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No. 14-

IN THE  
**Supreme Court of the United States**

MADSTAD ENGINEERING, INC. AND  
MARK STADNYK,

*Petitioners,*

*v.*

UNITED STATES PATENT AND TRADEMARK  
OFFICE, MICHELLE K. LEE, DEPUTY DIRECTOR,  
UNITED STATES PATENT AND TRADEMARK  
OFFICE, AND UNITED STATES,

*Respondents.*

ON PETITION FOR WRIT OF CERTIORARI TO  
THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

**PETITION FOR WRIT OF CERTIORARI**

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Dated: September 26, 2014

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## **QUESTIONS PRESENTED**

1. Whether the Federal Circuit's decision that Petitioners lack standing to challenge the "First-Inventor-to-File" provisions of the America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 ("AIA"), conflicts with precedent of this Court and decisions in other circuits.

2. Whether the "First-Inventor-to-File" provisions of the AIA are unconstitutional under the Intellectual Property Clause of Article I, Section 8, Clause 8.

## PARTIES AND RULE 29.6 STATEMENT

The parties are listed in the caption. Petitioner MadStad Engineering, Inc. has no parent corporation and no publicly traded company owns 10% or more of its stock.

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**PETITION FOR WRIT OF CERTIORARI**

Petitioners MadStad Engineering, Inc. and Mark Stadnyk (“Petitioners”), respectfully petition for a Writ of Certiorari to review the judgment of the U.S. Court of Appeals for the Federal Circuit in this case.

**OPINIONS BELOW**

The opinion of the Federal Circuit (Pet. App. 1a-31a) is reported at 756 F.3d 1366. The decision of the U.S. District Court for the Middle District of Florida (Pet. App. 32a-47a) is reported at 2013 WL 3155280.

**JURISDICTION**

The Federal Circuit issued its decision on July 1, 2014. Pet. App. 1a. This Court has jurisdiction under 28 U.S.C. § 1254(1). The Federal Circuit had jurisdiction pursuant to 28 U.S.C. §§ 1291, 1295(a)(1), over the appeal from the District Court’s final judgment of dismissal by Order of May 8, 2013 (Pet. App. 32a) and Judgment of May 9, 2013 (Pet. App. 48a). The District Court had jurisdiction pursuant to 28 U.S.C. § 1331.

**CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

The Intellectual Property Clause, Article I, Section 8, Clause 8, provides Congress with the power “[T]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”

Relevant provisions of the “First-Inventor-to-File” provisions of the America Invents Act, Pub. L. No.

112-29, 125 Stat. 284 ("AIA"), are reprinted at Pet. App. 49a-54a.

### STATEMENT

This case presents a constitutional challenge to the "First-Inventor-to-File" provisions of the AIA, under the Intellectual Property Clause, Article I, Section 8, Clause 8. The Act eliminates the traditional "First-to-Invent" ("FTI") system of U.S. patent law and substitutes a new "First-to-File" ("FTF") (described in the AIA as "First-Inventor-to-File" ("FITF")) system.

The change flies in the face of traditional practice and the Constitution. Since the days of Thomas Jefferson and Chief Justice John Marshall, the patent system has successfully operated according to the Constitution's premise that only the actual inventor of a discovery is entitled to a patent. The new FITF system awards the patent not to the first inventor of a genuine discovery but rather to the first to submit an application to the U.S. Patent & Trademark Office ("PTO").

Petitioners contend that FITF violates the Intellectual Property Clause, Article I, Section 8, Clause 8. The constitutional text, purpose, and traditional understanding – as well as the weight of academic scholarship – all point to the same conclusion: the Intellectual Property Clause bars Congress from vesting patents in anyone but the actual "Inventors" of genuine "Discoveries."

#### A. Statutory Background.

The AIA awards a patent to the person who is first to file a patent application, regardless of

whether the applicant was the actual first inventor of the technology in question, so long as the first filer has not "derived" its patented invention from another inventor who later filed for a patent. AIA, Section 3(h), 125 Stat. 288-89. The AIA does not contain an effective statutory requirement that the applicant be an "inventor" for a patent to be valid. The AIA awards patents not to the actual inventors of genuine discoveries but rather to the first filers to invoke the administrative process of the PTO.

The AIA removes from the "conditions of patentability" of Section 102 of the Patent Act (and thereby from the conditions of patent validity) the requirement that the named inventor actually invented the claimed subject matter. The AIA's changes to Section 102 are shown in Pet. App. 49a-54a.

In particular, Section 3(b)(1) of the AIA (125 Stat. 285-87) deletes the requirement in Section 102 of the Patent Act, 35 U.S.C. § 102 (which sets forth conditions of patentability), that the patent holder be the actual inventor of the discovery in question. The AIA eliminates Section 102(f), which formerly provided: "A person shall be entitled to a patent unless ... he did not himself invent the subject matter sought to be patented." Section 102(f) played a key role in the FTI system because it made "the naming of the correct inventor or inventors a condition of patentability." *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1351 (Fed. Cir. 1998).

The AIA also eliminates an entire subsection in Section 102 of the Patent Act that previously created the substantive and procedural requirements for

ensuring that only the first inventor receives a patent (35 U.S.C. §102(g)). Thus, the AIA deletes Section 102(g)(2), which formerly provided that an applicant is not entitled to a patent if “before the applicant’s invention thereof, the invention was made . . . by another who had not abandoned, suppressed, or concealed it.”

