

Calendar No. 650118TH CONGRESS
2D SESSION**S. 2220**

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.

IN THE SENATE OF THE UNITED STATES

JULY 10, 2023

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 the Judiciary

DECEMBER 2, 2024

Reported by Mr. DURBIN, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

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,*

1 **SECTION 1. SHORT TITLE.**

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

5 **SEC. 2. FINDINGS.**

6 Congress finds the following:

7 (1) The patent property rights enshrined in the
8 Constitution of the United States provide the foun-
9 dation for the exceptional innovation environment in
10 the United States.

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

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

20 (4) The United States patent system is an es-
21 sential part of the economic success of the United
22 States.

23 (5) Reliable and effective patent protection im-
24 proves the chances of success for individual inven-
25 tors and small companies and increases the chances

1 of securing investments for those inventors and com-
2 panies.

3 ~~(6) Intellectual property-intensive industries in~~
4 ~~the United States—~~

5 ~~(A) generate tens of millions of jobs for in-~~
6 ~~dividuals in the United States; and~~

7 ~~(B) account for more than 1/3 of the gross~~
8 ~~domestic product of the United States.~~

9 ~~(7) The National Security Commission on Arti-~~
10 ~~ficial Intelligence has emphasized that—~~

11 ~~(A) the People's Republic of China is~~
12 ~~leveraging and exploiting intellectual property~~
13 ~~as a critical tool within its national strategies~~
14 ~~for emerging technologies; and~~

15 ~~(B) the United States has failed to simi-~~
16 ~~larly recognize the importance of intellectual~~
17 ~~property in securing its own national security,~~
18 ~~economic interests, and technological competi-~~
19 ~~tiveness.~~

20 ~~(8) In the highly competitive global economy,~~
21 ~~the United States needs reliable and effective patent~~
22 ~~protections to safeguard national security interests~~
23 ~~and maintain its position as the most innovative~~
24 ~~country in the world.~~

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

3 (10) Unintended consequences of the com-
4 prehensive 2011 reform of patent laws have become
5 evident during the decade preceding the date of en-
6 actment of this Act, including the strategic filing of
7 post-grant review proceedings to depress stock prices
8 and extort settlements; the filing of repetitive peti-
9 tions for inter partes and post-grant reviews that
10 have the effect of harassing patent owners; and the
11 unnecessary duplication of work by the district
12 courts of the United States and the Patent Trial
13 and Appeal Board, all of which drive down invest-
14 ment in innovation and frustrate the purpose of
15 those patent reform laws.

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

21 (A) disincentivizing United States compa-
22 nies from innovating; and

23 (B) weakening the economy of the United
24 States.

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

2 Section 6 of title 35, United States Code, is amend-
3 ed—

4 (1) by redesignating subsections (b), (c), and
5 (d) as subsections (c), (d), and (e), respectively;

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

8 “(b) CODE OF CONDUCT.—

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

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

17 (3) by striking subsection (d), as so redesign-
18 ated, and inserting the following:

19 “(d) 3-MEMBER PANELS.—

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

1 ~~“(2) CHANGES TO CONSTITUTION OF PANEL.—~~

2 After the constitution of a panel of the Patent Trial
3 and Appeal Board under this subsection has been
4 made public, any changes to the constitution of that
5 panel, including changes that were made before the
6 constitution of the panel was made public, shall be
7 noted in the record.

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

17 ~~“(4) INELIGIBILITY TO HEAR REVIEW.—A~~
18 ~~member of the Patent Trial and Appeal Board who~~
19 ~~participates in the decision to institute an inter~~
20 ~~partes review or a post-grant review of a patent shall~~
21 ~~be ineligible to hear the review.”; and~~

22 (4) in subsection (c), as so redesignated—

23 (A) in the first sentence—

24 (i) by striking “this subsection” and
25 inserting “the date of enactment of the

1 Promoting and Respecting Economically
 2 Vital American Innovation Leadership
 3 Act”;

4 (ii) by striking “by the Director” and
 5 inserting “by the Director or the Sec-
 6 retary”; and

7 (iii) by inserting “or the Secretary, as
 8 applicable,” after “on which the Director”;
 9 and

10 (B) in the second sentence—

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

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

22 **SEC. 4. INTER PARTES REVIEW.**

23 (a) **STANDING AND REAL PARTIES IN INTEREST.—**

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

1 “(d) PERSONS THAT MAY PETITION.—

2 “(1) DEFINITION.—In this subsection, the term
3 ‘charged with infringement’ means a real and sub-
4 stantial controversy regarding infringement of a pat-
5 ent exists such that the person would have standing
6 to bring a declaratory judgment action in Federal
7 court.

