

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend title 35, United States Code, to invest in inventors in the United States, maintain the United States as the leading innovation economy in the world, and protect the property rights of the inventors that grow the economy of the United States, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. COONS (for himself, Mr. TILLIS, Mr. DURBIN, and Ms. HIRONO) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend title 35, United States Code, to invest in inventors in the United States, maintain the United States as the leading innovation economy in the world, and protect the property rights of the inventors that grow the economy of the United States, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Promoting and Re-  
5       specting Economically Vital American Innovation Leader-  
6       ship Act” or the “PREVAIL Act”.

1   **SEC. 2. FINDINGS.**

2       Congress finds the following:

3           (1) The patent property rights enshrined in the  
4       Constitution of the United States provide the foun-  
5       dation for the exceptional innovation environment in  
6       the United States.

7           (2) Reliable and effective patent protection en-  
8       courages United States inventors to invest their re-  
9       sources in creating new inventions.

10          (3) United States inventors have made discov-  
11       eries leading to patient cures, positive changes to the  
12       standard of living for all people in the United  
13       States, and improvements to the agricultural, tele-  
14       communications, and electronics industries, among  
15       others.

16          (4) The United States patent system is an es-  
17       sential part of the economic success of the United  
18       States.

19          (5) Reliable and effective patent protection im-  
20       proves the chances of success for individual inven-  
21       tors and small companies and increases the chances  
22       of securing investments for those inventors and com-  
23       panies.

24          (6) Intellectual property-intensive industries in  
25       the United States—

1 (A) generate tens of millions of jobs for in-  
2 dividuals in the United States; and

3 (B) account for more than  $\frac{1}{3}$  of the gross  
4 domestic product of the United States.

5 (7) The National Security Commission on Arti-  
6 ficial Intelligence has emphasized that—

7 (A) the People's Republic of China is  
8 leveraging and exploiting intellectual property  
9 as a critical tool within its national strategies  
10 for emerging technologies; and

11 (B) the United States has failed to simi-  
12 larly recognize the importance of intellectual  
13 property in securing its own national security,  
14 economic interests, and technological competi-  
15 tiveness.

16 (8) In the highly competitive global economy,  
17 the United States needs reliable and effective patent  
18 protections to safeguard national security interests  
19 and maintain its position as the most innovative  
20 country in the world.

21 (9) Congress last enacted comprehensive re-  
22 forms of the patent system in 2011.

23 (10) Unintended consequences of the com-  
24 prehensive 2011 reform of patent laws have become  
25 evident during the decade preceding the date of en-

1 actment of this Act, including the strategic filing of  
2 post-grant review proceedings to depress stock prices  
3 and extort settlements, the filing of repetitive peti-  
4 tions for inter partes and post-grant reviews that  
5 have the effect of harassing patent owners, and the  
6 unnecessary duplication of work by the district  
7 courts of the United States and the Patent Trial  
8 and Appeal Board, all of which drive down invest-  
9 ment in innovation and frustrate the purpose of  
10 those patent reform laws.

11 (11) Efforts by Congress to reform the patent  
12 system without careful scrutiny create a serious risk  
13 of making it more costly and difficult for innovators  
14 to protect their patents from infringement, there-  
15 by—

16 (A) disincentivizing United States compa-  
17 nies from innovating; and

18 (B) weakening the economy of the United  
19 States.

20 **SEC. 3. PATENT TRIAL AND APPEAL BOARD.**

21 Section 6 of title 35, United States Code, is amend-  
22 ed—

23 (1) by redesignating subsections (b), (c), and  
24 (d) as subsections (c), (d), and (e), respectively;

1           (2) by inserting after subsection (a) the fol-  
2       lowing:

3       “(b) CODE OF CONDUCT.—

4           “(1) IN GENERAL.—The Director shall pre-  
5       scribe regulations establishing a code of conduct for  
6       the members of the Patent Trial and Appeal Board.

7           “(2) CONSIDERATIONS.—In prescribing regula-  
8       tions under paragraph (1), the Director shall con-  
9       sider the Code of Conduct for United States Judges  
10      and how the provisions of that Code of Conduct may  
11      apply to the Patent Trial and Appeal Board.”;

12          (3) by striking subsection (d), as so redesign-  
13      nated, and inserting the following:

14      “(d) 3-MEMBER PANELS.—

15          “(1) IN GENERAL.—Each appeal, derivation  
16      proceeding, post-grant review, and inter partes re-  
17      view shall be heard by at least 3 members of the  
18      Patent Trial and Appeal Board, who shall be des-  
19      ignated by the Director. The Patent Trial and Ap-  
20      peal Board may grant rehearings.

21          “(2) CHANGES TO CONSTITUTION OF PANEL.—

22      After the constitution of a panel of the Patent Trial  
23      and Appeal Board under this subsection has been  
24      made public, any changes to the constitution of that  
25      panel, including changes that were made before the

1 constitution of the panel was made public, shall be  
2 noted in the record.

3 “(3) NO DIRECTION OR INFLUENCE.—An offi-  
4 cer who has supervisory authority or disciplinary au-  
5 thority with respect to an administrative patent  
6 judge of the Patent Trial and Appeal Board (or a  
7 delegate of such an officer), and who is not a mem-  
8 ber of a panel described in this subsection, shall re-  
9 frain from communications with the panel that di-  
10 rect or otherwise influence any merits decision of the  
11 panel.

