconstitutional the statutory removal provisions as applied to APJs, and sever that application."); *see also id.* ("We hold that the application of Title 5's removal protections to APJs is unconstitutional and must be severed.").

399. *Id.* at 1337.

400. *Id.* at 1338.

401. *See* David H. Gans, *Severability as Judicial Lawmaking*, 76 GEO. WASH. L. REV. 639, 654 (2008) (explaining how a court might invalidate a statute as applied to a set of facts and that it might need to add words to qualify what the legislature did).

402. *Arthrex*, 941 F.3d at 1338–39.

403. *See supra* note 25 and accompanying text.

The court thus essentially made its fix, the as-applied severance, prospective only in operation, but it did so without discussing the Supreme Court's jurisprudence on retroactivity and prospectivity and without conducting any *Chevron Oil* analysis or explaining why this fix should be exempted from the presumptive general principles of retroactivity. There is also a degree of inconsistency in that the court made its declaration of unconstitutionality retroactive, but made the fix only prospective, and made no attempt to provide a reasoned basis for this difference.

If the court had conducted a *Chevron Oil* analysis, it is unlikely that it would have supported prospective-only application of the fix. Recall that *Chevron Oil* provides three factors for courts to analyze when considering whether to make a decision prospective only in operation: (1) whether the subsequent decision changed the law in an unforeseeable manner; (2) the purpose and history of the rule in question; and (3) whether retroactive application would create inequity, injustice, or hardship.[404] On the first factor, the *Arthrex* as-applied severance was based on existing Court precedent on the Appointments Clause, so in that sense it did not change the law and was not particularly unforeseeable. Retroactive application of the fix would not likely create inequity or hardship, because as discussed below, it is implausible that the removal restrictions had any effect whatsoever on the PTAB final written decisions at issue. Furthermore, the purpose of the America Invents Act was in part to create an efficient, faster, and cheaper forum in which to challenge the validity of patents,[405] and the Federal Circuit's wasteful and unnecessary remands causing additional administrative expense and delay are contrary to that purpose.

Regardless of whether the panel decision is viewed as one of statutory construction or severance, the decision presumptively operates retroactively, as judicial decisions generally do. That is, the statute as interpreted or altered by the court was always the correct way to read the statute; it at least presumptively did not *become* the law at the time of the decision. That presumption was ignored by the Federal Circuit, and even if that presumption arguably could have been overturned, the court did not conduct a *Chevron Oil* analysis, nor did the court even discuss the doctrine of retroactivity or prospectivity.

404. *See also supra* note 70 and accompanying text.

405. *See, e.g.*, SAS Inst., Inc. v. ComplementSoft, LLC, 825 F.3d 1341, 1353 (Fed. Cir. 2016) (Newman, J., dissenting) ("The America Invents Act created a new expert tribunal, charged to act with expedition and economy."); Intellectual Ventures II LLC v. JP Morgan Chase & Co., 781 F.3d 1372, 1380 (Fed. Cir. 2015) (Hughes, J., dissenting) ("The AIA was 'designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.'") (quoting H.R. Rep. No. 112-98 at 40 (2011)).

Although it might initially seem strange to say that the APJs were always constitutional in light of the retroactive judicial fix, one way to think about it is that if an APJ had been removed, and then had challenged the removal as being without cause, the challenge would have failed because the courts ultimately would have found the removal restrictions unconstitutional as applied to the APJs, just as the *Arthrex* court did. This view, as discussed above, is admittedly somewhat formalist in that it implies a single right answer that could have been foreseen despite the contrary statutory representation, but this useful partial fiction is part of the law and has been for a long time.[406] And it is perhaps just as strange or spooky to say that the APJs somehow went from unconstitutional to constitutional on that Halloween day or some other effective date, especially given that the panel decision remained subject to petitions for rehearing en banc and certiorari.

Based on *Lucia*, the panel stated that "Appointments Clause remedies are designed to advance structural purposes of the Appointments Clause and to incentivize Appointments Clause challenges," and concluded that "both of these justifications support our decision today to vacate and remand."[407] The court held that, on remand, a different panel of three APJs must hear the case, but left it up to the PTAB whether it should allow additional briefing or reopen the record.[408]

The court "decided only that this case, where the final decision was rendered by a panel of APJs who were not constitutionally appointed and where the parties presented an Appointments Clause challenge on appeal, must be vacated and remanded," and saw "the impact of this case as limited to those cases where final written decisions were issued and where litigants present an Appointments Clause challenge on appeal."[409] This has been interpreted to mean basically that remands are required in any case where the PTAB had issued a "final written decision" before Halloween 2019 and the appellant has not waived the issue; dozens of cases have been remanded under this requirement.[410]

406. *See supra* Section I.A (discussing why retroactivity is a useful partial fiction).

407. *Arthrex*, 941 F.3d at 1340 (citing Lucia v. SEC, 138 S. Ct. 2044, 2055 n.5 (2018)).