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

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

14 or

15 “(B) charged with infringement of the pat-
16 ent.

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

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

1 “(e) REHEARING.—Not later than 45 days after the
 2 date on which a request for rehearing from a determina-
 3 tion by the Director under subsection (b) is filed, the Di-
 4 rector shall finally decide any request for reconsideration,
 5 rehearing, or review with respect to the determination, ex-
 6 cept that the Director may, for good cause shown, extend
 7 that 45-day period by not more than 30 days.”.

8 (e) ELIMINATING REPETITIVE PROCEEDINGS.—

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

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

17 (B) by redesignating subsections (e), (d),
 18 and (e) as subsections (d), (e), and (f), respec-
 19 tively;

20 (C) by inserting after subsection (b) the
 21 following:

22 “(e) SINGLE FORUM.—

23 “(1) IN GENERAL.—If an inter partes review is
 24 instituted challenging the validity of a patent, the
 25 petitioner, a real party in interest, or a privy of the

1 petitioner may not file or maintain, in a civil action
2 arising in whole or in part under section 1338 of
3 title 28, or in a proceeding before the International
4 Trade Commission under section 337 of the Tariff
5 Act of 1930 (19 U.S.C. 1337), a claim, a counter-
6 claim, or an affirmative defense challenging the va-
7 lidity of any claim of the patent on any ground de-
8 scribed in section 311(b).

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 (g),
12 the Director may not reject a petition requesting an
13 inter partes 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 ap-
17 plicable patent in any civil action arising in whole or
18 in part under section 1338 of title 28, or in a pro-
19 ceeding before the International Trade Commission
20 under section 337 of the Tariff Act of 1930 (19
21 U.S.C. 1337).”;

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

24 “(d) JOINDER.—

1 “(1) IN GENERAL.—If the Director institutes
2 an inter partes review, the Director, in the discretion
3 of the Director, may join as a party to that inter
4 partes review any person that properly files a re-
5 quest to join the inter partes review and a petition
6 under section 311 that the Director, after receiving
7 a preliminary response under section 313 or the ex-
8 piration of the time for filing such a response, deter-
9 mines warrants the institution of an inter partes re-
10 view under section 314.

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

22 (E) by amending subsection (e), as so re-
23 designated, 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 an inter partes 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 inter partes
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 (F) by amending subsection (f), as so re-
7 designated, to read as follows:

8 “(f) ESTOPPEL.—

9 “(1) IN GENERAL.—A petitioner that has pre-
10 viously requested an inter partes review of a claim
11 in a patent under this chapter, or a real party in in-
12 terest or a privy of such a petitioner, may not re-
13 quest or maintain another proceeding before the Of-
14 fice with respect to that patent on any ground that
15 the petitioner raised or reasonably could have raised
16 in the petition requesting or during the prior inter
17 partes review, 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 inter partes review, which overcomes the rebut-
6 table presumption against joinder set forth in
7 subsection (b); and which the Director shall
8 grant if the Director authorizes an inter partes
9 review to be instituted on the subsequent peti-
10 tion under section 314.

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

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

19 “(g) FEDERAL COURT AND INTERNATIONAL TRADE
20 COMMISSION VALIDITY DETERMINATIONS.—An inter
21 partes review of a patent claim may not be instituted or
22 maintained if, in a civil action arising in whole or in part
23 under section 1338 of title 28, or in a proceeding before
24 the International Trade Commission under section 337 of
25 the Tariff Act of 1930 (19 U.S.C. 1337), in which the

1 petitioner, a real party in interest, or a privy of the peti-
 2 tioner is a party, the court, or the International Trade
 3 Commission, as applicable, has entered a final judgment
 4 that decides a challenge to the validity of the patent claim
 5 with respect to any ground described in section 311(b).”.

