

Thank you for the opportunity to provide comments on a proposed small-claims patent court. As a patent lawyer for over three decades, I have focused particularly on administrative law and agency adjudication affecting patents and trademarks. Based on this experience, I believe agency adjudications can inform how a small-claims court might work most efficiently, but the small-claims process would be better located within the Judiciary.

1. Whether there is need for a small claims patent court

Patent litigation is unquestionably expensive. Even reviews before the Patent Trial and Appeal Board (PTAB), which only address a subset of patentability questions, can cost hundreds of thousands of dollars. District court litigation that extends beyond the initial motions is even more expensive. Whether a small-claims forum would solve this problem even partially, however, depends on whether any small patent claims exist.

Patents “constitute one of the most difficult legal instruments to draw with accuracy”. *Topliff v. Topliff*, 145 U.S. 156, 171 (1892). This difficulty arises both from the arcane legal regime and potential technological complexity, and makes patents expensive to acquire. Moreover, often several patents cover the same accused product, and a patent may be infringed even if it was not copied. Hence, given this complexity and sunk cost for both parties, cases where both parties would be willing to submit to a highly simplified process are likely to be rare. Instead, one side or the other is likely to see complexity as necessary to protection of its interests (if not a tactical advantage in itself). Indeed, it is difficult to imagine

a case that would be appropriate for a small-claims court that is not already appropriate for arbitration.

2. The policy and practical considerations in establishing a small-claims patent court

Patents have the attributes of personal property (35 U.S.C. 261) with the attendant due-process protections. A defendant, who might be at risk of both damages and injunction, has both property and possibly liberty interests also requiring due-process protections. The United States Patent and Trademark Office (USPTO) may “reconsider” the patentability of a patent it has issued without violating the Constitution. *Oil States Energy v. Greene's Energy Group*, 138 S. Ct. 1365, 1373 (2018). Invalidity, damages, and injunctions go far beyond mere reconsideration by an issuing agency and would be hard to reconcile with *Oil States*. Moreover, the Supreme Court has held that parties have a right to a jury trial for patent infringement. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996). Hence, a proceeding that would determine infringement must be voluntary.

3. 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

Given the scope of remedies that would be expected from the small-claims court (invalidity, damages, injunction), any small-claims court would need to be

located within the Judicial branch. Conceivably, Congress could create an even more inferior layer of federal judges applying

The decision maker need not be an Article III judge, however. Article I actors within the judiciary, such as magistrates and bankruptcy judges, provide streamlined or specialized proceedings with judicial oversight. A patent magistrate could be created to provide streamlined, specialized proceedings. By adopting the trappings of the already familiar magistrates, courts might be able to encourage more litigants to seek relief in the small-claims process.

Placement in an Executive agency is not likely to be workable, if only because the option of moving to a jury trial would not be available. Making the agency decision subject to trial de novo in a district court would thwart the point of a small-claims agency.

4. The selection, appointment, management, and oversight of officials who preside over proceedings in a potential small claims patent court

A small-claims patent process by definition is a specialized practice, warranting specialized decision makers, equivalent to the PTAB's Administrative Patent Judges, who must be "persons of competent legal knowledge and scientific ability". 35 U.S.C. 6(a). If located in the Judiciary, oversight would be provided by a district court judge.

Patent magistrates could be authorized to act as magistrates in patent cases (or even other technical cases), providing an additional resource to district court judges and providing flexibility to smooth out caseloads.

5. 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

Because either party may demand a jury determination of infringement, the process would need to be voluntary for both parties. Removal of the case to the overseeing judge would be appropriate when necessary for finality.

The small-claims process should cover all infringement issues, including remedies and invalidity defenses. A case could be made for including derivation/inventorship disputes as well, because the only current mechanism (outside of a court) for resolving such disputes (derivations under 35 U.S.C. 135) is so poorly designed that it has not been used successfully in its decade of existence. Collateral issues like business disputes, antitrust, patent ownership, trade secrets, etc. add complexity and exceed any reasonable conception of a small-claims process.

If invalidity is not within the ambit of the small-claims process, then removal to the USPTO to determine patentability would be necessary. An invalid patent cannot be infringed.

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

Because the process is voluntary, the parties could also opt into streamlined procedures. In this regard, limited and automatic discovery practices used at the PTAB or in arbitration could serve as models for efficiency. As noted above, it is

not clear what advantage a small-claims process would provide over existing alternative dispute resolution options.

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

The small-claims process would have to decide infringement and at least award damages. The PTAB already provides a forum for determining some unpatentability and could be expanded to cover all invalidity questions without the need to create yet another body. Hence, infringement is the only rationale for a new entity or process.

The small-claims process should also be able to enjoin, otherwise it will be unpalatable to most patentees. Without the possibility of injunction, the process would simply be a compulsory licensing process.

8. The legal effect of decisions of a potential small claims patent court

The Supreme Court has explained that public rather than private interest is the dominant consideration of the patent system. *Precision Co. v. Automotive Co.*, 324 U.S. 806, 816 (1945). Specifically, a system that focuses on the benefit to the patentee rather than the public is misplaced. *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 626 (2008). Thus, a small-claims process that could reward a patentee with damages at no risk of binding invalidity would recreate the sort of state-conferred monopolies that the Patent clause was intended to exclude. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 7-8 (1966). An infringement determination could have no preclusive effect against others.

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

Due process would require judicial review of small-claims decisions, whether made by an agency, a magistrate, or an Article III judge.

Respectfully submitted,

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