The Administrative Conference of the United States (ACUS) established this Consultative Group to solicit expert advice as part of an independent study for the U.S. Patent and Trademark Office (USPTO) regarding its study on the feasibility of and options for establishing a small claims patent court. This memo provides a brief background on the study and an overview of its methodology. We look forward to gaining consultative group members’ input on the study’s objectives and methodology.

## A. Project Background and Objectives

Since at least the late 1980s, concerns have been raised that the high cost of patent litigation deters small- and medium-sized enterprises, including those owned by traditionally underrepresented groups, from seeking to enforce their patents. Policymakers, scholars, and organizations have studied whether a small-claims procedure is needed for resolving patent disputes. They have reached different conclusions and proposed different actions.

The Department of Commerce has also considered the possibility of a small claims patent court. Most recently, in December 2012, the USPTO issued a Federal Register notice requesting public comment on “whether the United States should develop a small claims proceeding for patent enforcement” (77 Fed. Reg. 74,830 (Dec. 18, 2012)).

Given ongoing interest in the topic, the USPTO has engaged ACUS to conduct an independent survey and analysis of issues associated with and options to consider in designing a small claims patent court. The study will assess the need for such a court and the various legal and practical considerations in establishing it. ACUS will submit to the USPTO a final report that will address:

- Whether there is a need for a small claims patent court;
- The operation and structure of similar small claims intellectual property tribunals in the United States and elsewhere;
- The relevant laws that would govern the establishment of a small claims patent court, including the United States Constitution and applicable statutes and regulations;
- The policy and practical considerations in establishing a small claims patent court;
- The institutional placement, structure, and internal organization of a potential small claims patent court, including whether it should be established within the Article III federal courts, as or within an Article I court, or as an administrative tribunal;
The selection, appointment, management, and oversight of officials who preside over proceedings in a potential small claims patent court;

The subject-matter jurisdiction of a potential small claims patent court, whether participation in such proceedings would be mandatory or voluntary, and whether parties can remove cases to another administrative tribunal or federal court;

The procedures and rules of practice for a potential small claims patent court, including, as relevant, pleadings, discovery, and alternative dispute resolution;

The remedies that a potential small claims patent court would be able to provide;

The legal effect of decisions of a potential small claims patent court; and

Opportunities for administrative and/or judicial review of small claims patent court decisions.

B. Project Methodology

Background, Historical, and Comparative Research

In the more than three decades since a small claims patent court was first proposed, numerous policymakers, scholars, and organizations have addressed whether there is a need for such a court and, if there is, how it should be established and operated. In addition to the academic literature and materials associated with the Department of Commerce’s 2012 request for public comments on the establishment of a small claims patent court, ACUS will examine publicly available materials such as the Advisory Commission on Patent Reform’s 1992 report to the Secretary of Commerce, American Bar Association (ABA) Resolution 401.4 (1990) and materials prepared by the ABA Section of Intellectual Property Law Task Force on Small Patent Claims, and perspectives offered at events in 2012-2013 organized by the American Intellectual Property Law Association (AIPLA), Judicial Conference of the United States, ABA, and the USPTO. ACUS will also examine relevant congressional proposals and associated materials, such as those associated with the Patent Transparency and Improvements Act (2013) and the PATENT Act (2015).

ACUS will also examine publicly available materials that address the experience of tribunals that might provide lessons for establishing a potential small claims patent court. These include the experience of some federal district courts under patent local rules, certain federal district courts under the Patent Pilot Program (Pub. L. No. 111-349), the Patent Trial and Appeal Board (PTAB), the newly established Copyright Claims Board in the U.S. Copyright Office, the Patents County Court and Intellectual Property Enterprise Court in England and Wales, the European Patent Office, the Japanese Patent Office, and China’s internet courts.
**Empirical Research**

To better understand the nature and extent of current problems in patent infringement litigation that might warrant the establishment of a small claims patent court, ACUS will use litigation information and datasets available from sources like Lex Machina, Unified Patents, and the International Trade Commission (ITC); the Stanford Non-Practicing Entity Litigation Database; and the AIPLA Economic Survey. ACUS will document the differences in patent litigation costs in Article III courts, ITC, and PTAB by examining AIPLA Economic Survey data, among other sources. ACUS will also utilize the litigation databases mentioned above to understand how the patent litigation landscape has evolved with the creation of PTAB, including examining whether there are systematic differences in the type of entity (including technological field) that is asserting patents (or defending patents against claims of invalidity) in Article III courts, ITC, and PTAB.

**Public Input**

To ensure the study reflects all relevant perspectives, ACUS will identify and conduct interviews with a wide range of stakeholders, including practitioners, scholars, independent inventors, small businesses, large businesses, public interest organizations, and legal and non-legal professional associations, including those that have previously voiced a position on the establishment of a small claims patent court. ACUS will utilize these interviews to help identify challenges surrounding patent litigation filings and processes as well as to understand optimal design features of a small claims patent court. ACUS will also speak with officials from agencies and courts potentially affected by the establishment of a small claims patent court (e.g., USPTO, ITC, Court of Federal Claims, Federal Circuit, federal district courts) and members of Congress and their staffs.

In addition to convening this consultative group, whose members are identified on the ACUS website and will be identified in the report, ACUS has also published a notice in the Federal Register requesting public comments on issues related to the need for a small claims patent court, the feasibility and potential structure of such a court, and practical considerations in establishing a small claims patent court. The notice contained targeted questions in addition to soliciting general comments. ACUS also posted the notice on its website and publicized it through social media, e-mail lists, and direct outreach. Relevant comments received have been posted in a public docket on ACUS’s website. Due to ongoing interest in this project, the comment period was then extended by 45 days and will close on August 26, 2022.