



INSTITUTE FOR INTELLECTUAL PROPERTY & SOCIAL JUSTICE, INC.

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IIP SJ Comments on Whether the United States Should Develop a Small Claims Proceeding for Patent Enforcement

I. Commenter Information

These comments are submitted by the Institute for Intellectual Property and Social Justice (IIP SJ) at the Howard University School of Law. They were prepared by the IIP SJ Practicing Scholar in Residence, Bryant L. Young, in response to the United States Patent and Trademark Office's (USPTO) Request for Comments on Whether the United States Should Develop a Small Claims Proceeding for Patent Enforcement, as published in the Federal Register, Vol. 77, No. 243, December 17, 2012 (FR Doc. 2012-30483).

IIP SJ was founded in 2002 to address the social justice implications of intellectual property law and practice both domestically and globally. IIP SJ's work ranges broadly and includes scholarly examination of intellectual property (IP) law from the social justice perspective; advocacy for social justice aware interpretation, application, and revision of intellectual property law; efforts to increase the diversity of the those who practice IP law; and programs to empower historically and currently disadvantaged and under-included groups to take advantage of the benefits of IP law effectively.

II. Scope of IIP SJ's Comments

IIP SJ comments on the following USPTO requests:

Provide a general description of the need for a patent small claims court or other streamlined proceedings. Those believing there to be a need for a patent small claims proceeding are asked to provide a description of which types of patent cases would benefit from such proceedings.

Share any concerns relative to any unintended negative consequences a patent small claims proceeding may lead to, along with any proposed safeguards that would reduce or eliminate the risk of any potential negative unintended consequences.

III. Summary of Comments on Why the United States Should Develop a Small Claims Proceeding for Patent Enforcement

Many intellectual property law experts, scholars, and commentators advocate the creation of a specialized patent trial court, i.e., patent small claims proceedings, to address, the spiraling cost and complexity associated with the enforcement of patent rights in the United States patent system. Specifically, a significant issue is that small technology companies, minority businesses, and start-ups face huge hurdles in enforcing their intellectual property

rights, in view of the cost prohibitive nature of patent litigation. Legal commentators and scholars also suggest that such a specialized IP proceeding would address issues of forum shopping and legal inconsistencies at the trial court level. Accordingly, there are sound conventional reasons for the development of a patent small claims proceeding that would not only address inequities and cost-benefit issues of those underserved, but also provide safeguards for a fair and efficient system that equally services all potential IP litigants.

With the consideration of a patent small claims proceeding, the USPTO seeks to determine:

- Whether there is a need and desire for this proceeding;
- In what circumstances, if any, the proceeding may be needed; and
- What features the proceeding should include.

The USPTO also requests, among other things, the public to consider and comment on:

- Core characteristics of a patent small claims proceeding;
- Perceived unintended negative consequences of a patent small claims proceeding, and
- Proposed safeguards to reduce or eliminate unintended negative consequences.

IV. IIP SJ's Extended Comments

IIP SJ's agrees with the USPTO's proposal for a patent small claims proceeding, including a two-prong analysis, in accordance with the USPTO's request for comments, i.e., 1) the need for a patent small claims court and safeguard considerations for an efficient court; and 2) the consideration of patent small claims proceedings abroad and as an extension of the patent pilot program. Consideration of these factors will assist with the reduction of litigation costs and improve predictability of case outcomes.

1. The Need for a Patent Small Claims Proceeding and Safeguard Considerations for Efficiency

Patent case filings have nearly doubled in the past ten years and these cases make up a disproportionate share of all complex cases. The combination of intricate science and technology, the unique patent procedures and laws, the right to a jury trial, division of labor among courts and their dockets, and multiple methods available for dealing with issues raised by patent litigation all make improving the patent adjudication system a uniquely complicated and difficult task. The foundation of a specialized patent small claims proceeding would ameliorate many of these problems, leaving courts of general jurisdiction free to handle other pressing matters.