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

9 (A) in paragraph (11), by striking “section
 10 315(e)” and inserting “section 315(d)”; and

11 (B) in paragraph (12), by striking “section
 12 315(e)” and inserting “section 315(d)”.

13 (d) CONDUCT OF INTER PARTES REVIEW.—Section
 14 316 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;”;

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

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

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

6 “(14) setting forth the standards for dem-
7 onstrating exceptional circumstances under sections
8 303(e)(1) and 315(e)(2).”;

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

11 “(e) EVIDENTIARY STANDARDS.—

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

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

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

22 “(B) the petitioner shall have the burden
23 of persuasion, by a preponderance of the evi-
24 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 langed 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 317(a) of title 35, United
24 States Code, is amended by striking the second sentence.

1 (f) TIMING TO ISSUE TRIAL CERTIFICATE AND DE-
 2 CISIONS ON REHEARING.—Section 318 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 inter partes 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.**—See-
 15 tion 319 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. 5. POST-GRANT REVIEW.**

4 (a) **REAL PARTIES IN INTEREST.**—Section 321 of
5 title 35, United States Code, is amended by adding at the
6 end the following:

7 “(d) **REAL PARTY IN INTEREST.**—For purposes of
8 this chapter, a person that, directly or through an affiliate,
9 subsidiary, or proxy, makes a financial contribution to the
10 preparation for, or conduct during, a post-grant review on
11 behalf of a petitioner shall be considered a real party in
12 interest of that petitioner.”.

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

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

23 (c) **ELIMINATING REPETITIVE PROCEEDINGS.**—See
24 tion 325 of title 35, United States Code, is amended—

1 (1) by redesignating subsections (e) through (f)
2 as subsections (d) through (g), respectively;

3 (2) by inserting after subsection (b) the fol-
4 lowing:

5 “(e) SINGLE FORUM.—

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

16 “(2) CONSIDERATIONS.—In determining wheth-
17 er to institute a proceeding under this chapter, sub-
18 ject to the provisions of subsections (a)(1) and (h),
19 the Director may not reject a petition requesting a
20 post-grant review on the basis of the petitioner, a
21 real party in interest, or a privy of the petitioner fil-
22 ing or maintaining a claim, a counterclaim, or an af-
23 firmative defense challenging the validity of the pat-
24 ent in any civil action arising in whole or in part
25 under section 1338 of title 28, or in a proceeding be-

1 fore the International Trade Commission under sec-
 2 tion 337 of the Tariff Act of 1930 (19 U.S.C.
 3 1337).”;

4 (3) by amending subsection (c), as so redesign-
 5 nated, to read as follows:

6 “(c) MULTIPLE PROCEEDINGS.—

7 “(1) IN GENERAL.—Notwithstanding sections
 8 135(a), 251, and 252, and chapter 30, after a peti-
 9 tion to institute a post-grant review is filed, if an-
 10 other proceeding or matter involving the patent is
 11 before the Office—

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

14 “(i) not later than 30 days after the
 15 date of entry of the notice of filing date ac-
 16 corded to the petition; or

17 “(ii) if the other proceeding or matter
 18 is filed after the date on which the petition
 19 to institute an inter partes review is filed,
 20 not later than 30 days after the date on
 21 which the other proceeding or matter is
 22 filed; and

23 “(B) the Director shall issue a decision de-
 24 termining the manner in which the post-grant
 25 review or other proceeding or matter may pro-

1 ceed, including providing for stay, transfer, con-
2 solidation, or termination of any such matter or
3 proceeding.

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

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

14 “(f) ESTOPPEL.—

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

24 “(A) after the filing of the initial petition,
25 the petitioner, or a real party in interest or a

1 privity of the petitioner, is charged with infringe-
2 ment of additional claims of the patent;

3 “(B) a subsequent petition requests an
4 inter partes review of only the additional claims
5 of the patent that the petitioner, or a real party
6 in interest or a privy of the petitioner, is later
7 charged with infringing; and

8 “(C) that subsequent petition is accom-
9 panied by a request for joinder to the prior
10 post-grant review, which the Director shall
11 grant if the Director authorizes a post-grant re-
12 view to be instituted on the subsequent petition
13 under section 324.