408. *See id.* ("[O]n remand we hold that a new panel of APJs must be designated and a new hearing granted. . . .[W]e see no error in the new panel proceeding on the existing written record but leave to the Board's sound discretion whether it should allow additional briefing or reopen the record in any individual case.").

409. *Id.*

410. *See* Customedia Techs., LLC v. Dish Network Corp., 941 F.3d 1174, 1175 (Fed. Cir. 2019) (concluding that Customedia forfeited its Appointments Clause challenge and denying the motion to vacate and remand); *see also* Ciena Corp. v. Oyster Optics, LLC, 958 F.3d 1157, 1159 (Fed. Cir. 2020) (denying remand where it was requested by the IPR petitioner, i.e., the patent challenger, and the IPR petitioner did not raise the Appointments Clause issue before the PTAB, reasoning that the IPR petitioner "affirmatively sought a ruling from Board members, regardless of how they were appointed.").

A concern with incentives at best supported a remand in the *Arthrex* case itself as a matter of remedial discretion, but it does not support the dozens of other remands that have wastefully occurred. There is no reason to continue to incentivize Appointments Clause challenges after the court has already decided the issue in a different case. Indeed, automatically remanding in all pending cases as the Federal Circuit did could actually dilute the relevant incentives, encouraging parties to nominally raise the issue but not devote significant resources (e.g., brief space, attorney attention, etc.) to it, free riding off of the work of the party that actually argued the issue sufficiently to win the challenge. But because the *Arthrex* court erroneously viewed remand as required by law rather than as an exercise of discretion, subsequent Federal Circuit panels have not felt free to consider whether remand is prudent or not.

The *Arthrex* court's error did not go unnoticed. One week later, an entirely different panel of the court released its opinion in *Bedgear*.[411] Bedgear, LLC was appealing from three final written decisions of the PTAB and had made the Appointments Clause argument in briefing; the panel's one paragraph per curiam opinion merely stated that in light of *Arthrex*, the PTAB final written decisions were vacated, and the case was remanded for further consistent proceedings.[412]

However, Judge Dyk wrote a concurrence in the judgment, joined by Judge Newman, wherein he faulted the *Arthrex* panel for failing to make its fix retroactive.[413] In his view, the *Arthrex* panel's remedy requiring a new hearing was not required by *Lucia* and "imposes large and unnecessary burdens on the system of *inter partes* review, requiring potentially hundreds of new proceedings, and involves unconstitutional prospective decision-making."[414] It may have been an overstatement to call the fix's lack of retroactivity unconstitutional,[415] but it was at least improper under Supreme Court precedent for the Federal Circuit to make the fix prospective only without any *Chevron Oil*–type analysis, and as explained above, such an analysis likely would not have supported the prospective-only fix.[416]

According to Judge Dyk, the panel improperly made "the application of its decision prospective only, so that only PTAB decisions after the date of the panel's opinion are rendered by a constitutionally appointed

411. Bedgear, LLC v. Fredman Bros. Furniture Co., 783 F. App'x 1029 (Fed. Cir. 2019) (nonprecedential).

412. *Id.* at 1030.

413. *Id.* (Dyk, J., concurring).

414. *Id.*

415. *See supra* note 316 and accompanying text (discussing Great N. R. Co. v. Sunburst Oil & Refining Co., 287 U.S. 358 (1932)).

416. *See supra* note 404 and accompanying text.

panel."[417] It may initially seem counterintuitive to call the *Arthrex* panel's decision prospective only, given that the court vacated and remanded the past hearings. In fact the entire decision was not made prospective only: the declaration of unconstitutionality was made retroactive (as it should have been), but the *Arthrex* court's *fix*, that is, the as-applied severance of removal protections, was effectively made prospective only (though the panel did not call it that), such that the prior PTAB decisions were, as the *Arthrex* panel put it "made by a panel of APJs that were not constitutionally appointed at the time the decision was rendered."[418] If the fix had been considered retroactive, as it should have been and as the declaration of unconstitutionality was, the prior PTAB decisions were not rendered by a panel that was unconstitutional "at the time" because the unconstitutional statutory removal restrictions were always merely a mirage-like misrepresentation of the law, and thus void ab initio.[419]

This judicial fix is the basis for a distinction from the Court's decision in *Lucia*, which the *Arthrex* panel relied on. As Judge Dyk pointed out, in *Lucia* there was no judicial fix to make retroactive.[420] To the extent that there was a fix in *Lucia*, it came from the agency itself, and thus was properly considered prospective only in operation, as unlike the judicial branch, the executive branch must generally act prospectively.[421] But because the *Arthrex* court had judicially fixed the problem through its as-applied severance, in Judge Dyk's view, "to be consistent with *Harper*, the statute here must be read as though the PTAB judges had always been constitutionally appointed, 'disregarding' the unconstitutional removal provisions."[422] When the judicial fix is viewed as retroactive as it properly should be, the prior hearings were not in fact "tainted with an appointments violation,"[423] so the relevant language from *Lucia* (and *Ryder*) is inapplicable.