12 “(4) INELIGIBILITY TO HEAR REVIEW.—A  
13 member of the Patent Trial and Appeal Board who  
14 participates in the decision to institute an inter  
15 partes review or a post-grant review of a patent shall  
16 be ineligible to hear the review.”; and

17 (4) in subsection (e), as so redesignated—

18 (A) in the first sentence—

19 (i) by striking “the date of the enact-  
20 ment of this subsection” and inserting  
21 “the date of enactment of the Promoting  
22 and Respecting Economically Vital Amer-  
23 ican Innovation Leadership Act”;

1 (ii) by striking “by the Director” and  
2 inserting “by the Director or the Sec-  
3 retary”; and

4 (iii) by inserting “or the Secretary, as  
5 applicable,” after “on which the Director”;  
6 and

7 (B) in the second sentence—

8 (i) by inserting after “by the Direc-  
9 tor” the following: “, or, before the date of  
10 enactment of the Promoting and Respect-  
11 ing Economically Vital American Innova-  
12 tion Leadership Act, having performed du-  
13 ties no longer performed by administrative  
14 patent judges,”; and

15 (ii) by striking “that the administra-  
16 tive patent judge so appointed” and insert-  
17 ing “that the applicable administrative pat-  
18 ent judge”.

19 **SEC. 4. INTER PARTES REVIEW.**

20 (a) REAL PARTIES IN INTEREST.—Section 311 of  
21 title 35, United States Code, is amended by adding at the  
22 end the following:

23 “(d) REAL PARTY IN INTEREST.—For purposes of  
24 this chapter, a person that, directly or through an affiliate,  
25 subsidiary, or proxy, makes a financial contribution to the

1 preparation for, or conduct during, an inter partes review  
2 on behalf of a petitioner shall be considered a real party  
3 in interest of that petitioner.”.

4 (b) PETITIONER CERTIFICATION AND DIRECTOR DE-  
5 TERMINATION.—Section 312(a) of title 35, United States  
6 Code, is amended—

7 (1) in paragraph (4), by striking “and” at the  
8 end;

9 (2) in paragraph (5), by striking the period at  
10 the end and inserting “; and”; and

11 (3) by adding at the end the following:

12 “(6) the petitioner certifies, and the Director  
13 determines, that the petitioner—

14 “(A) is a nonprofit organization that—

15 “(i) is exempt from taxation under  
16 section 501(a) of the Internal Revenue  
17 Code of 1986, described in section  
18 501(c)(3) of such Code, and described in  
19 section 170(b)(1)(A) of such Code, other  
20 than an organization described in section  
21 509(a)(3) of such Code;

22 “(ii) does not have any member,  
23 donor, or other funding source that is, or  
24 reasonably could be accused of, infringing



1                   1 or more claims of the challenged patent;  
2                   and

3                   “(iii) is filing the petition for the sole  
4                   purpose of ascertaining the patentability of  
5                   the challenged claims of the patent and not  
6                   to profit from or fund the operations of the  
7                   petitioner;

8                   “(B) is currently engaging in, or has a  
9                   bona fide intent to engage in, conduct within  
10                  the United States that reasonably could be ac-  
11                  cused of infringing 1 or more claims of the  
12                  challenged patent;

13                  “(C) would have standing to bring a civil  
14                  action in a court of the United States seeking  
15                  a declaratory judgment of invalidity with re-  
16                  spect to 1 or more claims of the challenged pat-  
17                  ent; or

18                  “(D) has been sued in a court of the  
19                  United States for infringement of the chal-  
20                  lenged patent.”.

21           (c) INSTITUTION DECISION REHEARING TIMING.—  
22   Section 314 of title 35, United States Code, is amended  
23   by adding at the end the following:

24           “(e) REHEARING.—Not later than 45 days after the  
25   date on which a request for rehearing from a determina-

1 tion by the Director under subsection (b) is filed, the Di-  
2 rector shall finally decide any request for reconsideration,  
3 rehearing, or review with respect to the determination, ex-  
4 cept that the Director may, for good cause shown, extend  
5 that 45-day period by not more than 30 days.”.

6 (d) ELIMINATING REPETITIVE PROCEEDINGS.—

7 (1) IN GENERAL.—Section 315 of title 35,  
8 United States Code, is amended—

9 (A) in subsection (b), by amending the sec-  
10 ond sentence to read as follows: “The time limi-  
11 tation set forth in the preceding sentence shall  
12 not bar a request for joinder under subsection  
13 (d), but shall establish a rebuttable presump-  
14 tion against joinder for the requesting person.”;

15 (B) by redesignating subsections (c), (d),  
16 and (e) as subsections (d), (e), and (f), respec-  
17 tively;

18 (C) by inserting after subsection (b) the  
19 following:

20 “(c) SINGLE FORUM.—

21 “(1) IN GENERAL.—If an inter partes review is  
22 instituted challenging the validity of a patent, the  
23 petitioner, a real party in interest, or a privy of the  
24 petitioner may not file or maintain, in a civil action  
25 arising in whole or in part under section 1338 of

1 title 28, or in a proceeding before the International  
2 Trade Commission under section 337 of the Tariff  
3 Act of 1930 (19 U.S.C. 1337), a claim, a counter-  
4 claim, or an affirmative defense challenging the va-  
5 lidity of any claim of the patent on any ground de-  
6 scribed in section 311(b).