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

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

22 “(h) FEDERAL COURT AND INTERNATIONAL TRADE
23 COMMISSION VALIDITY DETERMINATIONS.—A post-grant
24 review of a patent claim may not be instituted or main-
25 tained if, in a civil action arising in whole or in part under

1 section 1338 of title 28, or in a proceeding before the
 2 International Trade Commission under section 337 of the
 3 Tariff Act of 1930 (19 U.S.C. 1337), in which the peti-
 4 tioner, a real party in interest, or a privy of the petitioner
 5 is a party, the court, or the International Trade Commis-
 6 sion, as applicable, has entered a final judgment that de-
 7 cides a challenge to the validity of the patent claim.”.

8 (d) CONDUCT OF POST-GRANT REVIEW.—Section
 9 326 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 (11), by striking “section
20 325(e)” and inserting “section 325(d)”;

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

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

1 “(13) setting forth the standards for dem-
2 onstrating exceptional circumstances under section
3 325(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 a post-grant review under this chapter.

11 “(2) BURDEN OF PROOF.—In a post-grant re-
12 view 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 (c) SETTLEMENT.—Section 327(a) of title 35, United
 19 States Code, is amended by striking the second sentence.

20 (f) TIMING TO ISSUE TRIAL CERTIFICATES AND DE-
 21 CISIONS ON REHEARING.—Section 328 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 post-grant 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 decision
24 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 329 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. 6. REEXAMINATION OF PATENTS.**

23 (a) **REQUEST FOR REEXAMINATION.**—Section 302 of
 24 title 35, United States Code, is amended by inserting after
 25 the second sentence the following: “The request must

1 identify all real parties in interest and certify that reexam-
2 ination is not barred under section 303(d).”.

3 (b) REEXAMINATION BARRED.—Section 303 of title
4 35, United States Code, is amended—

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

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

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

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

20 “(1) shall, unless the Director determines that
21 the requester has demonstrated exceptional cir-
22 cumstances, reject any request 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; and

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

6 (c) REEXAMINATION ORDER BY DIRECTOR.—Section
7 304 of title 35, United States Code, is amended, in the
8 first sentence, by inserting after “resolution of the ques-
9 tion” the following: “, unless the Director determines that
10 the request for reexamination should be rejected under
11 subsection (d) or (e) of section 303, in which case the Di-
12 rector shall issue an order denying reexamination”.

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

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

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

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

19 (2) in subsection (b)—

20 (A) by striking “All fees paid to the Direc-
21 tor and all appropriations” and inserting the
22 following:

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

1 (B) by striking “Patent and Trademark
2 Office Appropriation Account” and inserting
3 “United States Patent and Trademark Office
4 Innovation Promotion Fund”;

5 (3) by striking subsection (c) and inserting the
6 following:

7 “(c) COLLECTION OF FUNDS FOR PTO ACTIVI-
8 TIES.—

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

15 “(2) USE OF FEES.—

16 “(A) PATENT FEES.—Any fees that are
17 collected under this title, and any surcharges on
18 such fees, may only be used for expenses of the
19 Office relating to the processing of patent appli-
20 cations and for other activities, services, and
21 materials relating to patents and to cover a pro-
22 portionate share of the administrative costs of
23 the Office.

24 “(B) TRADEMARK FEES.—Any fees that
25 are collected under section 31 of the Trademark

1 Act of 1946 (as defined in subsection (d)(1))
2 (15 U.S.C. 1113), and any surcharges on such
3 fees, may only be used for expenses of the Of-
4 fice relating to the processing of trademark reg-
5 istrations and for other activities, services, and
6 materials relating to trademarks and to cover a
7 proportionate share of the administrative costs
8 of the Office.”;

9 (4) by redesignating subsections (d) and (e) as
10 subsections (e) and (f), respectively;

11 (5) by inserting after subsection (e) the fol-
12 lowing:

13 “(d) REVOLVING FUND.—

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

15 “(A) the term ‘Fund’ means the United
16 States Patent and Trademark Office Innovation
17 Promotion Fund established under paragraph
18 (2); and

19 “(B) the term ‘Trademark Act of 1946’
20 means the Act entitled ‘An Act to provide for
21 the registration and protection of trademarks
22 used in commerce, to carry out the provisions
23 of certain international conventions, and for
24 other purposes’, approved July 5, 1946 (15
25 U.S.C. 1051 et seq.) (commonly referred to as

1 the ‘Trademark Act of 1946’ or the ‘Lanham
2 Act’).

