

118TH CONGRESS  
1ST SESSION

# H. R. 4370

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 HOUSE OF REPRESENTATIVES

JUNE 27, 2023

Mr. BUCK (for himself and Ms. ROSS) introduced the following bill; which was referred to the Committee on the Judiciary

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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          ated, 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 “this subsection” and  
20 inserting “the date of enactment of the  
21 Promoting and Respecting Economically  
22 Vital American Innovation Leadership  
23 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) **STANDING AND REAL PARTIES IN INTEREST.**—

21 Section 311 of title 35, United States Code, is amended  
22 by adding at the end the following:

23 “(d) **PERSONS THAT MAY PETITION.**—

24 “(1) **DEFINITION.**—In this subsection, the term  
25 ‘charged with infringement’ means a real and sub-

1       stantial controversy regarding infringement of a pat-  
2       ent exists such that the person would have standing  
3       to bring a declaratory judgment action in Federal  
4       court.

5               “(2) NECESSARY CONDITIONS.—A person may  
6       not file with the Office a petition to institute an  
7       inter partes review of a patent unless the person, or  
8       a real party in interest or a privy of the person, has  
9       been—

10                       “(A) sued for infringement of the patent;

11                       or

12                       “(B) charged with infringement of the pat-  
13       ent.

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

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

23               “(e) REHEARING.—Not later than 45 days after the  
24       date on which a request for rehearing from a determina-  
25       tion by the Director under subsection (b) is filed, the Di-



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

5 (c) ELIMINATING REPETITIVE PROCEEDINGS.—

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

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

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

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

19 “(c) SINGLE FORUM.—

20 “(1) IN GENERAL.—If an inter partes review is  
21 instituted challenging the validity of a patent, the  
22 petitioner, a real party in interest, or a privy of the  
23 petitioner may not file or maintain, in a civil action  
24 arising in whole or in part under section 1338 of  
25 title 28, or in a proceeding before the International

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

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

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

21 “(d) JOINDER.—

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

1 quest to join the inter partes review and a petition  
2 under section 311 that the Director, after receiving  
3 a preliminary response under section 313 or the ex-  
4 piration of the time for filing such a response, deter-  
5 mines warrants the institution of an inter partes re-  
6 view under section 314.

7 “(2) TIME-BARRED PERSON.—Pursuant to  
8 paragraph (1), the Director, in the discretion of the  
9 Director, may join as a party to an inter partes re-  
10 view a person that did not satisfy the time limitation  
11 under subsection (b) that rebuts the presumption  
12 against joinder, except that any such person shall  
13 not be permitted to serve as the lead petitioner and  
14 shall not be permitted to maintain the inter partes  
15 review unless a petitioner that satisfied the time lim-  
16 itation under subsection (b) remains in the inter  
17 partes review.”;

18 (E) by amending subsection (e), as so re-

19 designated, to read as follows:

20 “(e) MULTIPLE PROCEEDINGS.—

21 “(1) IN GENERAL.—Notwithstanding sections  
22 135(a), 251, and 252, and chapter 30, after a peti-  
23 tion to institute an inter partes review is filed, if an-  
24 other proceeding or matter involving the patent is  
25 before the Office—

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

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

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

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

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

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

3 “(f) ESTOPPEL.—

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

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

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

22 “(C) that subsequent petition is accom-  
23 panied by a request for joinder to the prior  
24 inter partes review, which overcomes the rebut-  
25 table presumption against joinder set forth in

1 subsection (b), and which the Director shall  
2 grant if the Director authorizes an inter partes  
3 review to be instituted on the subsequent peti-  
4 tion under section 314.

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

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

13 “(g) FEDERAL COURT AND INTERNATIONAL TRADE  
14 COMMISSION VALIDITY DETERMINATIONS.—An inter  
15 partes review of a patent claim may not be instituted or  
16 maintained if, in a civil action arising in whole or in part  
17 under section 1338 of title 28, or in a proceeding before  
18 the International Trade Commission under section 337 of  
19 the Tariff Act of 1930 (19 U.S.C. 1337), in which the  
20 petitioner, a real party in interest, or a privy of the peti-  
21 tioner is a party, the court, or the International Trade  
22 Commission, as applicable, has entered a final judgment  
23 that decides a challenge to the validity of the patent claim  
24 with respect to any ground described in section 311(b).”.