Reviewing the relevant case law, Judge Dyk found that "the Supreme Court has required a new hearing only where the appointment's defect

417. *Bedgear*, 783 F. App'x at 1030 (Dyk, J., concurring).

418. *Arthrex*, 941 F.3d at 1338.

419. *See supra* note 41 and accompanying text (discussing *Seila Law*, *Reynoldsville Casket*, *Booker*, and *Williams*).

420. *Bedgear*, 783 F. App'x at 1031 (Dyk, J., concurring) ("The difference between *Lucia* and *Arthrex* is that the fix in *Lucia* was an agency fix, whereas the fix in *Arthrex* is a judicial fix. Agencies and legislatures generally act only prospectively . . . .").

421. *See* Lucia v. SEC, 138 S. Ct. 2044, 2055 n.6 (2018) ("While this case was on judicial review, the SEC issued an order ratifying the prior appointments of its ALJs.").

422. *Bedgear*, 783 F. App'x at 1032 (Dyk, J., concurring) (quoting Marbury v. Madison, 5 U.S. 137 (1803)).

423. *See Lucia*, 138 S. Ct. at 2055 (citing Ryder v. United States, 515 U.S. 177 (1995)); *supra* note 229 and accompanying text.

had not been cured or where the cure was the result of non-judicial action."[424] He also noted that the *Arthrex* panel's contrary decision "creates a host of problems in identifying the point in time when the appointments became valid," asking: "Is it when the panel issues the decision, when the mandate issues, when en banc review is denied, when certiorari is denied, or (if there is an en banc proceeding) when the en banc court affirms the panel, or (if the Supreme Court grants review) when the Supreme Court affirms the court of appeals decision?"[425] As discussed above, one of the practical benefits of retroactivity is that it provides an elegant solution to this effective date problem; the court is merely stating what was always the law.[426]

In Judge Dyk's view, the *Arthrex* court's striking of the "application of the removal restrictions in [Title 5] to APJs" was "part constitutional interpretation and part statutory construction."[427] Both statutory invalidation and statutory construction are presumptively retroactive under established law,[428] and none of the *Arthrex* opinions provide any reason why an as-applied severance, which is essentially a combination of the two, should be treated as an exception to the general principles of retroactivity set forth in Supreme Court precedent.

Unsurprisingly, a petition for rehearing en banc was filed in *Arthrex*, but it was denied.[429] Judge Dyk dissented from the denial, making essentially the same arguments regarding retroactivity as he had made in his *Bedgear* concurrence.[430] These arguments elicited a number of responses from other Federal Circuit judges concurring in the denial of petition for rehearing en banc.

Leading off was Judge Moore who, having written the panel decision in *Arthrex*, reiterated her view that "the APJs were constitutionally appointed *as of* the implementation of the severance."[431] She pointed out that the resulting "number of appeals that needed to be remanded based on Appointments Clause challenges raised on appeal" had been limited by the subsequent Federal Circuit panel decision in *Customedia*, which had held that Appointments Clause challenges not raised prior to or in the

424. *Bedgear*, 783 F. App'x at 1034.

425. *Id.* at 1034, n.8.

426. *See supra* note 34 and accompanying text.

427. Arthrex, Inc. v. Smith & Nephew, Inc., 953 F.3d 760, 766, 776 (Fed. Cir. 2020) (Dyk, J., dissenting).

428. *See supra* note 41 and accompanying text (describing various ways to state the fact that retroactivity voids previous interpretations of the law).

429. Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320 (Fed. Cir. 2019), *reh'g denied*, 953 F.3d 760 (Fed. Cir. 2020), *cert. granted sub nom.* United States v. Arthrex 141 U.S. 549 (2020).

430. *Arthrex*, 953 F.3d at 769 (Dyk, J., dissenting).

431. *Id.* at 764 (Moore, J., concurring) (emphasis added).

appellant's opening brief had been waived.[432]

Apparently treating the "effective date" of the fix as Halloween 2019, the date of the panel decision, Judge Moore counted that "no more than 81 appeals including *Arthrex* itself can be vacated and remanded based on preserved Appointments Clause violations," such that the "*Arthrex* decision will result in at most 81 remands," and stated that these remands would be relatively "narrow in scope," given that the *Arthrex* panel had left it to the PTAB's discretion whether to allow additional briefing or reopen the record, such that in her view there was only "minimal disruption to the *inter partes* review system."[433] Judge Moore's count of a maximum of 81 remands is not easy to square with the subsequent USPTO order staying over one hundred remanded matters pending certiorari petitions, with more remands expected to come.[434] Regardless, even if the PTAB chooses not to reopen briefing or the record, each of the remands still requires a new hearing before a new panel of APJs, as well as a new final written decision which could then be appealed to the Federal Circuit, so the remands are not without significant delay, expense, and disruption.