3 ~~“(2) ESTABLISHMENT.—~~There is established in
4 the Treasury a revolving fund to be known as the
5 ‘United States Patent and Trademark Office Inno-
6 vation Promotion Fund’.

7 ~~“(3) DERIVATION OF RESOURCES.—~~There shall
8 be deposited into the Fund any fees collected
9 under—

10 ~~“(A) this title; or~~

11 ~~“(B) the Trademark Act of 1946.~~

12 ~~“(4) EXPENSES.—~~Amounts deposited into the
13 Fund under paragraph (3) shall be available, with-
14 out fiscal year limitation, to cover—

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

25 ~~“(i) this title; and~~

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

2 “(B) all expenses incurred pursuant to any
3 obligation, representation, or other commitment
4 of the Office.”;

5 (6) in subsection (e), as so redesignated, by
6 striking “The Director” and inserting the following:
7 “(e) REFUNDS.—The Director”; and

8 (7) in subsection (f), as so redesignated, by
9 striking “The Secretary” and inserting the fol-
10 lowing:

11 “(f) REPORT.—The Secretary”.

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

14 (1) EFFECTIVE DATE.—The amendments made
15 by subsection (a) shall take effect on the first day
16 of the first fiscal year that begins on or after the
17 date of enactment of this Act.

18 (2) REMAINING BALANCES.—On the effective
19 date described in paragraph (1), there shall be de-
20 posited in the United States Patent and Trademark
21 Office Innovation Promotion Fund established under
22 section 42(d)(2) of title 35, United States Code (as
23 added by subsection (a)), any available unobligated
24 balances remaining in the Patent and Trademark
25 Office Appropriation Account, and in the Patent and

1 Trademark Fee Reserve Fund established under sec-
 2 tion 42(e)(2) of title 35, United States Code, as in
 3 effect on the day before that effective date.

4 (3) TERMINATION OF RESERVE FUND.—Upon
 5 the payment of all obligated amounts in the Patent
 6 and Trademark Fee Reserve Fund under paragraph
 7 (2), the Patent and Trademark Fee Reserve Fund
 8 shall be terminated.

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

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

12 “(d) INSTITUTIONS OF HIGHER EDUCATION.—

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

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

20 “(A) the applicant’s employer, from which
 21 the applicant obtains the majority of the appli-
 22 cant’s income, is an institution of higher edu-
 23 cation;

24 “(B) the applicant has assigned, granted,
 25 conveyed, or is under an obligation by contract

1 or law to assign, grant, or convey, a license or
 2 other ownership interest in the particular appli-
 3 cations to an institution of higher education;

4 “(C) the applicant is an institution of
 5 higher education; or

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

15 **SEC. 9. ASSISTING SMALL BUSINESSES IN THE UNITED**
 16 **STATES PATENT SYSTEM.**

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

20 (b) SMALL BUSINESS ADMINISTRATION REPORT.—
 21 Not later than 1 year after the date of the enactment of
 22 this Act, the Administrator of the Small Business Admin-
 23 istration, using existing resources, shall submit to the
 24 Committee on Small Business and Entrepreneurship of
 25 the Senate and the Committee on Small Business of the

1 House of Representatives a report analyzing the impact
2 of—

3 (1) patent ownership by small business con-
4 cerns; and

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

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

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

20 “(A) search tools and databases;

21 “(B) informational materials; and

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

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Promoting and Respect-*
3 *ing Economically Vital American Innovation Leadership*
4 *Act” or the “PREVAIL Act”.*

5 **SEC. 2. FINDINGS.**

6 *Congress finds the following:*

7 (1) *The patent property rights enshrined in the*
8 *Constitution of the United States provide the founda-*
9 *tion for the exceptional innovation environment in*
10 *the United States.*

11 (2) *Reliable and effective patent protection en-*
12 *courages United States inventors to invest their re-*
13 *sources in creating new inventions.*