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

4                   (A) in paragraph (11), by striking “section  
5                   315(c)” and inserting “section 315(d)”; and

6                   (B) in paragraph (12), by striking “section  
7                   315(c)” and inserting “section 315(d)”.

8           (d) CONDUCT OF INTER PARTES REVIEW.—Section  
9           316 of title 35, United States Code, is amended—

10                   (1) in subsection (a)—

11                           (A) by amending paragraph (5) to read as  
12                           follows:

13                                   “(5) setting forth standards and procedures for  
14                           discovery of relevant evidence, including that such  
15                           discovery shall be limited to—

16   “(A) the deposition of witnesses submitting  
17   affidavits or declarations;

18   “(B) evidence identifying the real parties  
19   in interest of the petitioner; and

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

22                           (B) by amending paragraph (9) to read as  
23                           follows:

24                                   “(9) setting forth standards and procedures  
25                           for—

1           “(A) allowing the patent owner to move to  
2 amend the patent under subsection (d) to can-  
3 cel a challenged claim or propose a reasonable  
4 number of substitute claims;

5           “(B) allowing the Patent Trial and Appeal  
6 Board to provide guidance on substitute claims  
7 proposed by the patent owner;

8           “(C) allowing the patent owner to further  
9 revise proposed substitute claims after the  
10 issuance of guidance described in subparagraph  
11 (B); and

12           “(D) ensuring that any information sub-  
13 mitted by the patent owner in support of any  
14 amendment entered under subsection (d), and  
15 any guidance issued by the Patent Trial and  
16 Appeal Board, is made available to the public  
17 as part of the prosecution history of the pat-  
18 ent;”;

19           (C) in paragraph (12), by striking “and”  
20 at the end;

21           (D) in paragraph (13), by striking the pe-  
22 riod at the end and inserting “; and”; and

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



1 “(14) setting forth the standards for dem-  
2 onstrating exceptional circumstances under sections  
3 303(e)(1) and 315(e)(2).”;

4 (2) by amending subsection (e) to read as fol-  
5 lows:

6 “(e) EVIDENTIARY STANDARDS.—

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

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

13 “(A) the petitioner shall have the burden  
14 of proving a proposition of unpatentability of a  
15 previously issued claim of a patent by clear and  
16 convincing evidence; and

17 “(B) the petitioner shall have the burden  
18 of persuasion, by a preponderance of the evi-  
19 dence, with respect to a proposition of  
20 unpatentability for any substitute claim pro-  
21 posed by the patent owner.”; and

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

23 “(f) CLAIM CONSTRUCTION.—For the purposes of  
24 this chapter—

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

7           “(A) the ordinary and customary meaning  
8 of the claim as understood by a person having  
9 ordinary skill in the art to which the claimed  
10 invention pertains; and

11           “(B) the prosecution history pertaining to  
12 the patent; and

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

18           (e) SETTLEMENT.—Section 317(a) of title 35, United  
19 States Code, is amended by striking the second sentence.

20           (f) TIMING TO ISSUE TRIAL CERTIFICATE AND DE-  
21 CISIONS ON REHEARING.—Section 318 of title 35, United  
22 States Code, is amended—

23           (1) in subsection (b), by inserting “, not later  
24 than 60 days after the date on which the parties to  
25 the inter partes review have informed the Director

1 that the time for appeal has expired or any appeal  
2 has terminated,” after “the Director shall”; and

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

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

12 “(f) REVIEW BY DIRECTOR.—

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

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

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

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

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

8       (g) TIMING TO ISSUE DECISIONS ON REMAND.—Sec-  
9 tion 319 of title 35, United States Code, is amended—

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

12           “(a) IN GENERAL.—A party”; and

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

14           “(b) TIMING ON REMAND AFTER APPEAL.—Not  
15 later than 120 days after the date on which a mandate  
16 issues from the court remanding to the Patent Trial and  
17 Appeal Board after an appeal under subsection (a), the  
18 Board or the Director shall finally decide any issue on re-  
19 mand, except that the Director may, for good cause  
20 shown, extend that 120-day period by not more than 60  
21 days.”.