In addition, Section 3 of the AIA deletes or rewrites numerous references to priority of inventorship in the Patent Act and makes the patent process turn on the “effective filing date” of an application (as defined in new Section 100(i)(1), added by Section 3(a) of the AIA, 125 Stat. 285). For example, the AIA amends existing Section 102(a) of the Patent Act (dealing with novelty and prior art) to provide that prior art will be measured from the filing date of the patent application rather than the date of invention. AIA Section 3(b)(1), 125 Stat. 286. The AIA amends Section 103 so that a claimed invention’s obviousness is measured against the prior art that existed at the time of the invention’s effective-filing date, rather than at the time the inventor made it. AIA Section 3(c), 125 Stat. 287.

As a result of the change to FITF, AIA Section 3(j), 125 Stat. 290, the AIA eliminates interference proceedings, which were the previous means by which competing patent claims were resolved on the basis of each inventor’s respective actual date of invention. Former 35 U.S.C. §§ 134, 135, 146, 154, 305. Under the AIA, interferences are replaced by derivation proceedings, in which an inventor must show (without any right to discovery) that an earlier-filed application was “derived” from his invention. AIA Section 3(i), 125 Stat. 289-90.

All these changes eliminate FTI. As the final Committee Report states, the Act “switches the United States to a first-to-file patent system.” H.R. Rep. No. 112-98, at 62 (2011). The Report explained that “§102 is amended to make an invention’s priority date its effective filing date. This change moves the United States to the first-to-file system.” *Id.* at 73.

The enactment of FITF was highly contentious, and many Members of Congress disputed its constitutionality.<sup>1</sup> The House of Representatives took the highly unusual step of designating a period of debate exclusively for consideration of the constitutional questions raised by the AIA. 157 Cong. Rec. H4382 (June 22, 2011) (remarks of Rep. Nugent) (“I’m proud to say this is the first time ever, the first time ever this rule actually specifically designates 20 minutes for debate devoted exclusively to the constitutionality concerning H.R. 1249.”).

### **B. Petitioners’ Injury In Fact.**

Petitioner Mark Stadnyk is a Florida resident and inventor, and Petitioner MadStad Engineering, Inc. is a Florida corporation. Pet. App. 55a-56a. Petitioner Stadnyk holds three patents and has

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<sup>1</sup> *E.g.*, 157 Cong. Rec. S1096-97 (Mar. 2, 2011) (remarks of Sen. Boxer); *id.* at H4384-85, H4421 (June 22, 2011) (remarks of Rep. Kaptur); *id.* at H4421-22, H4423 (remarks of Rep. Sensenbrenner); *id.* at H4422 (remarks of Rep. Garrett); *id.* at H4428-29 (remarks of Rep. Manzullo); *id.* at H4491 (June 23, 2011) (remarks of Rep. Sensenbrenner); *id.* at E1191 (statement of Rep. West).

further inventions at different stages of development. *Id.* Some of his inventions are close to patentability but other ideas require additional research, development, and testing. *Id.* at 61a-62a.

In the District Court, Petitioners submitted uncontradicted evidence (some of which is reprinted at Pet. App. 55a-65a), detailing numerous ways in which the FITF provisions cause them concrete injury:

(1) FITF imposes a burden of maintaining heightened secrecy around potential inventions until a patent application is filed, which has already cost Petitioners approximately \$3,500.00. Pet. App. 57a; *id.* at 62a. Much of today's intellectual property ("IP") is created on or stored on computers, virtually all of which are connected to the Internet for reasons of research, communication and collaboration. *Id.* at 57a. Since the AIA no longer concerns itself with actual inventorship, the new law makes it attractive and profitable for computer hackers to steal IP and file it as their own or to sell it to the highest bidder. *Id.* at 56a-57a, 62a-63a. That means inventors must invest in greater protection and security for computers and networks, placing increased financial and technical burdens on inventors, including Petitioners. *Id.* at 56a-57a, 62a-63a.

(2) The AIA also creates a need to acquire and maintain additional equipment for product development and testing. *Id.* at 57a. The threat of IP theft forces inventors and entrepreneurs to develop their inventions in private. *Id.* Sending IP out into the public domain or to outside vendors for such services exposes it to theft, and with no

safeguards to successfully defend against such theft under the AIA, the only secure option is to develop and test inventions in-house and on private property as much as possible. *Id.* The need to acquire and maintain additional equipment has cost Petitioners \$105,000.00 since the enactment of the AIA, plus \$840.00 per month on an ongoing basis. *Id.* at 57a, 62a.

(3) The FITF provisions harm Petitioners by forcing them to spend increased time, effort, and money to file additional patent applications. *Id.* at 58a., 64a-65a. Under the prior FTI system, Petitioners were able to diligently proceed to reduce their inventions to practice, without having to rush to file a patent application. *Id.* at 58a. Petitioners could wait until inventions were fully developed and performed satisfactorily. *Id.* Delaying filing until the invention was fully developed allowed Petitioners to more fully describe inventions, thereby improving chances of obtaining a patent. *Id.* FITF eliminates the ability of small-entity inventors like Petitioners to delay filing an application until their inventions are more fully developed. *Id.* In addition, the AIA imposes added burdens on Petitioners because patent applications are expensive, requiring thousands of dollars in attorneys' fees and substantial amounts of Petitioners' time and resources. *Id.*

(4) FITF further harms Petitioners because small inventors are at a competitive disadvantage in the race to file patent applications with the PTO. *Id.* at 58a. Large firms can shoulder the burdens of additional patent filings, but Petitioners cannot. *Id.* at 64a-65a. FITF thereby puts Petitioners at a

competitive disadvantage vis-à-vis their larger competitors.