Judge Moore did not much elaborate on her view that the Court's decision in *Lucia* required that "*Arthrex*, and the other appeals with preserved Appointments Clause challenges, were vacated and remanded for hearings before new panels of APJs, who are now properly appointed."[435] In her view, the "panel of APJs that decided the *inter partes* review in this case [as in the other remanded cases] was not constitutionally appointed when it rendered that decision," such that to "forgo vacatur as Judge Dyk suggests would be in direct contrast with *Lucia* and would undermine any incentive a party may have to raise an Appointments Clause challenge."[436] But Judge Moore did not address Judge Dyk's distinction: that *Lucia* had not involved a judicial fix.

As mentioned above, the incentive concern noted by Judge Moore at best supports a discretionary remand as a reward in the *Arthrex* case itself (not in the dozens of other remanded cases) and even this is questionable, for it is not clear that such a reward is necessary in civil litigation where repeat players often have incentives to raise structural challenges

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432. *Id.* (citing Customedia Techs., LLC v. Dish Network Corp., 941 F.3d 1174, 1175 (Fed. Cir. 2019)).

433. *See Arthrex*, 953 F.3d at 764 (explaining that the *Arthrex* decision will result in a maximum of 81 remands); *Arthrex*, 941 F.3d at 1340; *see also* Caterpillar Paving Prods. Inc., v. Wirtgen Am., Inc., 957 F.3d 1342 (Fed. Cir. 2020) (denying a remand because the PTAB final written decision on appeal had issued prior to the *Arthrex* decision of Halloween 2019).

434. *See infra* note 458 discussing a USPTO Order that held all cases remanded under Arthrex in administrative abeyance until the Supreme Court can act).

435. *Arthrex*, 953 F.3d at 764 n.3.

436. *Id.*

impacting future litigation.[437] Selective remands should be thought of not as different treatment for purposes of choice-of-law (which is best viewed as purely retroactive), but rather as an exercise of remedial discretion, where consideration of individual equities is proper under the Court's jurisprudence.[438]

Next up was Judge O'Malley, who did attempt to address Judge Dyk's proposed distinction from *Lucia* in her own concurrence in the denial, responding that, in her view, "judicial severance of one portion of an unconstitutional statute is, by necessity, only applicable prospectively . . . [A] new hearing before a new panel of APJs is the only appropriate remedy for those whose proceedings were tainted by the constitutional violation."[439] In support of her claim that partial judicial severance is "by necessity, only applicable prospectively," Judge O'Malley pointed to *Booker*, where she claims "the Supreme Court made clear that judicial severance of a statute is necessarily a prospective act."[440] And again, she stated that "judicial severance is not a 'remedy'; it is a forward-looking judicial fix."[441]

These claims about judicial severance being necessarily prospective not only fly in the face of substantial Supreme Court authority establishing that judicial constructions and invalidations of statutes are at least presumptively retroactive,[442] but are also directly contrary to even *Booker* itself, where the Court held that its judicial severance *did* have to apply retroactively in accord with foundational retroactivity principles.[443] Judge O'Malley is correct to say that under *Booker*

437. *See* James B. Beam Distilling Co. v. Georgia, 501 U.S. 529 (1991) (concluding that once a rule of law is applied in one case, it must do so with respect to all others not barred by procedural requirements).

438. *See James B. Beam*, 501 U.S. at 543–44 (discussing choice of law and remedial issues).

439. *Arthrex*, 953 F.3d at 767 n.2 (O'Malley, J., concurring).

440. *Id.* at 767 n.2; *id.* at 768 (citing United States v. Booker, 543 U.S. 220, 268 (2005)). Judge O'Malley also pointed to *Intercollegiate Broadcasting*, which as discussed *supra*, is arguably contrary to the approach of this Article, but is a DC Circuit case and thus not binding on the Federal Circuit. *See supra* note 274 and accompanying text (holding that Copyright Royalty Judges were appointed in violation of the Appointments Clause).

441. *Arthrex*, 953 F.3d at 767.

442. *See supra* note 73 and accompanying text (describing how the Chevron Oil rule is rarely used); *see also* WILLIAM N. ESKRIDGE, JR., PHILIP P. FRICKEY & ELIZABETH GARRETT, CASES AND MATERIALS ON LEGISLATION: STATUTES AND THE CREATION OF PUBLIC POLICY 620 (3d ed. 2001) ("We are not aware of any statutory case in which the Supreme Court has, since [1961], applied its ruling prospectively.").