Three general proposals and arguments in favor of specialized courts can be applied to the reasoning for patent small claims proceedings. First, it has been proven that efficiency can be achieved by removing a certain specialty of law from generalist judges because they no

longer have to remain current on that area of law.¹ The judge who receives specialty cases increases efficiency by specializing in the limited issues presented in that particular area of the law.² Moreover, litigation costs and docket delay will be significantly reduced because attorneys will not need to educate the judge in this area of law. Second, specialized courts promote uniformity because uniform principles of law result in more predictable decisions, thus reducing demands on appellate courts and causing similar results around the country.³ This leads to a decrease in litigation overall as litigants become more able to predict outcomes.⁴ Conversely, a lack of uniformity has the potential to create serious forum shopping problems, as was recognized prior to the creation of the Court of Appeals for the Federal Circuit.⁵ Lastly, a specialized patent small claims proceeding would also reap the benefit of unique procedural rules specifically formulated handling the type of cases with which the specialist judge is charged.

However, proposals for reform of the patent system must confront the reality that patent law is heavily loaded with complicated findings of scientific fact. In the interest of promoting systemic efficiency, addressing this reality inherently requires the creation of a specialized trial court with some level of expertise in scientific fact-finding. In fact, some experts have argued that only judges and jurors who actually have training in a particular scientific or technical area should be considered highly knowledgeable and qualified to make factual findings in that area.⁶

Certainly, a jury composed of scientifically literate jurors could save trial time and potentially result in more scientifically sound results. However, regarding juries, it should be noted that evidence has shown that “juries are particularly poor arbiters of complex scientific fact.”⁷

Moreover, an empirical study by Professor (now Judge) Kimberly Moore analyzing cases decided between 1983 and 1999, found that juries are more likely to rule for patentees, while judges hold for the patent holder, i.e., “judges rule for patentees in fifty-one percent of cases brought by the patentee, juries rule for patentees in sixty-eight percent of such cases.”⁸ Further, it should be noted that the “defendants can be presumed to have incorporated information about pro-patentee jury bias into their decision about whether to take the case to trial before a jury in the first instance.”⁹

¹ Nancy Olson, *Does Practice Make Perfect? An Examination of Congress's Proposed District Court Patent Pilot Program*, 55 UCLA L. Rev. 745, 751 (2008).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ Scott Brewer, *Scientific Expert Testimony and Intellectual Due Process*, 107 YALE L.J. 1535 (1998).

⁷ Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 888-89 (2002).

⁸ Kimberly A. Moore, *Judges, Juries, and Patent Cases: An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 386 (2000).

⁹ Rai, *supra* note 7 at 888-89.

Patent expertise does not, however, have to come directly from the judges themselves. “The more practical alternative of a system in which specialized trial court judges are provided with the resources to appoint expert consultants in many, if not most, cases is likely to produce decisions that comport with standards of intellectual due process.”¹⁰ Nonetheless, judges should be careful not to become accustomed to heavy reliance on experts, “appearing more efficient by having someone else paint a picture of what is going on, but not actually becoming specialized.”¹¹ While experts may be appropriate to help judges in certain instances, “excessive reliance on them likely would lead to erosion of the judge’s perspective. This loss of perspective may prevent the judge from looking at each case with a fresh pair of eyes.”¹²

In addition, “[i]t could be argued that we already have a semi-specialized version of the patent trial court system proposed here. Under our current system, almost half of all patent cases are filed in about ten district courts.”¹³ Therefore, to the extent that these district courts do not already make routine use of court appointed expert witnesses, they could certainly be given the resources to make liberal use of such witnesses when necessary.

2. The Consideration of Patent Small Claims Proceedings Abroad and as an Extension of the Patent Pilot Program

In the consideration of patent small claims proceedings, one suggestion is for the USPTO to look to the guidance of the patent systems of Europe and Asia. For instance, England has both a Patents Court and a Patents County Court. In that system, “[c]osts are kept down through speedier case processing and a reliance on written evidence, rather than typical discovery, which requires leave of court. Competition has also begun to emerge between the two courts, which in turn creates an efficiency driver.”¹⁴ In Germany, twelve district courts are authorized to hear patent cases, and the judges are experienced in intellectual property matters. Moreover, most of their district court proceedings are rendered within a single year.¹⁵ In Japan, a large percentage of patent cases are heard by panels of three judges at the intellectual property divisions of the district courts in Osaka and Tokyo.¹⁶ It is noted that these judges also have technical assistants who aid them with their cases.¹⁷ Implementation of these foreign court best practices could help improve the process for administering a US patent small claims proceeding.