(5) FIFT also causes lost business and investment opportunities to Petitioners, who face additional burdens in marketing ideas to potential investors and business partners under the AIA. First, Petitioners are deterred from sharing ideas and inventions with potential investors and business partners because of the risk that another party will “scoop” ideas and inventions through IP theft or other means and be the first to file a patent application with the PTO. *Id.* at 59a. Next, from the perspective of potential investors and business partners, Petitioners’ IP is less valuable because, even though Petitioners may be the actual inventors, the AIA awards patents not to the actual inventor but to the first party to file. *Id.* at 60a. Petitioner Stadnyk cited a specific example of a potential business partnership opportunity that was lost due to the AIA. *Id.* at 63a-64a.

### C. Proceedings Below.

On July 18, 2102, Petitioners filed an action in the Middle District of Florida seeking declaratory and injunctive relief with respect to the AIA’s FITF provisions. On July 31, 2013, Petitioners moved for a preliminary injunction and submitted three declarations and supporting exhibits.

On August 30, 2013, the Government filed a memorandum in opposition to Petitioners’ motion for preliminary injunction, and on September 18, the Government filed a motion to dismiss. The Government introduced no evidence in response to

Petitioners’ motion for preliminary injunction, nor did it seek discovery from Petitioners.

On May 8, 2013, the District Court granted the Government’s motion to dismiss Petitioners’ action for lack of standing. Pet. App. 32a. The District Court began by observing that the questions presented were solely issues of law:

Because the parties agree that the papers in the case fully present the controlling issues, the parties agreed during a telephone conference (1) to combine the plaintiffs’ motion for a preliminary injunction and the complaint’s request for permanent injunction and (2) to treat the motion to dismiss and accompanying papers and the opposition to the motion and the accompanying papers, as well as the memoranda for and against the preliminary injunction, as a dispositive motion for resolution by the court without oral argument and without an evidentiary hearing or trial. The parties agree that no issue of fact precludes final disposition.

*Id.* at 33a-34a.

The District Court opined that “some arguably inconsistent results appear among Supreme Court decisions” (*id.* at 39a) but concluded that the issue of Plaintiffs’ standing was controlled by *Clapper v. Amnesty International USA*, 133 S. Ct. 1138 (2013), which involved a constitutional challenge to an electronic surveillance statute, Section 702 of the Foreign Intelligence Surveillance Act of 1978 (FISA), 50 U.S.C. § 1881a. The District Court described the possibility of computer hacking and IP theft as an

“exotic scenario” and opined that Plaintiffs’ standing “depend[s] contingently upon an acutely attenuated concatenation of events that are insufficient to qualify as ‘certainly impending.’” *Id.* at 46a.

#### D. The Decision Below.

The Federal Circuit affirmed. The Court of Appeals held that it had subject-matter jurisdiction over the appeal (Pet. App. 4a-9a) and turned to the issue of standing. It acknowledged that *Clapper* “is the decision upon which the district court premised its judgment.” *Id.* at 10a. The Court found that Petitioners lacked standing because “MadStad’s alleged injury is based entirely on speculation about the potential, future activity of third parties.” *Id.* at 28a. For example, the Court of Appeals asserted that, “even if the AIA were never enacted, it is clear that MadStad would still be at risk from the ‘weekly’ attacks on its computer system, giving it incentive to install the best protection against such attacks that is available.” *Id.* at 15a. In so doing, the Federal Circuit simply disregarded Mr. Stadnyk’s undisputed declaration that he had purchased increased security measures in direct response to the increased risk of theft. *Id.* at 57a-58a. The Court of Appeals maintained that, “[e]ven accepting the proposition that MadStad did choose to install heightened security in response to the AIA, we see nothing in the record that indicates that, in response to the AIA, hackers would start launching cyber-attacks which MadStad’s old security system could not handle, but the upgraded system could.” *Id.* at 15a-16. The Court of Appeals did not explain why MadStad needed to document the marginal increase in effectiveness of its system in order to prove – as

the Government never denied – that MadStad had purchased increased security measures in direct response to the enactment of the AIA.

Next, the Court of Appeals opined that Petitioners could not establish standing by showing the increased burdens and competitive disadvantages they face in filing additional patent applications. *Id.* at 21a-24a. In so holding, the Federal Circuit simply ignored Mr. Stadnyk’s unchallenged sworn statement that “I am already facing the need to file patent applications sooner than I would like, and I am already incurring costs and burdens as a result. I am spending more time preparing to make premature patent applications and am spending less time running my business.” *Id.* at 64a.

Similarly, the Federal Circuit brushed aside the loss of business and investment opportunities documented by Petitioners, on the ground that “the injury claimed by MadStad is neither fairly attributable to the AIA nor sufficiently imminent.” *Id.* at 25a. Yet the undisputed evidence was exactly to the contrary. Mr. Stadnyk provided a sworn statement that

on numerous occasions, I have been deterred (and will continue to be deterred in the future) from sharing ideas and inventions with potential investors and business partners because of the risk that another party will “scoop” ideas and inventions through IP theft or other means and be the first to file a patent application with the PTO.

Pet. App. 63a. He provided the specific example of a retractable knife design. *Id.*

The Federal Circuit then turned to this Court's decision in *Susan B. Anthony List v. Driehaus*, 134 S. Ct. 2334 (2014), and its recognition that "[a]n allegation of future injury may suffice if the threatened injury is 'certainly impending' or there is a 'substantial risk' that the harm will occur." *Id.* at 2340–41. The Federal Circuit declined to find standing under *Susan B. Anthony List*, opining that "MadStad has not alleged facts from which we can find that it faces a 'substantial risk' of injury." *Id.* at 30a.