443. United States v. Booker, 543 U.S. 220 (2005). Mr. Booker was found guilty before a jury of committing offenses warranting a maximum of 21 years and 10 months in prison, but then the judge held a post-trial sentencing proceeding in accord with the Sentencing Guidelines and increased the sentence to 30 years. *Id.* at 227. The Court held that this aspect of the Sentencing Guidelines violated the Sixth Amendment, and severed provisions making the Guidelines mandatory so that they could operate in a constitutional manner. *Id.* at 245–46. Given that Mr.

"individuals adjudged under the statute as originally written are still entitled to a remedy if their cases are pending on direct review,"[444] but this is a matter of remedial discretion and should be determined primarily based on whether the individual was in fact somehow harmed by the prior (mis)representation of the statute. *Booker* itself at least implies as much in stating that whether a new hearing is warranted "may depend upon application of the harmless-error doctrine."[445]

Nothing in *Booker* carves out a judicial severance exception to foundational principles of judicial retroactivity. When a criminal defendant is subjected to a harsher sentence based on a later invalidated statutory misrepresentation as in *Booker*, they are clearly harmed, and should be granted a rehearing under the corrected statute. But it would be a stretch to say that any of the appellants from the PTAB were harmed in any actual way by the statutory mirage of removal restrictions on APJs. Unsurprisingly, no such allegation of actual harm is contained in the court's opinions, but the court did not view the lack of actual harm as relevant because the court incorrectly viewed remand as required by law rather than a matter of remedial discretion. The Federal Circuit thus failed to recognize that as a matter of choice-of-law; there is no doubt that the court's severance of the statute at least presumptively operates fully retroactively in accord with foundational principles of retroactivity.[446]

Both Judge Moore and Judge O'Malley, in their concurrences from

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Booker had been sentenced more harshly than he would have been under the current (correct) version of the statute, the Court vacated his sentence. *Id.* at 267–68. The Court noted that it was required to apply this corrected interpretation of the Sentencing Act to all cases other on direct review as required by general retroactivity doctrine. *Id.* at 268 (citing Griffith v. Kentucky, 479 U.S. 314, 328 (1987); Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 752 (1995); Harper v. Va. Dept. of Tax'n, 509 U.S. 86, 97 (1993)).

444. *Arthrex*, 953 F.3d at 768.

445. *Booker*, 543 U.S. at 268 ("[W]e expect reviewing courts to apply ordinary prudential doctrines, determining, for example, whether the issue was raised below and whether it fails the 'plain-error' test . . . . whether resentencing is warranted or whether it will instead be sufficient to review a sentence for reasonableness may depend upon application of the *harmless-error* doctrine.") (emphasis added).

446. *See, e.g.*, Beswick, *supra* note 358 ("[T]he Supreme Court's current jurisprudence . . . recognizes a strong presumption of adjudicative retroactivity . . . ."). Thus, although Judge O'Malley accuses Judge Dyk of "confus[ing] the remedy the panel deemed appropriate in this case with the constitutional fix it deemed necessary," *Arthrex*, 953 F.3d at 766, ironically it seems to be at least arguably Judge O'Malley and the court as a whole who do just that. The accusation is perhaps doubly ironic given that Judge Dyk (before joining the bench) actually argued *Reynoldsville* (discussed *supra*) before the Supreme Court, which is one of the primary Court decisions discussing the choice-of-law versus remedial discretion distinction in retroactivity, and in doing so Judge Dyk advanced that distinction, an argument that the Court referred to as "ingenious[]" but nevertheless rejected as inappropriate under the facts. *See* Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 752 (1995) (explaining that Hyde "ingeniously" asks the court to look at what the Ohio Supreme Court did through the lens of remedy instead of retroactivity); *see also* Beske, *supra* note 7, at 691–92 (recounting from oral argument now-Judge Dyk's back and forth with Justice Ginsberg on the choice of law issue).

denial of rehearing en banc, pointed to a government brief that "rejected" Judge Dyk's retroactivity suggestion.[447] But presumptive judicial retroactivity is grounded in Article III and Supreme Court precedent as an inherent characteristic of the judicial power,[448] so an executive branch brief cannot override that foundational jurisprudential requirement. The government brief argues that remands are necessary because the *Arthrex* decision did not "eliminate the impact of the asserted constitutional violation on the original agency decision," but tellingly provides no suggestion of what such impact might have been.[449]

Judge O'Malley's discussion of *Harper* further illuminates the important distinction between remedial discretion and choice-of-law. In *Harper*, the Court held that a Virginia tax statute was unconstitutional based on a prior Court decision (*Davis*), and that the Supreme Court of Virginia had erred in refusing to apply *Davis* retroactively.[450] So, the Court in *Harper* held as a matter of choice-of-law that the invalidation of the statute had to be considered retroactive.[451] But the Court remanded to allow the state courts to address the appropriate remedy, which the state courts ultimately determined to be a refund of the taxes that had been collected under the retroactively invalid statute.[452]