An alternative consideration is that the proposed patent small claims proceedings become an extension of the “Patent Pilot Program,”¹⁸ which was created by Congress on January 4, 2011. Pub. L. No. 111-349 mandates the selection of fourteen federal district courts to participate in a ten year pilot project designed to enhance expertise in patent cases among

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* (further noting that statistical analyses of recent patent cases confirm that whether a judge or jury serves as the fact-finder has a significant impact on outcomes even though neither fact-finder traditionally has technical or scientific training).

¹⁴ Olson, *supra* note 1 at 750.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ The Third Branch News (June 11, 2007), http://www.uscourts.gov/News/NewsView/11-0607/District_Courts_Selected_for_Patent_Pilot_Program.aspx.

U.S. district judges.¹⁹ To be eligible to participate, the courts had to be among the fifteen district courts in which the largest number of patent and plant variety protections cases were filed in 2010, or be district courts that adopted or certified to the Director of the Administrative Office of the United States Courts (AOUSC) the intention to adopt local rules for patent and plant variety protection cases.²⁰

The program silos cases to a subset of informed, specialized trained judges, but also seeks to preserve much of the current system of document management. Interested district court judges request to opt into the program, and providing certain condition are met, their court may be selected to participate. Provisions exist to preserve the randomness of case assignment, as well as the ability of an opt-in judge who receives a case assignment under the program to request reassignment of transfer based on the preexisting rules of the court.

The goal of the program is to lay out the groundwork for increased predictability and consistency in patent decisions across the United States to reduce forum shopping, as well as to lower the instances of speculative complaints, brought to harass or intimidate potential defendants. Proponents of the program have asserted that increased familiarity with these issues will increase the timeliness and quality of judicial decisions. In particular, the program increases judicial expertise in scientific and technical matters relevant to patent law, as well as proficiency in the unique requirements of patent law itself, at the district court level. Proponents have also asserted that increased familiarity with these issues will increase the timeliness and quality of judicial decisions.

As a means of measuring success, participation in the programs requires periodic reporting to Congress on the level of judicial expertise achieved and the extent to which that expertise improves court efficiency. Additional reporting requirements include a comparison of the two groups of judges (those who opt in and those who do not) in areas such as the reversal rate by the Federal Circuit on issues of claim construction and the time elapsed between filing and the start of trial or other disposition of the case. Further, it has been recommended that the pilot program adopt procedural rules that are specifically formulated to facilitate patent cases, which would also help with procedural guidance for any patent small claims proceedings.

3. A Patent Small Claims Proceeding Would Promote Intellectual Property Social Justice

The cost of enforcing legitimate patent rights or defending against baseless patent infringement litigation and/or patent misuse can be staggering. In far too many instances, patent dispute outcomes are determined by the size of a party's war chest as opposed to the merits of her position. Indeed, such systemic inequities may have been exacerbated by the passage of the America Invents Act and the shift from a first to invent to a first file patent system. A patent small claims enforcement option could serve to mitigate these deficiencies. Individual, marginalized, and small corporate inventors would be provided with a forum in which the lack of extensive monetary resources would prove less of a disadvantage. Moreover, this enhanced democratization of the patent enforcement process could provide additional incentive to marginalized inventors to participate in the patent system, giving greater assurance to such

¹⁹ *Id.*

²⁰ *Id.*

inventors that they will be able to protect and preserve any property rights they are able to obtain. A broader and more diverse participation in the patent system can only enrich the store of patented inventions to the benefit of the nation as a whole.

V. Conclusion

IIPSJ fully supports this initiative and sees great potential for fast tracking IP litigation proceedings and reducing costs for the litigants. Further, as noted by proponents of the Patent Pilot Program, increased familiarity with IP issues will increase the quality of judicial decisions.

Respectfully submitted:

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