#### REASONS FOR GRANTING THE WRIT

The Federal Circuit's judgment warrants plenary review by this Court because its decision rejecting Petitioners' standing conflicts with this Court's precedent, as well as with decisions in other circuits. Although the Federal Circuit did not reach the question of the constitutionality of the AIA's FITF provisions, this Court should grant review to decide that important question of federal law. The issue involves no facts and is purely an issue of law, and this Court can therefore decide the question without the need for a remand to determine the views of the Federal Circuit. Given the overriding public interest in a prompt and authoritative resolution of the constitutionality of the AIA, there is no reason to wait for lower courts to weigh in on the question. Moreover, in light of the Federal Circuit's exclusive patent jurisdiction under 28 U.S.C. § 1295(a)(1) (Pet. App. 4a-9a), any value of percolation is severely undermined by the likelihood

that the Federal Circuit would be the only federal Court of Appeals to consider the question of the AIA's constitutionality in any event.

Few if any petitions will present questions of the original meaning of a constitutional provision – and the views of Madison, Jefferson, and Marshall – in such stark relief. The AIA represents a complete departure from the original understanding of the Intellectual Property Clause. The AIA transplants to the United States the modern version of the English system of royal "patents" that the framers (and the colonists who fought the Revolution) sought to prevent.

#### I. THE FEDERAL CIRCUIT'S DECISION ON STANDING CONFLICTS WITH THIS COURT'S PRECEDENT AND WITH DECISIONS IN OTHER CIRCUITS.

##### A. The Federal Circuit's Decision Conflicts With *Clapper* and *Susan B. Anthony List*

The Federal Circuit's decision conflicts with this Court's recent decisions in *Clapper v. Amnesty International USA*, 133 S. Ct. 1138 (2013), and *Susan B. Anthony List v. Driehaus*, 134 S. Ct. 2334 (2014). In those cases, this Court made clear that there is no requirement that plaintiffs "demonstrate that it is literally certain that the harms they identify will come about. In some instances, [the Court has] found standing based on a 'substantial risk' that the harm will occur, which may prompt plaintiffs to reasonably incur costs to mitigate or avoid that harm." *Clapper*, 133 S. Ct. at 1150 n.5.

This Court should grant review to clarify the relationship between *Clapper* and *Susan B. Anthony List*, and to instruct the lower courts that the relevant test is disjunctive: “[a]n allegation of future injury may suffice if the threatened injury is ‘certainly impending’ or there is a ‘substantial risk’ that the harm will occur.” *Susan B. Anthony List*, 134 S. Ct. at 2340–41 (emphasis added). The Federal Circuit acknowledged that it is currently unclear whether standing is appropriate in cases of “substantial risk” of injury as a disjunctive alternative to the “certainly impending” harm standard. Pet. App. 39a. Indeed, the Court stated that it “need not decide whether these alternative tests for standing [are] applicable to all factual circumstances . . . .” *Id.* The need for this Court’s clarification is apparent.

This Court should also grant review to make clear that neither *Clapper* nor *Susan B. Anthony List* allows a federal court to disregard the undisputed evidence in a case and perform its own “bench trial” second-guessing the record that the Government has declined to challenge in a trial court. The Federal Circuit’s rule effectively closes the courthouse doors to inventors who are currently experiencing real and concrete injuries from the AIA, in the form of higher costs, diversion of time and financial resources, grave risks of theft, and other burdens in the market. To eliminate any meaningful role of the courts in reviewing the constitutionality of a sweeping statutory change discarding over two centuries of American patent law is to surrender the judicial role in a way that Article III does not permit. “[W]hen an Act of Congress is alleged to conflict with

the Constitution, ‘[i]t is emphatically the province and duty of the judicial department to say what the law is.’” *United States v. Windsor*, 133 S. Ct. 2675, 2688 (2013) (quoting *Marbury v. Madison*, 1 Cranch 137, 177 (1803)); *Cohens v. Virginia*, 19 U.S. (6 Wheat.) 264, 404 (1821) (Marshall, C.J.) (“We have no more right to decline the exercise of jurisdiction which is given, than to usurp that which is not given.”).

Petitioners demonstrated standing based on a “substantial risk” of harm which prompted them “to reasonably incur costs to mitigate or avoid that harm.” See *Clapper*, 133 S. Ct. at 1150 n.5. The uncontested evidence showed that the harms to Petitioners are already occurring and will continue. They are paying increased security costs which are directly attributable to the AIA. They have diverted and will continue to divert business resources to prepare more patent applications and to file them sooner, in order to compete in the race to the PTO. The Government introduced no evidence of its own and served no discovery on Petitioners.

Petitioners’ injuries cannot be dismissed as “speculative,” for they are exactly the type of harms cited by Members of Congress, as well as the former Chief Judge of the Federal Circuit, during congressional deliberations regarding the AIA. For example, Sen. Feinstein warned that “first-to-file would proportionately disadvantage small companies and startups with limited resources. I have become convinced that this change would impede innovation and economic growth in our country, particularly harming the small, early-stage businesses that

generate job growth.” 157 Cong. Rec. S1094 (Mar. 2, 2011). She continued:

[F]irst-to-file incentivizes inventors to “race to the Patent Office,” to protect as many of their ideas as soon as possible so they are not beaten to the punch by a rival. . . . As Paul Michel, former chief judge of the Court of Appeals for the Federal Circuit, . . . put it in a recent letter to the committee: “As Canada recently experienced, a shift to a first-to-file system can stimulate mass filing of premature applications as inventors rush to beat the effective date of the shift or later, filings by competitors.” This presents a particular hardship for independent inventors, for startups, and for small businesses, which do not have the resources and volume to employ in-house counsel but must instead rely on more-costly outside counsel to file their patents.

*Id.*<sup>2</sup>

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<sup>2</sup> Other Members of Congress agreed.

- Sen. Reid: small inventors “tell me that now they will have to try to file many more applications, earlier in the process. . . . They also are concerned that it will be harder to get VC [venture capitalist] funding . . .” *Id.* at S1112-13.