7 “(2) CONSIDERATIONS.—In determining wheth-  
8 er to institute a proceeding under this chapter, sub-  
9 ject to the provisions of subsections (a)(1) and (g),  
10 the Director may not reject a petition requesting an  
11 inter partes review on the basis of the petitioner, a  
12 real party in interest, or a privy of the petitioner fil-  
13 ing or maintaining a claim, a counterclaim, or an af-  
14 firmative defense challenging the validity of the ap-  
15 plicable patent in any civil action arising in whole or  
16 in part under section 1338 of title 28, or in a pro-  
17 ceeding before the International Trade Commission  
18 under section 337 of the Tariff Act of 1930 (19  
19 U.S.C. 1337).”;

20 (D) by amending subsection (d), as so re-  
21 designated, to read as follows:

22 “(d) JOINDER.—

23 “(1) IN GENERAL.—If the Director institutes  
24 an inter partes review, the Director, in the discretion  
25 of the Director, may join as a party to that inter

partes review any person that properly files a request to join the inter partes review and a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

“(2) TIME-BARRED PERSON.—Pursuant to paragraph (1), the Director, in the discretion of the Director, may join as a party to an inter partes review a person that did not satisfy the time limitation under subsection (b) that rebuts the presumption against joinder, except that any such person shall not be permitted to serve as the lead petitioner and shall not be permitted to maintain the inter partes review unless a petitioner that satisfied the time limitation under subsection (b) remains in the inter partes review.”;

(E) by amending subsection (e), as so redesignated, to read as follows:

“(e) MULTIPLE PROCEEDINGS.—

“(1) IN GENERAL.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, after a petition to institute an inter partes review is filed, if an-

1       other proceeding or matter involving the patent is  
2       before the Office—

3               “(A) the parties shall notify the Director  
4       of that other proceeding or matter—

5               “(i) not later than 30 days after the  
6       date of entry of the notice of filing date ac-  
7       corded to the petition; or

8               “(ii) if the other proceeding or matter  
9       is filed after the date on which the petition  
10      to institute an inter partes review is filed,  
11      not later than 30 days after the date on  
12      which the other proceeding or matter is  
13      filed; and

14              “(B) the Director shall issue a decision de-  
15      termining the manner in which the inter partes  
16      review or other proceeding or matter may pro-  
17      ceed, including providing for stay, transfer, con-  
18      solidation, or termination of any such matter or  
19      proceeding.

20              “(2) CONSIDERATIONS.—In determining wheth-  
21      er to institute a proceeding under this chapter, the  
22      Director shall, unless the Director determines that  
23      the petitioner has demonstrated exceptional cir-  
24      cumstances, reject any petition that presents prior  
25      art or an argument that is the same or substantially

1 the same as prior art or an argument that previously  
2 was presented to the Office.”;

3 (F) by amending subsection (f), as so re-  
4 designated, to read as follows:

5 “(f) ESTOPPEL.—

6 “(1) IN GENERAL.—A petitioner that has pre-  
7 viously requested an inter partes review of a claim  
8 in a patent under this chapter, or a real party in in-  
9 terest or a privy of such a petitioner, may not re-  
10 quest or maintain another proceeding before the Of-  
11 fice with respect to that patent on any ground that  
12 the petitioner raised or reasonably could have raised  
13 in the petition requesting or during the prior inter  
14 partes review, unless—

15 “(A) after the filing of the initial petition,  
16 the petitioner, or a real party in interest or a  
17 privy of the petitioner, is charged with infringe-  
18 ment of additional claims of the patent;

19 “(B) a subsequent petition requests an  
20 inter partes review of only the additional claims  
21 of the patent that the petitioner, or a real party  
22 in interest or a privy of the petitioner, is later  
23 charged with infringing; and

24 “(C) that subsequent petition is accom-  
25 panied by a request for joinder to the prior

1 inter partes review, which overcomes the rebut-  
2 table presumption against joinder set forth in  
3 subsection (b), and which the Director shall  
4 grant if the Director authorizes an inter partes  
5 review to be instituted on the subsequent peti-  
6 tion under section 314.

7 “(2) JOINED PARTY.—Any person joined as a  
8 party to an inter partes review, and any real party  
9 in interest or any privy of such person, shall be es-  
10 topped under this subsection and subsections (c)(1)  
11 and (e)(2) to the same extent as if that person, real  
12 party in interest, or privy had been the first peti-  
13 tioner in that inter partes review.”; and

14 (G) by adding at the end the following:

15 “(g) FEDERAL COURT AND INTERNATIONAL TRADE  
16 COMMISSION VALIDITY DETERMINATIONS.—An inter  
17 partes review of a patent claim may not be instituted or  
18 maintained if, in a civil action arising in whole or in part  
19 under section 1338 of title 28, or in a proceeding before  
20 the International Trade Commission under section 337 of  
21 the Tariff Act of 1930 (19 U.S.C. 1337), in which the  
22 petitioner, a real party in interest, or a privy of the peti-  
23 tioner is a party, the court, or the International Trade  
24 Commission, as applicable, has entered a final judgment

1 that decides a challenge to the validity of the patent claim  
2 with respect to any ground described in section 311(b).”.

3 (2) TECHNICAL AND CONFORMING AMEND-  
4 MENTS.—Section 316(a) of title 35, United States  
5 Code, is amended—

6 (A) in paragraph (11), by striking “section  
7 315(c)” and inserting “section 315(d)”; and

8 (B) in paragraph (12), by striking “section  
9 315(c)” and inserting “section 315(d)”.

10 (e) CONDUCT OF INTER PARTES REVIEW.—Section  
11 316 of title 35, United States Code, is amended—

12 (1) in subsection (a)—

13 (A) by redesignating paragraphs (2)  
14 through (13) as paragraphs (3) through (14),  
15 respectively;

16 (B) by inserting after paragraph (1) the  
17 following:

18 “(2) establishing procedures for briefing and  
19 limited discovery, at the request and discretion of  
20 the Director, for assisting the Director in making a  
21 determination under section 312(a)(6);”;

22 (C) by amending paragraph (6), as so re-  
23 designated, to read as follows:



1 “(6) setting forth standards and procedures for  
2 discovery of relevant evidence, including that such  
3 discovery shall be limited to—

4 “(A) the deposition of witnesses submitting  
5 affidavits or declarations;

6 “(B) evidence identifying the real parties  
7 in interest of the petitioner; and

8 “(C) what is otherwise necessary in the in-  
9 terest of justice;”;

10 (D) by amending paragraph (10), as so re-  
11 designated, to read as follows:

12 “(10) setting forth standards and procedures  
13 for—

14 “(A) allowing the patent owner to move to  
15 amend the patent under subsection (d) to can-  
16 cel a challenged claim or propose a reasonable  
17 number of substitute claims;

18 “(B) allowing the Patent Trial and Appeal  
19 Board to provide guidance on substitute claims  
20 proposed by the patent owner;

21 “(C) allowing the patent owner to further  
22 revise proposed substitute claims after the  
23 issuance of guidance described in subparagraph  
24 (B); and

1           “(D) ensuring that any information sub-  
2           mitted by the patent owner in support of any  
3           amendment entered under subsection (d), and  
4           any guidance issued by the Patent Trial and  
5           Appeal Board, is made available to the public  
6           as part of the prosecution history of the pat-  
7           ent;”;

8           (E) in paragraph (13), as so redesignated,  
9           by striking “and” at the end;

10          (F) in paragraph (14), as so redesignated,  
11          by striking the period at the end and inserting  
12          “; and”; and

13          (G) by adding at the end the following:

14          “(15) setting forth the standards for dem-  
15          onstrating exceptional circumstances under sections  
16          303(e)(1) and 315(e)(2).”;

17          (2) by amending subsection (e) to read as fol-  
18          lows:

19          “(e) EVIDENTIARY STANDARDS.—

20          “(1) PRESUMPTION OF VALIDITY.—The pre-  
21          sumption of validity under section 282(a) shall apply  
22          to previously issued claims of a patent that is chal-  
23          lenged in an inter partes review under this chapter.

24          “(2) BURDEN OF PROOF.—In an inter partes  
25          review under this chapter—

1           “(A) the petitioner shall have the burden  
2           of proving a proposition of unpatentability of a  
3           previously issued claim of a patent by clear and  
4           convincing evidence; and

5           “(B) the petitioner shall have the burden  
6           of persuasion, by a preponderance of the evi-  
7           dence, with respect to a proposition of  
8           unpatentability for any substitute claim pro-  
9           posed by the patent owner.”; and

10          (3) by adding at the end the following:

11          “(f) CLAIM CONSTRUCTION.—For the purposes of  
12 this chapter—

13           “(1) each challenged claim of a patent, and  
14           each substitute claim proposed in a motion to  
15           amend, shall be construed as the claim would be  
16           construed under section 282(b) in an action to inval-  
17           idate a patent, including by construing each such  
18           claim in accordance with—

19           “(A) the ordinary and customary meaning  
20           of the claim as understood by a person having  
21           ordinary skill in the art to which the claimed  
22           invention pertains; and

23           “(B) the prosecution history pertaining to  
24           the patent; and

1           “(2) if a court has previously construed a chal-  
2           lenged claim of a patent or a challenged claim term  
3           in a civil action to which the patent owner was a  
4           party, the Office shall consider that claim construc-  
5           tion.”.

6           (f) SETTLEMENT.—Section 317(a) of title 35, United  
7           States Code, is amended by striking the second sentence.

8           (g) TIMING TO ISSUE TRIAL CERTIFICATE AND DE-  
9           CISIONS ON REHEARING.—Section 318 of title 35, United  
10          States Code, is amended—

11           (1) in subsection (b), by inserting “, not later  
12          than 60 days after the date on which the parties to  
13          the inter partes review have informed the Director  
14          that the time for appeal has expired or any appeal  
15          has terminated,” after “the Director shall”; and

16           (2) by adding at the end the following:

17          “(e) REHEARING.—Not later than 90 days after the  
18          date on which a request for rehearing of a final written  
19          decision issued by the Patent and Trial Appeal Board  
20          under subsection (a) is filed, the Board or the Director  
21          shall finally decide any request for reconsideration, rehear-  
22          ing, or review that is submitted with respect to the deci-  
23          sion, except that the Director may, for good cause shown,  
24          extend that 90-day period by not more than 60 days.

25          “(f) REVIEW BY DIRECTOR.—

“(1) IN GENERAL.—The Director may grant re-hearing, reconsideration, or review of a decision by the Patent Trial and Appeal Board issued under this chapter.

“(2) REQUIREMENTS.—Any reconsideration, re-  
hearing, or review by the Director, as described in  
paragraph (1), shall be issued in a separate written  
opinion that—

9 “(A) is made part of the public record; and

“(B) sets forth the reasons for the reconsideration, rehearing, or review of the applicable decision by the Patent Trial and Appeal Board.

“(g) RULE OF CONSTRUCTION.—For the purposes of an appeal permitted under section 141, any decision on rehearing, reconsideration, or review of a final written decision of the Patent Trial and Appeal Board under subsection (a) of this section that is issued by the Director shall be deemed to be a final written decision of the Patent Trial and Appeal Board.”.

(h) TIMING TO ISSUE DECISIONS ON REMAND.—Section 319 of title 35, United States Code, is amended—

22 (1) by striking “A party” and inserting the fol-  
23 lowing:

24 “(a) IN GENERAL.—A party”; and

25 (2) by adding at the end the following:

1       “(b) TIMING ON REMAND AFTER APPEAL.—Not  
2 later than 120 days after the date on which a mandate  
3 issues from the court remanding to the Patent Trial and  
4 Appeal Board after an appeal under subsection (a), the  
5 Board or the Director shall finally decide any issue on re-  
6 mand, except that the Director may, for good cause  
7 shown, extend that 120-day period by not more than 60  
8 days.”.

9   **SEC. 5. POST-GRANT REVIEW.**

10       (a) REAL PARTIES IN INTEREST.—Section 321 of  
11 title 35, United States Code, is amended by adding at the  
12 end the following:

13       “(d) REAL PARTY IN INTEREST.—For purposes of  
14 this chapter, a person that, directly or through an affiliate,  
15 subsidiary, or proxy, makes a financial contribution to the  
16 preparation for, or conduct during, a post-grant review on  
17 behalf of a petitioner shall be considered a real party in  
18 interest of that petitioner.”.