22 **SEC. 5. POST-GRANT REVIEW.**

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

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

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

10       “(f) REHEARING.—Not later than 45 days after the  
11 date on which a request for rehearing from a determina-  
12 tion by the Director under subsection (c) is filed, the Di-  
13 rector shall finally decide any request for reconsideration,  
14 rehearing, or review with respect to the determination, ex-  
15 cept that the Director may, for good cause shown, extend  
16 that 45-day period by not more than 30 days.”.

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

19           (1) by redesignating subsections (c) through (f)  
20 as subsections (d) through (g), respectively;

21           (2) by inserting after subsection (b) the fol-  
22 lowing:

23       “(c) SINGLE FORUM.—

24           “(1) IN GENERAL.—If a post-grant review is in-  
25 stituted challenging the validity of a patent, the peti-

1        tioner, a real party in interest, or a privy of the peti-  
2        tioner may not file or maintain, in a civil action aris-  
3        ing in whole or in part under section 1338 of title  
4        28, or in a proceeding before the International  
5        Trade Commission under section 337 of the Tariff  
6        Act of 1930 (19 U.S.C. 1337), a claim, a counter-  
7        claim, or an affirmative defense challenging the va-  
8        lidity of any claim of the patent.

9            “(2) CONSIDERATIONS.—In determining wheth-  
10        er to institute a proceeding under this chapter, sub-  
11        ject to the provisions of subsections (a)(1) and (h),  
12        the Director may not reject a petition requesting a  
13        post-grant review on the basis of the petitioner, a  
14        real party in interest, or a privy of the petitioner fil-  
15        ing or maintaining a claim, a counterclaim, or an af-  
16        firmative defense challenging the validity of the pat-  
17        ent in any civil action arising in whole or in part  
18        under section 1338 of title 28, or in a proceeding be-  
19        fore the International Trade Commission under sec-  
20        tion 337 of the Tariff Act of 1930 (19 U.S.C.  
21        1337).”;

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

24        “(e) MULTIPLE PROCEEDINGS.—

1           “(1) IN GENERAL.—Notwithstanding sections  
2           135(a), 251, and 252, and chapter 30, after a peti-  
3           tion to institute a post-grant review is filed, if an-  
4           other proceeding or matter involving the patent is  
5           before the Office—

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

8                           “(i) not later than 30 days after the  
9                           date of entry of the notice of filing date ac-  
10                          corded to the petition; or

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

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

23           “(2) CONSIDERATIONS.—In determining wheth-  
24           er to institute a proceeding under this chapter, the  
25           Director shall, unless the Director determines that

1 the petitioner has demonstrated exceptional cir-  
2 cumstances, reject any petition that presents prior  
3 art or an argument that is the same or substantially  
4 the same as prior art or an argument that previously  
5 was presented to the Office.”;

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

8 “(f) ESTOPPEL.—

9 “(1) IN GENERAL.—A petitioner that has pre-  
10 viously requested a post-grant review of a claim in  
11 a patent under this chapter, or a real party in inter-  
12 est or a privy of a petitioner, may not request or  
13 maintain another proceeding before the Office with  
14 respect to that patent on any ground that the peti-  
15 tioner raised or reasonably could have raised in the  
16 petition requesting or during the prior post-grant re-  
17 view, unless—

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

22 “(B) a subsequent petition requests an  
23 inter partes review of only the additional claims  
24 of the patent that the petitioner, or a real party



1 in interest or a privy of the petitioner, is later  
2 charged with infringing; and

3 “(C) that subsequent petition is accom-  
4 panied by a request for joinder to the prior  
5 post-grant review, which the Director shall  
6 grant if the Director authorizes a post-grant re-  
7 view to be instituted on the subsequent petition  
8 under section 324.

