

KNOTT DAVID M
Form SC 13G
January 17, 2006

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13G

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED
PURSUANT TO RULE 13d-2(b)**

(Amendment No. __)¹

Acacia Research Corporation

(Name of Issuer)

Common Stock \$0.001 Par Value

(Title of Class of Securities)

003881307

(CUSIP Number)

January 6, 2006

(Date of Event Which Requires Filing of this Statement)

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Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (the Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see the Notes*).

1. NAME OF REPORTING PERSONS

David M. Knott

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) ..

(b) x

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER:

NUMBER OF 1,321,626

SHARES 6. SHARED VOTING POWER:

BENEFICIALLY

OWNED BY 79,700

EACH 7. SOLE DISPOSITIVE POWER:

REPORTING

PERSON 1,407,126

WITH 8. SHARED DISPOSITIVE POWER:

10,000

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

1,417,126

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* ..

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.1%

12. TYPE OF REPORTING PERSON*

IN

* **SEE INSTRUCTIONS BEFORE FILLING OUT!**

1. NAME OF REPORTING PERSONS

Dorset Management Corporation

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

11-2873658

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5. SOLE VOTING POWER:

NUMBER OF 1,321,626

SHARES 6. SHARED VOTING POWER:

BENEFICIALLY

OWNED BY 79,700

EACH 7. SOLE DISPOSITIVE POWER:

REPORTING

PERSON 1,407,126

WITH 8. SHARED DISPOSITIVE POWER:

10,000

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

1,417,126

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

5.1%

12. TYPE OF REPORTING PERSON*

CO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

Item 1 (a) Name of Issuer:

Acacia Research Corporation

Item 1 (b) Address of Issuer's Principal Executive offices:

500 Newport Center Drive

Newport Beach, CA 92660

Item 2 (a) Name of Person(s) Filing:

David M. Knott; Dorset Management Corporation

Item 2 (b) Address of Principal Business Office or, if none, residence:

485 Underhill Boulevard, Suite 205

Syosset, New York 11791

Item 2 (c) Citizenship or Place of Organization

David M. Knott - United States of America;

Dorset Management Corporation New York

Item 2 (d) Title of Class of Securities:

Common Stock, \$0.001 Par Value

Item 2 (e) CUSIP Number:

003881307

Item 3 If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- (a) .. Broker or dealer registered under Section 15 of the Exchange Act;
- (b) .. Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c) .. Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d) .. Investment company registered under Section 8 of the Investment Company Act;
- (e) .. An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f) .. An employee benefit plan, or endowment fund in accordance with rule 13d-1(b)(1)(ii)(F);
- (g) .. A parent holding company, or control person, in accordance with Rule 13d-1(b)(1)(ii)(G);

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- (h) " A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) " A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) " Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Item 4 Ownership:

David M. Knott; Dorset Management Corporation

See Rows 5 through 9 and 11 on pages 2 and 3.

Item 5 Ownership of Five Percent or Less of a Class

N/A

Item 6 Ownership of More than Five Percent on Behalf of Another Person

Persons, other than the Reporting Persons hereunder, have the right to receive or the power to direct the receipt of dividends, or the proceeds from the sale, of securities reported herein.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company

N/A

Item 8 Identification and Classification of Members of the Group

N/A

Item 9 Notice of Dissolution of Group

N/A

Item 10 Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

January 13, 2006

Date

/s/ David M. Knott

Signature

DORSET MANAGEMENT CORPORATION

By: /s/ David M. Knott

David M. Knott, President