- Rep. Rohrabacher: “[t]he Hoover Institution just did a major study showing that the patent bill demonstrably is a plus for large corporations who have created no jobs and hurts all the little guys and the small guys and the

The Federal Circuits expansion of *Clapper* to dismiss Petitioners’ action warrants review because it ignores the limits that this Court carefully placed on its decision. First, this Court noted that *Clapper* involved a challenge by plaintiffs who were not directly governed by a statute, based on speculation about discretionary government decisions that might cause the law to be applied to them, a situation wholly different from the instant case. *See Clapper*, 133 S. Ct. at 1153 (noting that the *Clapper* plaintiffs were challenging a “governmental policy that does not regulate, constrain, or compel any action on their part”). Here, Petitioners are directly governed by the AIA.

Second, in *Clapper*, this Court explained that the harm alleged depended upon five independent steps that each required “speculation about the decisions of independent actors.” 133 S. Ct. at 1150. Unlike the *Clapper* plaintiffs, Petitioners do not need to rely on a discretionary judgment by the Attorney General to show that they are subject to the AIA. They are in the business of invention and the AIA directly regulates their ability to secure patents.

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startups who have created all the jobs.” *Id.* at H4385 (June 22, 2011).

- Rep. Sensenbrenner: “Where this hurts the ordinary inventor by going to first-to-file is that he needs to get his venture capital together, and then go ahead and file for a patent. With first-to-file, he has to put all of the money up front to file in order to protect himself; and what that will do is have a chilling effect on the small inventor who needs to get capital in order to perfect a patent and in order to market it.” *Id.* at H4493.

Third, in *Clapper* this Court noted that “plaintiffs bear the burden of pleading and proving concrete facts showing that the defendant’s actual action has caused the substantial risk of harm.” 133 S. Ct at 1150 n.5. In response to this burden, the *Clapper* plaintiffs adduced no specific facts, *id.* at 1149, and therefore presented no evidence of a substantial risk of harm. In contrast, the uncontradicted factual record unquestionably demonstrates Petitioners’ standing here. The Federal Circuit’s reliance on its own surmise to second-guess an undisputed record that the Government did not challenge below cannot be squared with *Clapper*.

The Federal Circuit’s decision threatens to misread *Clapper* to create a revolution in standing law that this Court did not intend. Petitioners’ injuries are much more certain and impending than those found sufficient in other cases. In *Monsanto Co. v. Geertson Seed Farms*, 130 S. Ct. 2743 (2010), for example, this Court found standing on the part of farmers of conventional alfalfa to challenge the decision of the Animal and Plant Health Inspection Service (APHIS) to deregulate a variety of genetically engineered alfalfa developed under license from Monsanto. The farmers argued that the risk could injure them in numerous ways, including by leading them to test to determine whether their crops had been infected and to “take certain measures to minimize the likelihood of potential contamination and to ensure an adequate supply of non-genetically engineered alfalfa.” *Id.* at 2754–55. Under the Federal Circuit’s reasoning, such harms would have been dismissed as self-inflicted injuries or the products of third-party conduct.

Similarly, in *Massachusetts v. EPA*, 549 U.S. 497 (2007), the Court held that the plaintiff State could establish a sufficiently direct causal link between EPA regulation of new vehicle emissions (a tiny fraction of global greenhouse gas emissions, since the record indicated that all U.S. domestic vehicles contributed less than 4 percent of greenhouse gases worldwide) and Massachusetts’ loss of coastal land – despite increasing emissions in China and India, complex climate feedback mechanisms, and other uncertainties. The Federal Circuit’s approach would have brushed aside such a theory as the height of speculation.

In *Friends of the Earth, Inc. v. Laidlaw Environmental Services (TOC), Inc.*, 528 U.S. 167, 184–85 (2000), this Court found standing by environmental organizations whose asserted injury consisted of their voluntary cessation of certain activities -- for example, swimming, camping, and bird-watching -- for fear of exposure to mercury. The Federal Court would dismissed such injuries as self-inflicted, but this Court instead held: “[W]e see nothing improbable about the proposition that a company’s continuous and pervasive illegal discharges of pollutants into a river would cause nearby residents to curtail their recreational use of that waterway and would subject them to other economic and aesthetic harms. The proposition is entirely reasonable . . . and that is enough for injury in fact.” (internal quotation marks omitted).

### B. The Federal Circuit's Decision on Standing Conflicts with Decisions in Other Circuits

The Federal Circuit's decision cannot be reconciled with decisions in other circuits.

In *Sierra Club v. Jewell*, No. 12-5383, 2014 WL 4193636 (D.C. Cir. Aug. 26, 2014), for example, the D.C. Circuit found standing under a "substantial risk" standard under *Clapper*, under circumstances where the Federal Circuit's standard would have produced a different result. In *Sierra Club*, environmental and historical preservation organizations brought action against the Keeper of the National Register and others, under the Administrative Procedure Act, challenging the decision to remove an historic military battlefield from the National Register of Historical Places, potentially opening up the site to surface mining. See 2014 WL 4193636, at \*2.

The district court found that there was no "actual or imminent" injury because coal companies had yet to mine the battlefield and therefore any harm was based on the "speculative predictions about the actions of third parties, the coal mining companies." *Id.* (quoting *Sierra Club v. Salazar*, 894 F. Supp. 2d 97, 113 (D.D.C. 2012).) Despite the fact that the harm had not yet technically occurred because the mining companies had yet to mine on the battlefield, the D.C. Circuit held that the groups had shown a "substantial probability of injury" sufficient to establish imminent injury. *Id.* at \*4 (citing, in relevant part, *Clapper*, 133 S. Ct. 1150 & n.5 ("we

have found standing based on a 'substantial risk' that the harm will occur.")).