14 (3) *United States inventors have made discov-*
15 *eries leading to patient cures, positive changes to the*
16 *standard of living for all people in the United States,*
17 *and improvements to the agricultural, telecommuni-*
18 *cations, and electronics industries, among others.*

19 (4) *The United States patent system is an essen-*
20 *tial part of the economic success of the United States.*

21 (5) *Reliable and effective patent protection im-*
22 *proves the chances of success for individual inventors*
23 *and small companies and increases the chances of se-*
24 *curing investments for those inventors and companies.*

25 (6) *Intellectual property-intensive industries in*
26 *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 Artifi-*
6 *cial Intelligence has emphasized that—*

7 (A) *the People’s Republic of China is*
8 *leveraging and exploiting intellectual property as*
9 *a critical tool within its national strategies for*
10 *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, the*
17 *United States needs reliable and effective patent pro-*
18 *tections to safeguard national security interests and*
19 *maintain its position as the most innovative country*
20 *in the world.*

21 (9) *Congress last enacted comprehensive reforms*
22 *of the patent system in 2011.*

23 (10) *Unintended consequences of the comprehen-*
24 *sive 2011 reform of patent laws have become evident*
25 *during the decade preceding the date of enactment of*

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

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

14 *(A) disincentivizing United States compa-*
15 *nies from innovating; and*

16 *(B) weakening the economy of the United*
17 *States.*

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

19 *Section 6 of title 35, United States Code, is amended—*

20 *(1) by redesignating subsections (b), (c), and (d)*
21 *as subsections (c), (d), and (e), respectively;*

22 *(2) by inserting after subsection (a) the fol-*
23 *lowing:*

24 *“(b) CODE OF CONDUCT.—*

1 “(1) *IN GENERAL.*—*The Director shall prescribe*
2 *regulations establishing a code of conduct for the*
3 *members of the Patent Trial and Appeal Board.*”

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

9 (3) *by striking subsection (d), as so redesignated,*
10 *and inserting the following:*

11 “(d) *3-MEMBER PANELS.*—

12 “(1) *IN GENERAL.*—*Each appeal, derivation pro-*
13 *ceeding, post-grant review, and inter partes review*
14 *shall be heard by at least 3 members of the Patent*
15 *Trial and Appeal Board, who shall be designated by*
16 *the Director. The Patent Trial and Appeal Board*
17 *may grant rehearings.*”

18 “(2) *CHANGES TO CONSTITUTION OF PANEL.*—
19 *After the constitution of a panel of the Patent Trial*
20 *and Appeal Board under this subsection has been*
21 *made public, any changes to the constitution of that*
22 *panel, including changes that were made before the*
23 *constitution of the panel was made public, shall be*
24 *noted in the record.*”

1 “(3) *NO DIRECTION OR INFLUENCE.*—An officer
2 *who has supervisory authority or disciplinary author-*
3 *ity with respect to an administrative patent judge of*
4 *the Patent Trial and Appeal Board (or a delegate of*
5 *such an officer), and who is not a member of a panel*
6 *described in this subsection, shall refrain from com-*
7 *munications with the panel that direct or otherwise*
8 *influence any merits decision of the panel.*

9 “(4) *INELIGIBILITY TO HEAR REVIEW.*—A mem-
10 *ber of the Patent Trial and Appeal Board who par-*
11 *ticipates in the decision to institute an inter partes*
12 *review or a post-grant review of a patent shall be in-*
13 *eligible to hear the review.”; and*

14 (4) *in subsection (e), as so redesignated—*

15 (A) *in the first sentence—*

16 (i) *by striking “this subsection” and*
17 *inserting “the date of enactment of the Pro-*
18 *moting and Respecting Economically Vital*
19 *American Innovation Leadership Act”;*

20 (ii) *by striking “by the Director” and*
21 *inserting “by the Director or the Sec-*
22 *retary”;* and

23 (iii) *by inserting “or the Secretary, as*
24 *applicable,” after “on which the Director”;*
25 and

1 (B) in the second sentence—

2 (i) by inserting after “by the Director”
 3 the following: “, or, before the date of enact-
 4 ment of the Promoting and Respecting Eco-
 5 nomically Vital American Innovation Lead-
 6 ership Act, having performed duties no
 7 longer performed by administrative patent
 8 judges,”; and

9 (ii) by striking “that the administra-
 10 tive patent judge so appointed” and insert-
 11 ing “that the applicable administrative pat-
 12 ent judge”.

