

Comment from Consultative Group Member Susan Braden
on *U.S. Patent Small Claims Court Study*
August 4, 2022

After listening to the first 20 minutes of the discussion today, it occurred to me that since the purpose of the ACUS study was not well articulated at the beginning, resulting in too much focus placed on either defending the status quo, looking for statistical data in a vacuum, or achieving a consensus about remedies, without an understanding the reason for the study--*i.e.*, to focus on the procedural and substantive **barriers have prevented the public from benefiting from patented inventions owned by sole inventors, "small business" inventors (particularly minority patent owners), and even mid-sized companies (e.g., some of which testified last year before the Sen Jud Comm). After all, the primary beneficiary of the patent system is the public.** A threshold barrier is a lack of knowledge or ability --of what I will call, the "inventor community" --about how to license a patented invention, since many patent owners, previously mentioned, do not have the knowledge/ability/ or interest in manufacturing, marketing, and selling products that either are patented or patented component of a product. But how can they obtain a license, without risking "efficient" infringement.? Another barrier is the inability to fund years of litigation through the federal court and PTAB review, much less an appeal to the Federal Circuit. To be sure, some potential cases might be fundable through private sources, but that depends on having sophisticated counsel initiate/involved in that process and often share risk. Most litigation funders want either a relatively quick settlement or the potential for a very large return on investment, appropriately so. But, in the interim, the "small" inventor must have the independent financial resources to wait for "justice" and the market for their invention wane over time. The substantive barriers are well known- the practical lack of injunctive relief and an incoherent and unstable body of law, particularly re eligibility, despite the USPTO Guidelines.

I believe the "inventor community" actively will support legislation in the next Congress to clarify patent eligibility- which obviously is to their benefit. But, this is also an opportunity for Congress to address the impediments that prevent the **public** from receiving the benefit from patents owned by this "community." Patents are a time-limited or qualified property right, the value of which is best determined by the market. If an "inventor" can negotiate a license that allows another party an opportunity to manufacture, market, and sell products that utilize their "invention," they are entitled to be rewarded. If the market has no interest in the invention, the license terms should reflect that. Rather than focus on an amount of "small monetary damages " wouldn't the public and "inventor community" be better served by having that issue determined by a commercial license?

The most direct way of providing an inventor with the leverage to obtain a license would be an injunction. An ideal solution would be to craft legislation to overrule EBay, but that has implications on case law beyond patent infringement. What other like-kind equitable remedies are available- cease and desist orders. (Here, I think Professor Duffy's past scholarship is relevant). And, what administrative agencies have authority to issue them and on what basis.

Before drafting potential legislation, I thought that an ACUS study of **each** of the potential venues and authority to address this problem should be examined- pros and cons.

- federal district courts/magistrates, particularly in light of the non-event of the Patent Pilot Project and now an even more significant backlog in the federal courts- particularly the civil cases
- pushed back by COVID
- creating a new Article I court- which will be opposed by the Judicial Conference
- creating an inventor forum within the USPTO -which will be opposed in light of the bias issues with the PTAB that recently have come to light and general distrust of the PTAB- whether right or wrong
- creating a new federal agency or expanding the jurisdiction on an existing one- here ACUS has real expertise.

Finally, my point about the 7th amendment issue being addressed by legislation was not understood. The Gov't waived sovereign immunity and agreed to be sued in the Court of Federal Claims for patent infringement, but it *was* done by statute 28 USC Sec 1498. There was no mention of the 7th amend and whether a patent suit against the Govt was a "common law" action. Much academic writing has been devoted to this issue, but I believe the consensus is that a property right, albeit limited, is still viewed as a private right, not a public right- an issue that Congress seemed to finesse in enacting Section 1498. But, the world has gone on.

In sum, I hope we can keep in mind that the purpose of the ACUS study envisioned by the Senators who supported this effort is to evaluate the pros and cons of *all* potential forums that could enable the PUBLIC to benefit from patented inventions owned by members of the "inventor community," as well as appropriate remedial vehicle(s).

As always- Best and I look forward to getting to know each of you better and--to our next meeting! JB