Discussing *Harper*, Judge O'Malley points out that "the Court's ruling that the state taxes at issue had been collected unconstitutionally did not remedy the harm caused by the unlawful collection of taxes," and argues that similarly, "our curative severance of the statute, does not 'remedy' the harm to *Arthrex*."[453] The difference though, is that the prior statutory misrepresentation caused clear harm in *Harper* but no harm at all in *Arthrex*. Of course, when taxes are collected under a statute that properly viewed did not exist at the time, a refund of those taxes must at least be considered because but for the invalid statute's misrepresentation of the law, the taxes clearly would not have been collected.[454] That is, under the

447. *See Arthrex*, 953 F.3d at 764 n.3, 767 (citing Supp. Br. of United States, Polaris Innovations Ltd. V. Kingston Tech. Co., Nos. 2018-1768, -1831 (Fed. Cir. 2020)

448. *See* Harper v. Virginia Dept. of Tax'n, 509 U.S. 86, 107 (Scalia, J., concurring) (explaining that retroactivity has historically been viewed as "an inherent characteristic of the judicial power . . . .").

449. *See* Supp. Br. of United States, *supra* note 447, at 14 (noting that the APJs did not understand themselves to be subject to removal at will when they made their decisions).

450. *See supra* note 128 and accompanying text (holding explicitly that the Supreme Court of Virginia *must* apply *Davis*).

451. *Harper*, 509 U.S. at 92 (noting that the Virginia law was unconstitutional).

452. *See supra* notes 129–131 and accompanying text (explaining that the *Harper* Court effectively demanded Virginia come up with a remedy without saying what remedy it should be).

453. *See Arthrex*, 953 F.3d at 767 (explaining that the Court's severance of the statute only prevents that type of harm in the future).

454. *See* Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 760 (1995) (Scalia, J., concurring)

current corrected statement of the law, the government clearly lacked authority for actions taken.

But again, in *Arthrex*, there was no apparent reliance on or harm caused by the statutory misrepresentation. Under the current corrected statement of the law, nothing would have been different because the court fixed rather than invalidated the relevant statutory provisions. Unlike *Harper*'s statutory invalidation, the fix in *Arthrex* did not remove the authority for disputed governmental actions already taken. Any argument that the invalid representation of removal restrictions made any difference to these remanded cases would be tenuous, and in any event, no such argument is advanced by Judge O'Malley, or by the government in the cited brief, or in any of the court's relevant opinions for that matter.

In other words, the question one must ask is, viewing the court's as-applied severance as having been the law all along, was any unlawful action taken? In *Harper*, the answer is clearly yes, the collection of taxes was unlawful without a valid tax statute; but in *Arthrex*, the answer is almost certainly no. As such, unlike in *Harper*, the prudent use of remedial discretion counsels against a remand in *Arthrex*. That is, Judge O'Malley is not wholly incorrect to state that a "decision that the statute can be *rendered* constitutional by severance does not remedy any past harm,"[455] but where there is not even an allegation of any such actual past harm whatsoever, a remedial rehearing is both imprudent and unnecessary. To be sure, the inquiry about whether the misrepresentation of law made a difference can be a difficult one, but it is one that the courts should at least attempt to engage with in exercising their equitable discretion on whether a remand is appropriate. One factor to consider in the Appointments Clause context might be the degree of political discretion that the relevant officers exercised. In the case of the APJs, the degree of political discretion is low, in part because the questions are primarily legal and technical and are reviewed by the Federal Circuit. As such, it seems quite unlikely that any of the cases would have been decided differently if the relevant APJs had known that they were in fact removable at will.

This can indeed be somewhat confusing, so to state it differently one more time, as a matter of choice-of-law, the "new" "fixed" law is constitutional whereas the "old" law was not. If the new law is applied only prospectively, then cases decided under the old law were decided under an unconstitutional agency structure (assuming that the declaration

("[I]f a plaintiff seeks the return of money taken by the government in reliance on an unconstitutional tax law, the court ignores the tax law, finds the taking of the property therefore wrongful, and provides a remedy.").

455. *Arthrex*, 953 F.3d at 767 (asserting that only meaningful prospective relief can be offered).

of unconstitutionality is retroactive) and must be remanded. But if the "new" law is applied retroactively, as it generally should be, there is no error and no *need* for a remand; however, a remand might still be granted in some cases as a matter of remedial discretion, for example, if there is some reason to think that the old misrepresentation of the law (e.g., the removal restrictions) impacted and harmed a litigant,[456] or perhaps as an incentive creating reward to the first litigant to win the Appointments Clause challenge.

Part of what makes retroactivity particularly confusing in this context is that the *change* in law at issue sometimes *fixes* rather than invalidates the law. A criminal defendant who is able to invalidate the law under which they were convicted would normally want that change in law to apply retroactively, such that the law they were convicted under was void ab initio, and their conviction cannot stand. The change in law in that situation invalidates the prior law. But where the change in law fixes the prior law, as it did in *Arthrex*, the complainant does not necessarily want the fix to apply retroactively, because that could undercut their entitlement to a new hearing. This is coupled with the fact that standing (specifically traceability) requirements have been loosened in the Appointments Clause context,[457] so it cannot be easily or automatically assumed that the prior misrepresentation of law had any actual effect on the litigants.