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

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

17 “(h) FEDERAL COURT AND INTERNATIONAL TRADE  
18 COMMISSION VALIDITY DETERMINATIONS.—A post-grant  
19 review of a patent claim may not be instituted or main-  
20 tained if, in a civil action arising in whole or in part under  
21 section 1338 of title 28, or in a proceeding before the  
22 International Trade Commission under section 337 of the  
23 Tariff Act of 1930 (19 U.S.C. 1337), in which the peti-  
24 tioner, a real party in interest, or a privy of the petitioner  
25 is a party, the court, or the International Trade Commis-

1 sion, as applicable, has entered a final judgment that de-  
2 cides a challenge to the validity of the patent claim.”.

3 (d) CONDUCT OF POST-GRANT REVIEW.—Section  
4 326 of title 35, United States Code, is amended—

5 (1) in subsection (a)—

6 (A) by amending paragraph (5) to read as  
7 follows:

8 “(5) setting forth standards and procedures for  
9 discovery of relevant evidence, including that such  
10 discovery shall be limited to—

11 “(A) the deposition of witnesses submitting  
12 affidavits or declarations;

13 “(B) evidence identifying the real parties  
14 in interest of the petitioner; and

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

17 (B) by amending paragraph (9) to read as  
18 follows:

19 “(9) setting forth standards and procedures  
20 for—

21 “(A) allowing the patent owner to move to  
22 amend the patent under subsection (d) to can-  
23 cel a challenged claim or propose a reasonable  
24 number of substitute claims;

1           “(B) allowing the Patent Trial and Appeal  
2 Board to provide guidance on substitute claims  
3 proposed by the patent owner;

4           “(C) allowing the patent owner to further  
5 revise proposed substitute claims after the  
6 issuance of guidance described in subparagraph  
7 (B); and

8           “(D) ensuring that any information sub-  
9 mitted by the patent owner in support of any  
10 amendment entered under subsection (d), and  
11 any guidance issued by the Patent Trial and  
12 Appeal Board, is made available to the public  
13 as part of the prosecution history of the pat-  
14 ent;”;

15           (C) in paragraph (11), by striking “section  
16 325(c)” and inserting “section 325(d)”;

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

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

20           “(13) setting forth the standards for dem-  
21 onstrating exceptional circumstances under section  
22 325(e)(2).”;

23           (2) by amending subsection (e) to read as fol-  
24 lows:

25           “(e) EVIDENTIARY STANDARDS.—

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

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

7                   “(A) the petitioner shall have the burden  
8                   of proving a proposition of unpatentability of a  
9                   previously issued claim of a patent by clear and  
10                  convincing evidence; and

11                   “(B) the petitioner shall have the burden  
12                   of persuasion, by a preponderance of the evi-  
13                   dence, with respect to a proposition of  
14                   unpatentability for any substitute claim pro-  
15                   posed by the patent owner.”; and

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

17           “(f) CLAIM CONSTRUCTION.—For the purposes of  
18           this chapter—

19                   “(1) each challenged claim of a patent, and  
20                   each substitute claim proposed in a motion to  
21                   amend, shall be construed as the claim would be  
22                   construed under section 282(b) in an action to inval-  
23                   idate a patent, including by construing each such  
24                   claim in accordance with—

1           “(A) the ordinary and customary meaning  
2           of the claim as understood by a person having  
3           ordinary skill in the art to which the claimed  
4           invention pertains; and

5           “(B) the prosecution history pertaining to  
6           the patent; and

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

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

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

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

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

23          “(e) REHEARING.—Not later than 90 days after the  
24 date on which a request for rehearing of a final written  
25 decision issued by the Patent and Trial Appeal Board

1 under subsection (a) is filed, the Board or the Director  
2 shall finally decide any request for reconsideration, rehear-  
3 ing, or review that is submitted with respect to the deci-  
4 sion, except that the Director may, for good cause shown,  
5 extend that 90-day period by not more than 60 days.

6 “(f) REVIEW BY DIRECTOR.—

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

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

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

16 “(B) sets forth the reasons for the recon-  
17 sideration, rehearing, or review of the decision  
18 by the Patent Trial and Appeal Board.

19 “(g) RULE OF CONSTRUCTION.—For the purposes of  
20 an appeal permitted under section 141, any decision on  
21 rehearing, reconsideration, or review of a final written de-  
22 cision of the Patent Trial and Appeal Board under sub-  
23 section (a) of this section that is issued by the Director  
24 shall be deemed to be a final written decision of the Patent  
25 Trial and Appeal Board.”