Similarly, in *Constitution Party of Pennsylvania v. Aichele*, 757 F.3d 347 (3rd Cir. 2014), the Third Circuit Court of Appeals overturned a district court's holding that plaintiffs lacked standing. In that case, non-major political parties brought action challenging the constitutionality of provisions of Pennsylvania's election code regulating ballot access. 757 F.3d at 356. After considering *Clapper*, the court stated that plaintiffs' alleged injuries were more than just potential financial burdens, and were based

not a speculative series of conditions. . . . their Complaint establishes that, when they submit nomination papers . . . they face the prospect of cost-shifting sanctions, the very fact of which inherently burdens their electioneering activity. They have produced sworn and uncontested declarations that their plans for seeking public office are directly impeded by the relevant provisions of the election code.

*Id.* at 365. The Federal Circuit disregarded precisely such a record in this case.

The Third Circuit also stated that "[c]andidates and canvassers refuse to participate in the political process because, they have declared, they cannot bear the risk of litigation costs . . . . That is a direct and un-refuted statement of causation." *Id.* at 366-67. The court continued, stating that even if the costs incurred by the plaintiffs are based on their subjective fears relative to the new law, and directly

responding to the dissent's reliance on *Clapper*, the majority stated that the "credible threat of costs imposes the injurious restraint on political activity." *Id.* at 365 n.21. Finally, the Third Circuit also pointed out that the case was distinguishable in relevant part from *Clapper* because the plaintiffs were directly regulated by the law. *Id.* ("In contrast, the Pennsylvania scheme compels the Aspiring Parties to file nomination papers and directly regulates their conduct in doing so.")

*Aichele* demonstrates that the Federal Circuit's approach is outcome-determinative. The Third Circuit would have decided the instant case differently based on its view of *Clapper*. Just as the plaintiffs in *Aichelle* "produced sworn and uncontested declarations that their plans for seeking public office are directly impeded by the relevant provisions of the election code," *id.*, Petitioners here produced uncontested evidence that the AIA caused them injury.

The Federal Circuit's decision also conflicts with *Arcia v. Florida Secretary of State*, 746 F.3d 1273 (11th Cir. 2014). There, plaintiffs sued the Florida Secretary of State claiming that a program aimed at identifying non-citizens and removing them from voting rolls violated the Voting Rights Act and the National Voter Registration Act. On appeal, the defendant claimed that the plaintiffs had no standing because they did not suffer an injury-in-fact. *See id.* at 1278. The Eleventh Circuit found that plaintiffs had standing because they, in relevant part, "submitted affidavits showing they have missions that include voter registration and education, or encouraging and safeguarding voter

rights, and that they had *diverted resources* to address the Secretary's programs" and "*expended resources* to locate and assist the members to ensure that they were able to vote." *Id.* at 1279 (emphasis added) (citation omitted). "This redirection of resources to counteract the Secretary's removal program is a concrete and demonstrable injury . . . ." *Id.* (citation omitted); *see also id.* 1279 n.2 (distinguishing *Clapper*). Even though removal from the voting rolls was conjectural (based on the actions of the government and its decision on whether and how to enforce the statute), the court nonetheless found standing, stemming only from the fact that the plaintiffs had expended resources in order to adapt their practices to the new law.

The Federal Circuit's decision conflicts with all of these post-*Clapper* cases.

## II. THE CONSTITUTIONALITY OF "FIRST-TO-FILE" PRESENTS AN IMPORTANT QUESTION OF FEDERAL LAW THAT SHOULD BE RESOLVED BY THIS COURT.

This Court should also grant review to consider the constitutionality of the AIA's FITF provisions. Although the Court of Appeals did not reach the merits, the case presents an important constitutional question as to which this Court's authoritative guidance is necessary. The issue was fully briefed below, and there is no reason to remand the merits question to the Court of Appeals.

The history is clear: only the first actual inventor of a discovery is entitled to a patent. "Since 1790, the patent law has operated on the premise that rights in an invention belong to the inventor." *Board of*

*Trustees of Stanford University v. Roche Molecular Sys. Inc.*, 131 S. Ct. 2188, 2192 (2011). “[A]n inventor owns the product of [his or her] original thought.” *Id.* at 2195. “Although much in intellectual property law has changed in the 220 years since the first Patent Act, the basic idea that inventors have the right to patent their inventions has not.” *Id.* at 2194.

Constitutional interpretation begins with text. “[T]he enlightened patriots who framed our constitution, and the people who adopted it, must be understood to have employed words in their natural sense, and to have intended what they have said.” *National Federation of Independent Business v. Sebelius*, 132 S.Ct. 2566, 2586 (2012) (opinion of Roberts, C.J.) (quoting *Gibbons v. Ogden*, 9 Wheat. 1, 188 (1824)).

Article I, Section 8, Clause 8 provides Congress with the power “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” This language “is both a grant of power and a limitation.” *Graham v. John Deere Co.*, 383 U.S. 1, 5 (1966). “Congress does not have free rein . . . to decide that patents should be easily or freely given.” *Great A. & Pac. Tea Co. v. Supermarket Equip. Co.*, 340 U.S. 147, 154 (1950) (Douglas, J., concurring). “The Intellectual Property Clause is unique in that it is the only one of the Enumerated Powers where the drafters mandated ‘a specific mode of accomplishing the particular authority granted,’ i.e., ‘by securing exclusive rights for limited times to authors and inventors in their respective writings and

discoveries.” *Figueroa v. U.S.*, 66 Fed.Cl. 139, 149 (2005) (citation omitted). Hence, the specific terms – and the reference to “Inventors” and “Discoveries” – must be taken as significant.