Not wanting to waste its time, on May 1, 2020 the USPTO perhaps wisely stayed the *Arthrex*-related remands pending any relevant petitions for certiorari.[458] The USPTO order listed and stayed over 103 decisions and expected that number to increase.[459] Certiorari was ultimately

456. *See* Collins v. Mnuchin, 938 F.3d 553, 593–94 (5th Cir. 2019) ("Perhaps in some instances such an officer's actions should be invalidated. The theory would be that a new President would want to remove the incumbent officer to instill his own selection, or maybe that an independent officer would act differently than if that officer were removable at will.").

457. *See supra* note 263 and accompanying text (describing how the Supreme Court has loosened standing requirements when it is difficult to know if an agency's structure is unconstitutional).

458. United States Patent and Trademark Office, General Order in Cases Remanded Under Arthrex, Inc. v. Smith & Nephew, Inc., 941 F.3d 1320 (Fed. Cir. 2019).

459. *Id.* at 1 (stating that remand orders based on Arthrex "have already vacated more than 100 decisions by the Patent Trial and Appeal Board ('Board'), and more such Orders are expected"). Ninety-four of the 103 remanded and stayed proceedings were IPR proceedings. *See id.* at 2–6. The others were from other types of USPTO agency proceedings, which have been found to be similarly affected under the Federal Circuit's *Arthrex* decision. *See, e.g.*, *In re* JHO Intellectual Property Holdings, LLC, No. 2019-2330, order at 1 (Fed. Cir. June 18, 2020) (moving to vacate the decision of the PTAB and remand the case based on the *Arthrex* decision); Virtnetx Inc. v. Cisco Systems Inc., No. 20-1671, slip op. at *3–4 (Fed. Cir. May 13, 2020); *In re* Boloro Global Limited, No. 2019-2349, -2351, -2353 (Fed. Cir. July 7, 2020).

granted (on October 13, 2020), and the case was argued before the Supreme Court on March 1, 2021.[460]

Recall that *Ryder*'s discussion of *Buckley* arguably suggests that whether prior administrative actions should be granted de facto validity depends on balancing the degree of disruption caused by not granting de facto validity against the unfairness and harm to incentives that might be caused by granting it, and that as discussed above, Professor Beske has argued for this sort of balancing.[461] This balancing would have potentially supported a grant of de facto validity with respect to the vacated PTAB decisions, given that the degree of disruption caused is greater than in *Ryder*—roughly one hundred cases instead of merely seven to ten[462]— and the unfairness and harm to incentives from granting de facto validity would likely be less given that *Arthrex* is a civil case whereas *Ryder* was criminal.

But a key point of this Article is that this balancing and the de facto validity doctrine are not even necessary in the situation where the fix comes from the judiciary, as in *Arthrex*, because foundational principles of retroactivity should automatically at least presumptively confer validity on the prior actions. Remands are still permissible as a matter of remedial discretion, but they are not required, and should generally be the exception rather than the rule, particularly where the prior misrepresentation of law did not cause any apparent harm. Thus, although the balancing suggested by Professor Beske might support a grant of de facto validity in *Arthrex*, remands were unnecessary and at least mostly imprudent for the additional and largely independent reason that the fix was judicial. In other words, even if the remands are not sufficiently burdensome to warrant a grant of de facto validity, the Federal Circuit was still in error under retroactivity principles.

The Federal Circuit's primary error was in viewing the remands as required by law rather than merely permissible as a matter of remedial discretion. Allowing reliance or actual harm to serve as a basis for remand

460. *Arthrex*, 941 F.3d 1320, *cert. granted sub nom.* United States v. Arthrex, 141 U.S. 549 (2020). *See* Petition for Writ of Certiorari, *Arthrex*, No. 19-1434 (June 29, 2020); Petition for a Writ of Certiorari, Arthrex, Inc. v. Smith & Nephew, Inc., 953 F.3d 760 (Fed. Cir. 2020) (No. 19-1204) (This petition is in a different case between the same parties pertaining to a different patent, U.S. Patent No. 8,821,541, rather than the '907 patent.); Petition for Writ of Certiorari, Polaris Innovations Ltd. v. Kingston Technology Company, Inc., No. 19-1459 (June 30, 2020); *see also*, Brief of Amicus Curiae Professor Andrew Michaels Supporting No Party, *Arthrex*, No. 19-1434 (Dec. 1, 2020).

461. *See supra* notes 364–371 and accompanying text (arguing that applying a balancing test for unfairness to individual litigants is consistent with the Supreme Court's jurisprudence and asserting it is the only way to stave off negative consequences).