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

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

5 “(a) IN GENERAL.—A party”; and

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

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

15 **SEC. 6. REEXAMINATION OF PATENTS.**

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

21 (b) REEXAMINATION BARRED.—Section 303 of title  
22 35, United States Code, is amended—

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

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

1       “(d) An ex parte reexamination may not be ordered  
2 if the request for reexamination is filed more than 1 year  
3 after the date on which the requester or a real party in  
4 interest or a privy of the requester is served with a com-  
5 plaint alleging infringement of the patent. For purposes  
6 of this chapter, a person that directly or through an affil-  
7 iate, subsidiary, or proxy makes a financial contribution  
8 to the preparation for, or conduct during, an ex parte re-  
9 examination on behalf of a requester shall be considered  
10 a real party in interest of the requester.

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

13               “(1) shall, unless the Director determines that  
14 the requestor has demonstrated exceptional cir-  
15 cumstances, reject any request that presents prior  
16 art or an argument that is the same or substantially  
17 the same as prior art or an argument that previously  
18 was presented to the Office; and

19               “(2) may reject any request that the Director  
20 determines has used a prior Office decision as a  
21 guide to correct or bolster a previous deficient re-  
22 quest filed under this chapter or a previous deficient  
23 petition filed under chapter 31 or 32.”.

24       (c) REEXAMINATION ORDER BY DIRECTOR.—Section  
25 304 of title 35, United States Code, is amended, in the



1 first sentence, by inserting after “resolution of the ques-  
2 tion” the following: “, unless the Director determines that  
3 the request for reexamination should be rejected under  
4 subsection (d) or (e) of section 303, in which case the Di-  
5 rector shall issue an order denying reexamination”.

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

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

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

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

12 (2) in subsection (b)—

13 (A) by striking “All fees paid to the Direc-  
14 tor and all appropriations” and inserting the  
15 following:

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

18 (B) by striking “Patent and Trademark  
19 Office Appropriation Account” and inserting  
20 “United States Patent and Trademark Office  
21 Innovation Promotion Fund”;

22 (3) by striking subsection (c) and inserting the  
23 following:

24 “(c) COLLECTION OF FUNDS FOR PTO ACTIVI-  
25 TIES.—

1           “(1) IN GENERAL.—Fees authorized in this  
2 title or any other Act to be charged or established  
3 by the Director shall be collected by the Director  
4 and shall be available to the Director until expended  
5 to carry out the activities of the Patent and Trade-  
6 mark Office.

7           “(2) USE OF FEES.—

8           “(A) PATENT FEES.—Any fees that are  
9 collected under this title, and any surcharges on  
10 such fees, may only be used for expenses of the  
11 Office relating to the processing of patent appli-  
12 cations and for other activities, services, and  
13 materials relating to patents and to cover a pro-  
14 portionate share of the administrative costs of  
15 the Office.

16           “(B) TRADEMARK FEES.—Any fees that  
17 are collected under section 31 of the Trademark  
18 Act of 1946 (as defined in subsection (d)(1))  
19 (15 U.S.C. 1113), and any surcharges on such  
20 fees, may only be used for expenses of the Of-  
21 fice relating to the processing of trademark reg-  
22 istrations and for other activities, services, and  
23 materials relating to trademarks and to cover a  
24 proportionate share of the administrative costs  
25 of the Office.”;

1           (4) by redesignating subsections (d) and (e) as  
2 subsections (e) and (f), respectively;

3           (5) by inserting after subsection (c) the fol-  
4 lowing:

5           “(d) REVOLVING FUND.—

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

7           “(A) the term ‘Fund’ means the United  
8 States Patent and Trademark Office Innovation  
9 Promotion Fund established under paragraph  
10 (2); and

11           “(B) the term ‘Trademark Act of 1946’  
12 means the Act entitled ‘An Act to provide for  
13 the registration and protection of trademarks  
14 used in commerce, to carry out the provisions  
15 of certain international conventions, and for  
16 other purposes’, approved July 5, 1946 (15  
17 U.S.C. 1051 et seq.) (commonly referred to as  
18 the ‘Trademark Act of 1946’ or the ‘Lanham  
19 Act’).

