

**From:** ACUS Information nfo@acus.gov  
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**From:** Shalom Wertsberger [REDACTED]  
**Sent:** Thursday, September 1, 2022 1:18 PM  
**To:** ACUS Information <info@acus.gov>  
**Subject:** Comments submitted regarding ACUS small claims patent court

### **Background**

The undersigned is an inventor and a patent agent, serving numerous inventors for over 20 years.

Being a small inventor, an investor, and a practicing patent practitioner, mostly for small entities, I have seen, and can testify about the devastation caused to the small inventor and small entity companies by both legislation and court rulings, especially in the last 15 years. For small entities, the cost and complexity of a patent lawsuit is oftentimes out of reach, thus preventing them from defending their rights. Similarly, I witnessed large, well-funded entities intimidating and forcing small entities to license a patent that they do not infringe just to avoid legal fees they can not afford.

After the American Invents Act the Patent Trial and Appeal Board (PTAB) became yet another hurdle preventing small inventors from asserting their rights. The statistics make the bias of PTAB very clear: over 50% of appeals are ruled in favor of the examiner, and over 80% of post-grant processes terminate in patent invalidation. The same examiner body which is found correct more than 50% of the non-patented cases is apparently incompetent in 84% of the asserted patents. The only reasonable conclusion is an irrefutable anti-patentee bias by the PTAB. Since a large majority of the post-grant actions are filed by large entities, it is easy to see that the patent field is severely tilted against the small inventor.

It is clear therefore that small inventors and/or small entities who produce innovations face a high risk of their inventions being stolen which is against the STATED public policy. Similarly, small entities face extortion efforts from large, well-funded competitors. Therefore a relief to those entities would be highly beneficial both for the society and the economy of the United States. However, as welcomed as such efforts would be, great care should be taken at its implementation.

### **Comments on the proposed Small Claims Patent Court**

#### Entity size

A patent court which is limited by the claim amount automatically and unfairly favors the large, well-funded entities. The value of a patented invention should not be limited due to the inventor's inability to compete with the infringer on the basis of the depth of pockets but on the merits of the invention, innovation, and infringement. Therefore, the new process should be aimed at providing small ENTITIES with an equitable venue. If the invention provides great value, so should the reward to the inventor, even if he is not wealthy. The controlling factor should be the contribution of the inventor to human

knowledge, rather than the financial state of the inventor when s/he comes to assert his/her rights.

Therefore, considering the enormous costs of patent litigation, the emphasis of a new patent claims venue should lie on entity size, rather than on claim size.

### Venue consideration

The experience provided by the PTAB shows the ease by which such an administrative entity may become biased (greater than 50% siding with the examiner on appeal and over 80% patent invalidation are a clear indication of anti-patentee bias) . Therefore any new patent venue should operate under the judicial branch, as an article II court.

### Injunction as a remedy

Injunctive relief was, in essence, taken away from the patent arena for small entities, by the like of the eBay v. MercExchange and other precedence is strongly biased against a small inventor whose patent is infringed upon by a large, deep-pocketed entity, as oftentimes the small entity would go bankrupt while trying to protect its rights. Therefore any new patent venue should provide for injunctive relief as a viable option.

### Additional Venue:

While not specifically within the scope of the requested comments the undersigned would like to propose an additional, less expensive patent dispute mitigation process, and respectfully requests that the proposal would be considered either instead of, or in addition, to the new patent court venue.

In short form the solution involves **an optional patent arbitration system (carried out by certified patent arbitrators, who are versed in patent law and the technology area) combined with changes in the law, which allows - but does not mandate- article III courts to draw inferences based on the results, and on the willingness of any one of the sides, to engage in such arbitration.**

I propose that the USPTO would certify patent arbitrators (from the private sector, but under similar knowledge obligations as patent practitioners, including ethics obligations).

When parties begin a patent dispute they MAY elect to go to arbitration. Arbitration would of course be optional (so as not to infringe on third article courts), however congress shall pass a law ALLOWING the courts to draw positive or negative inferences based not only on the arbitration results, but also on the willingness or refusal of each side to engage in such arbitration. An offer to engage in such patent arbitration may not provide any side with a standing under the “standing on the steps of the court” paradigm. Common arbitration rules would apply, such as each side pays for his/her costs and common costs are shared, and the like. Only patent arbitrators accredited by the USPTO would qualify. Optionally, certain caps on costs may also be imposed.

The key to the success of such patent arbitration is a change in the law that allows Article III courts to consider both the result of such arbitration and/or the cooperation of any party to participate in such proceedings. Further, reliance on a positive arbitration conclusion, or unwillingness to participate by the opposing party is a valid defense against being penalized by attorney fees. In contrast, filing a court complaint after a negative arbitration result, or refusal to participate in arbitration exposes the party to the

other party costs, high damages, and the like.

Such law would:

1. Maintain all rights of both parties, as it does today, since the decision still lies in the court's hands.
2. Deter nuisance/unjustified law suites, as a party with negative results would know it is exposed to high penalty if the court finds against it.
3. Act equally in favor of the inventor and the accused infringer.
4. Reduce the time and effort required by the courts to determine patent cases. The arbitration process provides the courts with a cadre of unbiased experts in both the specific field and in patent law, who studied the merits of the patent and the infringing act, and provide the court with their written and reasoned consideration.

The cost of implementing such an arbitration process involves primarily legislation to anchor it in law, and relatively minor effort by the USPTO to develop standards and tests for arbitrators. Those costs should be recouped by test fees and by reduced costs of the courts.

I appreciate the opportunity to provide these comments and thank ACUS for its consideration. I am available for additional discussion and look forward to doing so.

Respectfully,  
Shalom Wertsberger

Shalom Wertsberger

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