A 1785 dictionary published by Samuel Johnson defined an “inventor” as “one who produces something new; a deviser of something not known before” and a “discoverer” as “one that finds anything unknown before.”<sup>3</sup> Webster’s Dictionary of 1828 (the first American dictionary) defined “inventor” as “[o]ne who finds out something new; one who contrives and produces any thing not before existing,” and “discovery” as “[t]hat which is discovered, found out or revealed; that which is first brought to light, seen or known. The properties of the magnet were an important discovery.”

The constitutional text thus plainly refers to actual inventors who make genuine discoveries, not to government-anointed winners of a race to the patent office. The text of the Constitution does not grant Congress the power to authorize the grant of patents to first-filers rather than the inventors of discoveries.

Early Acts of Congress are often considered to be highly probative of constitutional intent, because of the 55 delegates at the Convention, 19 later served as Senators and 13 as Representatives.<sup>4</sup> The first

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<sup>3</sup> Samuel Johnson, *A DICTIONARY OF THE ENGLISH LANGUAGE* (6th ed. 1785).

<sup>4</sup> Rebecca C.E. McFadyen, *The “First-to-File” Patent System: Why Adoption Is NOT An Option!* 14 RICH. J.L. & TECH. 3, 44 & n.242 (2007).

patent statutes strongly support Petitioners' constitutional interpretation. The Patent Act of 1790, enacted in the second session of the First Congress, authorized the grant of a patent to one having "invented or discovered any useful art . . . not before known or used," Patent Act of 1790, § 1, 1 Stat. 109-110, and provided for repeal of a patent "if it shall appear that the patentee was not the first and true inventor." *Id.* at § 5, 1 Stat. 111. During the drafting of the bill, the House committee decided not to follow the English practice of extending patent rights to the "first importers" of overseas inventions. A "first importer" is not equivalent to an inventor, and Rep. Thomas Fitzsimmons wrote: "The 6th Section, allowing Importers, was left out, the Constitutional power being Questionable."<sup>5</sup> Madison also voiced concern that patents of importation were unconstitutional, and judicial decisions refused to recognize them.<sup>6</sup>

The Patent Act of 1793 (which Jefferson drafted, *Graham*, 383 U.S. at 7) similarly authorized the issuance of a patent on the basis of a petition demonstrating not that the applicant was the first filer, but rather that the applicant had "invented any new and useful art, machine, manufacture or composition . . . not known or used before the application." Patent Act of 1793, § 1, 1 Stat. 318-19. The 1793 Act permitted a defendant to plead for a

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<sup>5</sup> Quoted in Karen E. Simon, *The Patent Reform Act's Proposed First-to-File Standard: Needed Reform or Constitutional Blunder?* 6 J. MARSHALL REV. INTELL. PROP. L. 129, 141 & n. 95 (2006-2007).

<sup>6</sup> *Id.*

declaration of invalidity if "the thing, thus secured by patent, was not originally discovered by the patentee," § 6, 1 Stat. 322, and provided for the repeal of a patent if the "patentee was not the true inventor or discoverer." § 10, 1 Stat. 322.

The 1793 Act also created the first interference provision, an administrative procedure for resolving competing claims to the same invention. In one of the best known early cases, involving four claimants to a steamboat patent, the Patent Board rejected the proposal that the patent should be awarded to the first person to file an application.<sup>7</sup> Thomas Jefferson served as one of the members of the original Patent Board, and his role in the decision to reject FTF is significant. This Court has recognized Jefferson's influence on American patent law. *Graham*, 383 U.S. at 7.

Early judicial interpretation of the term "Inventor" further indicates that the first-to-invent standard was the commonly understood meaning at the time of the Constitution's adoption. In the District Court, the Government admitted that "Plaintiffs are correct" that early judicial decisions interpreting the Patent Acts held that "the first inventor was entitled to the patent over a subsequent inventor." Govt. Mot. Dismiss 24 n.16 (Dist. Ct. Dkt. 29). For example, Justice Story held that "[t]he first inventor, who has put the invention in practice, and he only, is entitled to a patent." *Bedford v. Hunt*, 3 F.Cas. 37, 37 (C.C.D.Mass. 1817) (Story, Circuit Justice). In *Pennock v. Dialogue*, 27

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<sup>7</sup> *Id.* at 134.

U.S. 1 (1829), Justice Story explained that both the Patent Act and “general principles of law” gave “the right to the first and true inventor and to him only.” *Id.* at 23. In his treatise, he explained that “[t]he power in its terms, is confined to authors and inventors; and cannot be extended to the introducers of any new works or inventions.” Joseph Story, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 1153 (1833).

This principle had a constitutional basis. For example, in *Evans v. Jordan*, 8 F. Cas. 872 (C.C.D.Va. 1813), Chief Justice Marshall opined that “[t]he constitution and law, taken together, give to the inventor, from the moment of invention, an inchoate property therein, which is completed by suing out a patent.” *Id.* at 873. In *Evans v. Eaton*, 16 U.S. (3 Wheat.) 454 (1818) (Marshall, C.J.), the Court cited both the Patent Act and the constitutional Clause (*id.* at 513) and explained that the patentee must be “the first inventor or discoverer.” *Id.* The Court addressed the situation where two persons independently create the same invention: “It may be that the patentee had no knowledge of this previous use or previous description; still his patent is void.” *Id.* at 514.