19       (b) TIMING TO ISSUE DECISIONS ON REHEARING.—  
20 Section 324 of title 35, United States Code, is amended  
21 by adding at the end the following:

22       “(f) REHEARING.—Not later than 45 days after the  
23 date on which a request for rehearing from a determina-  
24 tion by the Director under subsection (c) is filed, the Di-  
25 rector shall finally decide any request for reconsideration,

1 rehearing, or review with respect to the determination, ex-  
2 cept that the Director may, for good cause shown, extend  
3 that 45-day period by not more than 30 days.”.

4 (c) ELIMINATING REPETITIVE PROCEEDINGS.—Sec-  
5 tion 325 of title 35, United States Code, is amended—

6 (1) by redesignating subsections (c) through (f)  
7 as subsections (d) through (g), respectively;

8 (2) by inserting after subsection (b) the fol-  
9 lowing:

10 “(c) SINGLE FORUM.—

11 “(1) IN GENERAL.—If a post-grant review is in-  
12 stituted challenging the validity of a patent, the peti-  
13 tioner, a real party in interest, or a privy of the peti-  
14 tioner may not file or maintain, in a civil action aris-  
15 ing in whole or in part under section 1338 of title  
16 28, or in a proceeding before the International  
17 Trade Commission under section 337 of the Tariff  
18 Act of 1930 (19 U.S.C. 1337), a claim, a counter-  
19 claim, or an affirmative defense challenging the va-  
20 lidity of any claim of the patent.

21 “(2) CONSIDERATIONS.—In determining wheth-  
22 er to institute a proceeding under this chapter, sub-  
23 ject to the provisions of subsections (a)(1) and (h),  
24 the Director may not reject a petition requesting a  
25 post-grant review on the basis of the petitioner, a

1 real party in interest, or a privy of the petitioner fil-  
2 ing or maintaining a claim, a counterclaim, or an af-  
3 firmative defense challenging the validity of the pat-  
4 ent in any civil action arising in whole or in part  
5 under section 1338 of title 28, or in a proceeding be-  
6 fore the International Trade Commission under sec-  
7 tion 337 of the Tariff Act of 1930 (19 U.S.C.  
8 1337).”;

9 (3) by amending subsection (e), as so redesign-  
10 nated, to read as follows:

11 “(e) MULTIPLE PROCEEDINGS.—

12 “(1) IN GENERAL.—Notwithstanding sections  
13 135(a), 251, and 252, and chapter 30, after a peti-  
14 tion to institute a post-grant review is filed, if an-  
15 other proceeding or matter involving the patent is  
16 before the Office—

17 “(A) the parties shall notify the Director  
18 of that other proceeding or matter—

19 “(i) not later than 30 days after the  
20 date of entry of the notice of filing date ac-  
21 corded to the petition; or

22 “(ii) if the other proceeding or matter  
23 is filed after the date on which the petition  
24 to institute an inter partes review is filed,  
25 not later than 30 days after the date on



1                   which the other proceeding or matter is  
2                   filed; and

3                   “(B) the Director shall issue a decision de-  
4                   termining the manner in which the post-grant  
5                   review or other proceeding or matter may pro-  
6                   ceed, including providing for stay, transfer, con-  
7                   solidation, or termination of any such matter or  
8                   proceeding.

9                   “(2) CONSIDERATIONS.—In determining wheth-  
10                  er to institute a proceeding under this chapter, the  
11                  Director shall, unless the Director determines that  
12                  the petitioner has demonstrated exceptional cir-  
13                  cumstances, reject any petition that presents prior  
14                  art or an argument that is the same or substantially  
15                  the same as prior art or an argument that previously  
16                  was presented to the Office.”;

17                  (4) by amending subsection (f), as so redesign-  
18                  nated, to read as follows:

19                  “(f) ESTOPPEL.—

20                  “(1) IN GENERAL.—A petitioner that has pre-  
21                  viously requested a post-grant review of a claim in  
22                  a patent under this chapter, or a real party in inter-  
23                  est or a privy of a petitioner, may not request or  
24                  maintain another proceeding before the Office with  
25                  respect to that patent on any ground that the peti-

1        tioner raised or reasonably could have raised in the  
2        petition requesting or during the prior post-grant re-  
3        view, unless—

4                “(A) after the filing of the initial petition,  
5        the petitioner, or a real party in interest or a  
6        privy of the petitioner, is charged with infringe-  
7        ment of additional claims of the patent;

8                “(B) a subsequent petition requests an  
9        inter partes review of only the additional claims  
10       of the patent that the petitioner, or a real party  
11       in interest or a privy of the petitioner, is later  
12       charged with infringing; and

13               “(C) that subsequent petition is accom-  
14       panied by a request for joinder to the prior  
15       post-grant review, which the Director shall  
16       grant if the Director authorizes a post-grant re-  
17       view to be instituted on the subsequent petition  
18       under section 324.

19               “(2) JOINED PARTY.—Any person joined as a  
20       party to a post-grant review, and any real party in  
21       interest or any privy of such person, shall be es-  
22       topped under this subsection and subsections (c)(1)  
23       and (e)(2) to the same extent as if that person, real  
24       party in interest, or privy had been the first peti-  
25       tioner in that post-grant review.”; and

1 (5) by adding at the end the following:

2 “(h) FEDERAL COURT AND INTERNATIONAL TRADE  
3 COMMISSION VALIDITY DETERMINATIONS.—A post-grant  
4 review of a patent claim may not be instituted or main-  
5 tained if, in a civil action arising in whole or in part under  
6 section 1338 of title 28, or in a proceeding before the  
7 International Trade Commission under section 337 of the  
8 Tariff Act of 1930 (19 U.S.C. 1337), in which the peti-  
9 tioner, a real party in interest, or a privy of the petitioner  
10 is a party, the court, or the International Trade Commis-  
11 sion, as applicable, has entered a final judgment that de-  
12 cides a challenge to the validity of the patent claim.”.