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

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

4                     “(A) this title; or

5                     “(B) the Trademark Act of 1946.

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

9                     “(A) to the extent consistent with the limi-  
10                    tation on the use of fees under subsection (c),  
11                    all expenses, including all administrative and  
12                    operating expenses, determined by the Director  
13                    to be ordinary and reasonable, incurred by the  
14                    Director for the continued operation of all serv-  
15                    ices, programs, activities, and duties of the Of-  
16                    fice relating to patents and trademarks, as such  
17                    services, programs, activities, and duties are de-  
18                    scribed under—

19                             “(i) this title; and

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

21                     “(B) all expenses incurred pursuant to any  
22                    obligation, representation, or other commitment  
23                    of the Office.”;

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

1 “(e) REFUNDS.—The Director”; and

2 (7) in subsection (f), as so redesignated, by  
3 striking “The Secretary” and inserting the fol-  
4 lowing:

5 “(f) REPORT.—The Secretary”.

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

8 (1) EFFECTIVE DATE.—The amendments made  
9 by subsection (a) shall take effect on the first day  
10 of the first fiscal year that begins on or after the  
11 date of enactment of this Act.

12 (2) REMAINING BALANCES.—On the effective  
13 date described in paragraph (1), there shall be de-  
14 posited in the United States Patent and Trademark  
15 Office Innovation Promotion Fund established under  
16 section 42(d)(2) of title 35, United States Code (as  
17 added by subsection (a)), any available unobligated  
18 balances remaining in the Patent and Trademark  
19 Office Appropriation Account, and in the Patent and  
20 Trademark Fee Reserve Fund established under sec-  
21 tion 42(c)(2) of title 35, United States Code, as in  
22 effect on the day before that effective date.

23 (3) TERMINATION OF RESERVE FUND.—Upon  
24 the payment of all obligated amounts in the Patent  
25 and Trademark Fee Reserve Fund under paragraph

1 (2), the Patent and Trademark Fee Reserve Fund  
2 shall be terminated.

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

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

6 “(d) INSTITUTIONS OF HIGHER EDUCATION.—

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

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

14 “(A) the applicant’s employer, from which  
15 the applicant obtains the majority of the appli-  
16 cant’s income, is an institution of higher edu-  
17 cation;

18 “(B) the applicant has assigned, granted,  
19 conveyed, or is under an obligation by contract  
20 or law to assign, grant, or convey, a license or  
21 other ownership interest in the particular appli-  
22 cations to an institution of higher education;

23 “(C) the applicant is an institution of  
24 higher education; or

1           “(D) the applicant is an organization de-  
2           scribed in section 501(c)(3) of the Internal Rev-  
3           enue Code of 1986 and exempt from taxation  
4           under section 501(a) of such Code that holds  
5           title to patents and patent applications on be-  
6           half of an institution of higher education for the  
7           purpose of facilitating commercialization of the  
8           technologies of the patents and patent applica-  
9           tions.”.

10 **SEC. 9. ASSISTING SMALL BUSINESSES IN THE UNITED**  
11 **STATES PATENT SYSTEM.**

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

15           (b) SMALL BUSINESS ADMINISTRATION REPORT.—  
16 Not later than 1 year after the date of the enactment of  
17 this Act, the Administrator of the Small Business Admin-  
18 istration, using existing resources, shall submit to the  
19 Committee on Small Business and Entrepreneurship of  
20 the Senate and the Committee on Small Business of the  
21 House of Representatives a report analyzing the impact  
22 of—

23           (1) patent ownership by small business con-  
24           cerns; and

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

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

8           “(5) FREE ONLINE AVAILABILITY OF PUBLIC  
9 SEARCH FACILITY MATERIALS.—The Director shall  
10          make available online and at no charge all patent  
11          and trademark information that is available at the  
12          Public Search Facility of the Office located in Alex-  
13          andria, Virginia, including, except to the extent that  
14          licenses with third-party contractors would make  
15          such provision financially unviable—

16                       “(A) search tools and databases;

17                       “(B) informational materials; and

18                       “(C) training classes and materials.”.

○