462. *See supra* note 200 and accompanying text (bringing attention to the fact that the Court in *Ryder* thought seven to ten cases was an acceptable number of cases to be affected).

might seem contrary to the Court's decision in *Reynoldsville*, which had seemed to say that possible reliance alone cannot be a basis for remedial discretion prospectivity, if *Harper* is to have more than symbolic significance.[463] But there is a distinction in that in *Reynoldsville*, a litigant relied on a prior representation of law in waiting to bring suit, but there was no government action taken in reliance on that representation; the "old" law in *Reynoldsville* was a more lenient statute of limitations, and the requested nonretroactive relief was essentially a waiver of the "new" shorter limitations period—relief that does not naturally fall into the category of a remedy.[464] Another distinction is that nothing about a remand would continue to violate the Constitution in *Arthrex*, as a remedial remand would have in *Reynoldsville*.[465] *Reynoldsville* urged caution in employing the choice-of-law versus remedial discretion distinction, but it did not eviscerate the distinction, and a remaining degree remedial discretion is consistent with the Court's subsequent statement in *Ryder* that one who makes a timely Appointments Clause challenge is entitled to "whatever relief may be appropriate if a violation indeed occurred," as well as with the Court's suggestion in *Booker* that remedies in retroactivity situations may be governed by principles of harmless error.[466] In any event, even if one were to view *Reynoldsville* as eliminating the remedial discretion versus choice-of-law distinction, the result would be no remands at all—the opposite of that reached by the Federal Circuit.

Considered as discretionary, the *Arthrex* court likely would have found at least most of the remands imprudent, given the lack of any plausible harm due to the prior statutory misrepresentation. In the unlikely event that litigants in certain cases were able to provide some particular reason why the statutory mirage of removal restrictions may have made a difference to their case, then perhaps a discretionary remand may be warranted in those rare cases. Absent that, a discretionary remand was at most warranted in the *Arthrex* case itself as an incentive-based reward for the challenge, but not in the dozens of other remanded cases.

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463. *See supra* note 159 and accompanying text (explaining the Court's concerns in Reynoldsville about choice of law principles)

464. *See* Reynoldsville Casket Co. v. Hyde, 514 U.S. 749, 756 (1995)("[T]he Ohio Supreme Court's 'remedy' here (allowing Hyde to proceed) does not cure the tolling statute's problem of unconstitutionality.").

465. *Id.* at 756 (explaining that respondent Hyde's "tort claim critically depends upon Ohio tolling law that continues to violate the Commerce Clause.").

466. *See* Ryder v. United States, 515 U.S. 177, 182–83 (1995) (explaining that, if a violation in fact occurred, one who makes a timely Appointments Clause challenge is entitled to an appropriate remedy); *see also supra* note 197 and accompanying text.

CONCLUSION

Retroactivity in the Appointments Clause and related constitutional contexts presents issues that can be confusing and deserve special consideration. This is in part because the Supreme Court has loosened traceability requirements in this area, allowing challenges to agency structure to be raised even where they are unlikely to have had any actual effect on the case. When an Appointments Clause or other similar constitutional challenge to agency structure is successful, whether prior agency actions are invalid turns in part on whether the court "fixed" the problem by striking or interpreting parts of the relevant statute. That is, courts should consider whether the prior agency actions at issue could have been taken under the law as currently stated, or whether the authority for such actions has instead been removed.

If there is no judicial fix, then prior agency actions taken under the authority of invalid statutory provisions or by improperly appointed judges presumptively must be vacated if those agency actions have not yet become final after appeal to the judiciary, unless the court chooses to employ the rarely used de facto validity doctrine. In deciding whether to employ this doctrine, courts should balance the degree of administrative disruption that would be caused by invalidating the prior agency actions against any unfairness to litigants and harm to incentives that might be caused by granting such actions de facto validity. Such a balancing would be reasonable and not inconsistent with current doctrine.

But where the court does judicially "fix" the problem, the analysis is both conceptually and practically different—essentially the presumption should be flipped. This presumptive turnabout positively reflects foundational retroactivity principles, and normatively is consistent with the notion that a constitutional issue that can be fixed by the courts should generally tend to be less serious than one that cannot, and should thus in general tend to warrant a less disruptive remedy.

A judicial fix must at least presumptively be, and generally should be, applied retroactivity across the board as a matter of choice-of-law, such that the fix has no "effective date" and the agency structure is rendered constitutional both in the past and the future. Invalidation of prior agency actions is thus unnecessary but may be granted as a matter of remedial discretion, depending on the equities of each individual case. A discretionary remand in the initial case that won the structural constitutional challenge may be warranted to incentivize such challenges. But remands in other pending cases are generally imprudent unless there is some reason to think that those cases were actually impacted by the prior unconstitutional misrepresentation of law, particularly where vacating the agency's prior actions would significantly disrupt or burden the agency at issue, or cause unnecessary waste and delay.