13 (d) CONDUCT OF POST-GRANT REVIEW.—Section  
14 326 of title 35, United States Code, is amended—

15 (1) in subsection (a)—

16 (A) by amending paragraph (5) to read as  
17 follows:

18 “(5) setting forth standards and procedures for  
19 discovery of relevant evidence, including that such  
20 discovery shall be limited to—

21 “(A) the deposition of witnesses submitting  
22 affidavits or declarations;

23 “(B) evidence identifying the real parties  
24 in interest of the petitioner; and

1 “(C) what is otherwise necessary in the in-  
2 terest of justice;”;

3 (B) by amending paragraph (9) to read as  
4 follows:

5 “(9) setting forth standards and procedures  
6 for—

7 “(A) allowing the patent owner to move to  
8 amend the patent under subsection (d) to can-  
9 cel a challenged claim or propose a reasonable  
10 number of substitute claims;

11 “(B) allowing the Patent Trial and Appeal  
12 Board to provide guidance on substitute claims  
13 proposed by the patent owner;

14 “(C) allowing the patent owner to further  
15 revise proposed substitute claims after the  
16 issuance of guidance described in subparagraph  
17 (B); and

18 “(D) ensuring that any information sub-  
19 mitted by the patent owner in support of any  
20 amendment entered under subsection (d), and  
21 any guidance issued by the Patent Trial and  
22 Appeal Board, is made available to the public  
23 as part of the prosecution history of the pat-  
24 ent;”;

25 (C) in paragraph (11)—

1 (i) by striking “section 325(c)” and  
2 inserting “section 325(d)”; and

3 (ii) by striking “and” at the end;

4 (D) in paragraph (12), by striking the pe-  
5 riod at the end and inserting “; and”; and

6 (E) by adding at the end the following:

7 “(13) setting forth the standards for dem-  
8 onstrating exceptional circumstances under section  
9 325(e)(2).”;

10 (2) by amending subsection (e) to read as fol-  
11 lows:

12 “(e) EVIDENTIARY STANDARDS.—

13 “(1) PRESUMPTION OF VALIDITY.—The pre-  
14 sumption of validity under section 282(a) shall apply  
15 to previously issued claims of a patent that is chal-  
16 lenged in a post-grant review under this chapter.

17 “(2) BURDEN OF PROOF.—In a post-grant re-  
18 view under this chapter—

19 “(A) the petitioner shall have the burden  
20 of proving a proposition of unpatentability of a  
21 previously issued claim of a patent by clear and  
22 convincing evidence; and

23 “(B) the petitioner shall have the burden  
24 of persuasion, by a preponderance of the evi-  
25 dence, with respect to a proposition of

1           unpatentability for any substitute claim pro-  
2           posed by the patent owner.”; and

3           (3) by adding at the end the following:

4           “(f) CLAIM CONSTRUCTION.—For the purposes of  
5 this chapter—

6           “(1) each challenged claim of a patent, and  
7           each substitute claim proposed in a motion to  
8           amend, shall be construed as the claim would be  
9           construed under section 282(b) in an action to inval-  
10          idate a patent, including by construing each such  
11          claim in accordance with—

12           “(A) the ordinary and customary meaning  
13           of the claim as understood by a person having  
14           ordinary skill in the art to which the claimed  
15           invention pertains; and

16           “(B) the prosecution history pertaining to  
17           the patent; and

18           “(2) if a court has previously construed a chal-  
19          lenged claim of a patent or a challenged claim term  
20          in a civil action to which the patent owner was a  
21          party, the Office shall consider that claim construc-  
22          tion.”.

23          (e) SETTLEMENT.—Section 327(a) of title 35, United  
24 States Code, is amended by striking the second sentence.

1 (f) TIMING TO ISSUE TRIAL CERTIFICATES AND DE-  
2 CISIONS ON REHEARING.—Section 328 of title 35, United  
3 States Code, is amended—

4 (1) in subsection (b), by inserting “, not later  
5 than 60 days after the date on which the parties to  
6 the post-grant review have informed the Director  
7 that the time for appeal has expired or any appeal  
8 has terminated,” after “the Director shall”; and

9 (2) by adding at the end the following:

10 “(e) REHEARING.—Not later than 90 days after the  
11 date on which a request for rehearing of a final written  
12 decision issued by the Patent and Trial Appeal Board  
13 under subsection (a) is filed, the Board or the Director  
14 shall finally decide any request for reconsideration, rehear-  
15 ing, or review that is submitted with respect to the deci-  
16 sion, except that the Director may, for good cause shown,  
17 extend that 90-day period by not more than 60 days.

18 “(f) REVIEW BY DIRECTOR.—

19 “(1) IN GENERAL.—The Director may grant re-  
20 hearing, reconsideration, or review of a decision by  
21 the Patent Trial and Appeal Board issued under this  
22 chapter.

23 “(2) REQUIREMENTS.—Any reconsideration, re-  
24 hearing, or review by the Director, as described in

1 paragraph (1), shall be issued in a separate written  
2 opinion that—

3 “(A) is made part of the public record; and

4 “(B) sets forth the reasons for the recon-  
5 sideration, rehearing, or review of the applicable  
6 decision by the Patent Trial and Appeal Board.

7 “(g) RULE OF CONSTRUCTION.—For the purposes of  
8 an appeal permitted under section 141, any decision on  
9 rehearing, reconsideration, or review of a final written de-  
10 cision of the Patent Trial and Appeal Board under sub-  
11 section (a) of this section that is issued by the Director  
12 shall be deemed to be a final written decision of the Patent  
13 Trial and Appeal Board.”.