The absence of precedent for FITF indicates a deeper constitutional defect in the AIA. In Congress’ rush to harmonize the U.S. patent system with its European counterparts, the legislature ignored the fundamental purpose of the Intellectual Property Clause: to avoid the abusive system of royally-granted monopolies that had emerged under the English Crown and other European systems. Under the Framers’ conception, government does not create

property rights, but rather safeguards pre-existing rights. This Court opined that, under the Constitution, “the right is created by the invention, and not by the patent.” *Pennock v. Dialogue*, 27 U.S. 1, 12 (1829). It is significant that the Intellectual Property Clause calls for “securing . . . exclusive Rights” – pre-existing rights – rather than creating new rights in a grant. The emphasis on the moral claim of the first inventor to the fruits of his labor was a uniquely American justification for patents under the Constitution. The AIA replicates the British scheme of making patent rights dependent on government-granted privileges, rather than on the ingenuity and hard work that the framers believed were the ultimate foundation of patent rights. Allowing the government to redefine an “inventor” to be the person officially designated as such, on the basis of a procedural filing with the PTO, is exactly the kind of system the framers rejected.

The weight of academic scholarship supports Petitioners’ argument that FITF is unconstitutional:

- Michael A. Glenn and Peter J. Nagle, *Article I And The First Inventor To File: Patent Reform Or Doublespeak?* 50 IDEA 441, 461-62 (2010) (“It is clear that the patent grant was never intended to be a race to the U.S. patent office, a race in which the legions of fleet-footed lawyers in the pay of powerful market forces are sure to win. The Article I grant is an individual right granted to the true and first inventor and the Constitution does not support a tortured interpretation urged by proponents of a first inventor to file system.”)

- Timothy R. Holbrook, *The Treaty Power and the Patent Clause: Are There Limits on the United States' Ability to Harmonize?*, 22 CARDOZO ARTS & ENT. L.J. 1, 8 (2004) ("Given that historically the inventor has been viewed as first to create, then such tradition may suggest a constitutionally rooted requirement that would preclude a first to file system . . .").

- Rebecca C.E. McFayden, *The "First-To-File" Patent System: Why Adoption Is NOT An Option!*, 14 RICH. J.L. & TECH. 3, 40 (2007) ("[A]n analysis of the framers' intent as well as statutory language of the early patent acts demonstrate that the Constitution authorizes the patent to be awarded only to the 'first and true inventor.' To hold otherwise poses a direct challenge to the Constitution. . . . Constitutional and statutory language makes it clear that the 'first inventor' deserved the patent. The terms 'first and true inventor' and 'original inventor' were codified in the nation's first two patent acts.").

- John J. Okuley, *Resolution of Inventorship Disputes: Avoiding Litigation Through Early Evaluation*, 18 OHIO ST. J. ON DISP. RESOL. 915, 917 n.5 (2003) ("Though many commentators argue that the United States should adopt a first-to-file system, the current interpretation of the United States Constitution and the patent statutes is that patents are to be awarded to the first inventor.").

- Max Stul Oppenheimer, *Harmonization Through Condemnation: Is New London The Key To World Patent Harmony?* 40 VAND. J. TRANSNAT'L L. 445, 488 (2007) ("granting the patent to the first

filer deprives the inventor of 'the exclusive right' guaranteed by the Constitution and is therefore unconstitutional").

- Paul M. Schoenhard, *Reconceptualizing Inventive Conception: Strengthening, Not Abandoning the First-To-Invent System*, 17 FED. CIR. B.J. 567, 581 (2008–2009) ("By these terms, it is readily apparent that the IP Clause is not aimed at the securing of rights to 'disclosers' or 'filers,' but to inventors.").

- Adam Sedia, *Legislative Update: Storming The Last Bastion: The Patent Reform Act Of 2007 And Its Assault On The Superior First-To-Invent Rule*, 18 DEPAUL J. ART TECH. & INTELL. PROP. L. 79, 118-19 (2007-2008) ("[T]hose who view the first-to-file system as unconstitutional appear to have the better argument. . . . The courts' early construction of 'Inventors' as the first to invent, rather than file, from the earliest cases onward further suggests that the first-to-invent rule was the commonly understood meaning at the time of the Constitution's drafting . . . . The meaning of 'Inventor' as within this continuous interpretation is consistent with originalist, strict constructionist, and textualist views of the Constitution . . .").

- Dave Simon, "The First-to-File Provisions of the Patent Reform Act of 2005 Violate the Constitution's Intellectual Property Clause" (Nov. 2005) (available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=841404](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=841404)) ("The Intellectual Property Clause limits Congress to granting patents only to 'Inventors.' A system enacted by Congress for granting patents to anyone other than a good faith

inventor operates outside of the constraints enumerated in the Clause, and therefore is facially impermissible. The first-to-file provisions of the Act are violative of Article I, Section 8, Clause 8 of the United States Constitution.”);

- Karen E. Simon, Comment, *The Patent Reform Act's First-to-File Standard: Needed Reform or Constitutional Blunder?*, 6 J. MARSHALL REV. INTELL. PROP. L. 129, 150 (2006) (“Section 3 of H.R. 2795, which departs from over two hundred years of settled patent law by adopting a first-to-file standard for patent dispute resolution, should not be enacted because it is unconstitutional under Article I, Section 8, Clause 8 and contrary to the fundamental concern of the Framers in strictly limiting monopolies.”).

- Edwin Suominen, *Re-Discovering Article 1, Section 8 -- The Formula for First-to-Invent*, 83 J. PAT. OFF. SOC'Y 641, 641-43 (2001) (“In 1791, the earliest predecessor to the U.S. Patent Office considered adopting a first-to-file system to settle disputes between interfering patent applicants and chose not to do so. . . . The U.S. should not, and must not, abandon the uniquely American, and uniquely successful, first-to-invent system of patent protection prescribed by Article I, Section 8 and maintained for over two centuries. . . . The plain language of the terms would thus seem to settle the issue, clearly prohibiting any first-to-file system as unconstitutionally denying actual inventors the exclusive right to their discoveries.”).

## CONCLUSION

The Petition for Writ of Certiorari should be granted.

Respectfully submitted.

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