14 (g) TIMING TO ISSUE DECISIONS ON REMAND.—Sec-  
15 tion 329 of title 35, United States Code, is amended—

16 (1) by striking “A party” and inserting the fol-  
17 lowing:

18 “(a) IN GENERAL.—A party”; and

19 (2) by adding at the end the following:

20 “(b) TIMING ON REMAND AFTER APPEAL.—Not  
21 later than 120 days after the date on which a mandate  
22 issues from the court remanding to the Patent Trial and  
23 Appeal Board after an appeal under subsection (a), the  
24 Board or the Director shall finally decide any issue on re-  
25 mand, except that the Director may, for good cause



1 shown, extend that 120-day period by not more than 60  
2 days.”.

3 **SEC. 6. REEXAMINATION OF PATENTS.**

4 (a) REQUEST FOR REEXAMINATION.—Section 302 of  
5 title 35, United States Code, is amended by inserting after  
6 the second sentence the following: “The request must  
7 identify all real parties in interest and certify that reexam-  
8 ination is not barred under section 303(d).”.

9 (b) REEXAMINATION BARRED.—Section 303 of title  
10 35, United States Code, is amended—

11 (1) in subsection (a), by striking the third sen-  
12 tence; and

13 (2) by adding at the end the following:

14 “(d) An ex parte reexamination may not be ordered  
15 if the request for reexamination is filed more than 1 year  
16 after the date on which the requester or a real party in  
17 interest or a privy of the requester is served with a com-  
18 plaint alleging infringement of the patent. For purposes  
19 of this chapter, a person that directly or through an affil-  
20 iate, subsidiary, or proxy makes a financial contribution  
21 to the preparation for, or conduct during, an ex parte re-  
22 examination on behalf of a requester shall be considered  
23 a real party in interest of the requester.

24 “(e) In determining whether to order an ex parte re-  
25 examination, the Director—

1           “(1) shall, unless the Director determines that  
2           the requestor has demonstrated exceptional cir-  
3           cumstances, reject any request that presents prior  
4           art or an argument that is the same or substantially  
5           the same as prior art or an argument that previously  
6           was presented to the Office; and

7           “(2) may reject any request that the Director  
8           determines has used a prior Office decision as a  
9           guide to correct or bolster a previous deficient re-  
10          quest filed under this chapter or a previous deficient  
11          petition filed under chapter 31 or 32.”.

12          (c) REEXAMINATION ORDER BY DIRECTOR.—Section  
13          304 of title 35, United States Code, is amended, in the  
14          first sentence, by inserting after “resolution of the ques-  
15          tion” the following: “, unless the Director determines that  
16          the request for reexamination should be rejected under  
17          subsection (d) or (e) of section 303, in which case the Di-  
18          rector shall issue an order denying reexamination”.

19          **SEC. 7. ELIMINATION OF USPTO FEE DIVERSION.**

20          (a) FUNDING.—Section 42 of title 35, United States  
21          Code, is amended—

22                 (1) in subsection (a), by striking “All fees” and  
23                 inserting the following:

24                 “(a) FEES FOR SERVICE BY PTO.—All fees”;

25                 (2) in subsection (b)—

1 (A) by striking “All fees paid to the Direc-  
2 tor and all appropriations” and inserting the  
3 following:

4 “(b) INNOVATION PROMOTION FUND.—All fees paid  
5 to the Director”; and

6 (B) by striking “Patent and Trademark  
7 Office Appropriation Account” and inserting  
8 “United States Patent and Trademark Office  
9 Innovation Promotion Fund”;

10 (3) by striking subsection (c) and inserting the  
11 following:

12 “(c) COLLECTION OF FUNDS FOR PTO ACTIVI-  
13 TIES.—

14 “(1) IN GENERAL.—Fees authorized in this  
15 title or any other Act to be charged or established  
16 by the Director shall be collected by the Director  
17 and shall be available to the Director until expended  
18 to carry out the activities of the Patent and Trade-  
19 mark Office.

20 “(2) USE OF FEES.—

21 “(A) PATENT FEES.—Any fees that are  
22 collected under this title, and any surcharges on  
23 such fees, may only be used for expenses of the  
24 Office relating to the processing of patent appli-  
25 cations and for other activities, services, and

1 materials relating to patents and to cover a pro-  
2 portionate share of the administrative costs of  
3 the Office.

4 “(B) TRADEMARK FEES.—Any fees that  
5 are collected under section 31 of the Trademark  
6 Act of 1946 (as defined in subsection (d)(1))  
7 (15 U.S.C. 1113), and any surcharges on such  
8 fees, may only be used for expenses of the Of-  
9 fice relating to the processing of trademark reg-  
10 istrations and for other activities, services, and  
11 materials relating to trademarks and to cover a  
12 proportionate share of the administrative costs  
13 of the Office.”;

14 (4) by redesignating subsections (d) and (e) as  
15 subsections (e) and (f), respectively;

16 (5) by inserting after subsection (c) the fol-  
17 lowing:

18 “(d) REVOLVING FUND.—

19 “(1) DEFINITIONS.—In this subsection—

20 “(A) the term ‘Fund’ means the United  
21 States Patent and Trademark Office Innovation  
22 Promotion Fund established under paragraph  
23 (2); and

24 “(B) the term ‘Trademark Act of 1946’  
25 means the Act entitled ‘An Act to provide for

1 the registration and protection of trademarks  
2 used in commerce, to carry out the provisions  
3 of certain international conventions, and for  
4 other purposes’, approved July 5, 1946 (15  
5 U.S.C. 1051 et seq.) (commonly referred to as  
6 the ‘Trademark Act of 1946’ or the ‘Lanham  
7 Act’).

8 “(2) ESTABLISHMENT.—There is established in  
9 the Treasury a revolving fund to be known as the  
10 ‘United States Patent and Trademark Office Inno-  
11 vation Promotion Fund’.

12 “(3) DERIVATION OF RESOURCES.—There shall  
13 be deposited into the Fund any fees collected  
14 under—

15 “(A) this title; or

16 “(B) the Trademark Act of 1946.

17 “(4) EXPENSES.—Amounts deposited into the  
18 Fund under paragraph (3) shall be available, with-  
19 out fiscal year limitation, to cover—

20 “(A) to the extent consistent with the limi-  
21 tation on the use of fees under subsection (c),  
22 all expenses, including all administrative and  
23 operating expenses, determined by the Director  
24 to be ordinary and reasonable, incurred by the  
25 Director for the continued operation of all serv-

1           ices, programs, activities, and duties of the Of-  
2           fice relating to patents and trademarks, as such  
3           services, programs, activities, and duties are de-  
4           scribed under—

5                       “(i) this title; and

6                       “(ii) the Trademark Act of 1946; and

7                       “(B) all expenses incurred pursuant to any  
8           obligation, representation, or other commitment  
9           of the Office.”;

10           (6) in subsection (e), as so redesignated, by  
11       striking “The Director” and inserting the following:

12       “(e) REFUNDS.—The Director”; and

13           (7) in subsection (f), as so redesignated, by  
14       striking “The Secretary” and inserting the fol-  
15       lowing:

16       “(f) REPORT.—The Secretary”.

17       (b) EFFECTIVE DATE; TRANSFER FROM AND TERMI-  
18       NATION OF OBSOLETE FUNDS.—

19           (1) EFFECTIVE DATE.—The amendments made  
20       by subsection (a) shall take effect on the first day  
21       of the first fiscal year that begins on or after the  
22       date of enactment of this Act.

23           (2) REMAINING BALANCES.—On the effective  
24       date described in paragraph (1), there shall be de-  
25       posited in the United States Patent and Trademark

1 Office Innovation Promotion Fund established under  
2 section 42(d)(2) of title 35, United States Code (as  
3 added by subsection (a)), any available unobligated  
4 balances remaining in the Patent and Trademark  
5 Office Appropriation Account, and in the Patent and  
6 Trademark Fee Reserve Fund established under sec-  
7 tion 42(c)(2) of title 35, United States Code, as in  
8 effect on the day before that effective date.

9 (3) TERMINATION OF RESERVE FUND.—Upon  
10 the payment of all obligated amounts in the Patent  
11 and Trademark Fee Reserve Fund under paragraph  
12 (2), the Patent and Trademark Fee Reserve Fund  
13 shall be terminated.

14 **SEC. 8. INSTITUTIONS OF HIGHER EDUCATION.**

15 Section 123(d) of title 35, United States Code, is  
16 amended to read as follows:

17 “(d) INSTITUTIONS OF HIGHER EDUCATION.—

18 “(1) DEFINITION.—In this subsection, the term  
19 ‘institution of higher education’ has the meaning  
20 given the term in section 101(a) of the Higher Edu-  
21 cation Act of 1965 (20 U.S.C. 1001(a)).

22 “(2) INCLUSIONS.—For purposes of this sec-  
23 tion, a micro entity shall include an applicant who  
24 certifies that—

1           “(A) the applicant’s employer, from which  
2           the applicant obtains the majority of the appli-  
3           cant’s income, is an institution of higher edu-  
4           cation;

5           “(B) the applicant has assigned, granted,  
6           conveyed, or is under an obligation by contract  
7           or law to assign, grant, or convey, a license or  
8           other ownership interest in the particular appli-  
9           cations to an institution of higher education;

10          “(C) the applicant is an institution of  
11          higher education; or

12          “(D) the applicant is an organization de-  
13          scribed in section 501(c)(3) of the Internal Rev-  
14          enue Code of 1986 and exempt from taxation  
15          under section 501(a) of such Code that holds  
16          title to patents and patent applications on be-  
17          half of an institution of higher education for the  
18          purpose of facilitating commercialization of the  
19          technologies of the patents and patent applica-  
20          tions.”.

21   **SEC. 9. ASSISTING SMALL BUSINESSES IN THE UNITED**  
22           **STATES PATENT SYSTEM.**

23          (a) DEFINITION.—In this section, the term “small  
24          business concern” has the meaning given the term in sec-  
25          tion 3 of the Small Business Act (15 U.S.C. 632).



1 (b) SMALL BUSINESS ADMINISTRATION REPORT.—

2 Not later than 1 year after the date of the enactment of  
3 this Act, the Administrator of the Small Business Admin-  
4 istration, using existing resources, shall submit to the  
5 Committee on Small Business and Entrepreneurship of  
6 the Senate and the Committee on Small Business of the  
7 House of Representatives a report analyzing the impact  
8 of—

9 (1) patent ownership by small business con-  
10 cerns; and

11 (2) civil actions against small business concerns  
12 arising under title 35, United States Code, relating  
13 to patent infringement.

14 (c) FREE ONLINE AVAILABILITY OF PUBLIC SEARCH  
15 FACILITY MATERIALS.—Section 41(i) of title 35, United  
16 States Code, is amended by adding at the end the fol-  
17 lowing:

18 “(5) FREE ONLINE AVAILABILITY OF PUBLIC  
19 SEARCH FACILITY MATERIALS.—The Director shall  
20 make available online and at no charge all patent  
21 and trademark information that is available at the  
22 Public Search Facility of the Office located in Alex-  
23 andria, Virginia, including, except to the extent that  
24 licenses with third-party contractors would make  
25 such provision financially unviable—

- 1 “(A) search tools and databases;
- 2 “(B) informational materials; and
- 3 “(C) training classes and materials.”.