13 **SEC. 4. INTER PARTES REVIEW.**

14 (a) *REAL PARTIES IN INTEREST.*—Section 311 of title
 15 35, United States Code, is amended by adding at the end
 16 the following:

17 “(d) *REAL PARTY IN INTEREST.*—For purposes of this
 18 chapter, a person that, directly or through an affiliate, sub-
 19 sidiary, or proxy, makes a financial contribution to the
 20 preparation for, or conduct during, an inter partes review
 21 on behalf of a petitioner shall be considered a real party
 22 in interest of that petitioner.”.

23 (b) *PETITIONER CERTIFICATION AND DIRECTOR DE-*
 24 *TERMINATION.*—Section 312(a) of title 35, United States
 25 Code, is amended—

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

3 (2) *in paragraph (5), by striking the period at*
4 *the end and inserting “; and”; and*

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

6 “(6) *the petitioner certifies, and the Director de-*
7 *termines, that the petitioner—*

8 “(A) *is a nonprofit organization that—*

9 “(i) *is exempt from taxation under sec-*
10 *tion 501(a) of the Internal Revenue Code of*
11 *1986, described in section 501(c)(3) of such*
12 *Code, and described in section 170(b)(1)(A)*
13 *of such Code, other than an organization*
14 *described in section 509(a)(3) of such Code;*

15 “(ii) *does not have any member, donor,*
16 *or other funding source that is, or reason-*
17 *ably could be accused of, infringing 1 or*
18 *more claims of the challenged patent; and*

19 “(iii) *is filing the petition for the sole*
20 *purpose of ascertaining the patentability of*
21 *the challenged claims of the patent and not*
22 *to profit from or fund the operations of the*
23 *petitioner;*

24 “(B) *is currently engaging in, or has a*
25 *bona fide intent to engage in, conduct within the*

1 *United States that reasonably could be accused of*
2 *infringing 1 or more claims of the challenged*
3 *patent;*

4 “(C) would have standing to bring a civil
5 action in a court of the United States seeking a
6 declaratory judgment of invalidity with respect
7 to 1 or more claims of the challenged patent; or

8 “(D) has been sued in a court of the United
9 States for infringement of the challenged pat-
10 ent.”.

11 (c) *INSTITUTION DECISION REHEARING TIMING.*—Sec-
12 tion 314 of title 35, United States Code, is amended by add-
13 ing at the end the following:

14 “(e) *REHEARING.*—Not later than 45 days after the
15 date on which a request for rehearing from a determination
16 by the Director under subsection (b) is filed, the Director
17 shall finally decide any request for reconsideration, rehear-
18 ing, or review with respect to the determination, except that
19 the Director may, for good cause shown, extend that 45-
20 day period by not more than 30 days.”.

21 (d) *ELIMINATING REPETITIVE PROCEEDINGS.*—

22 (1) *IN GENERAL.*—Section 315 of title 35,
23 United States Code, is amended—

24 (A) in subsection (b), by amending the sec-
25 ond sentence to read as follows: “The time limi-

1 *tation set forth in the preceding sentence shall*
 2 *not bar a request for joinder under subsection*
 3 *(d), but shall establish a rebuttable presumption*
 4 *against joinder for the requesting person.”;*

5 *(B) by redesignating subsections (c), (d),*
 6 *and (e) as subsections (d), (e), and (f), respec-*
 7 *tively;*

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

10 *“(c) SINGLE FORUM.—*

11 *“(1) IN GENERAL.—If an inter partes review is*
 12 *instituted challenging the validity of a patent, the pe-*
 13 *titioner, a real party in interest, or a privy of the pe-*
 14 *titioner may not file or maintain, in a civil action*
 15 *arising in whole or in part under section 1338 of title*
 16 *28, or in a proceeding before the International Trade*
 17 *Commission under section 337 of the Tariff Act of*
 18 *1930 (19 U.S.C. 1337), a claim, a counterclaim, or*
 19 *an affirmative defense challenging the validity of any*
 20 *claim of the patent on any ground described in sec-*
 21 *tion 311(b).*

22 *“(2) CONSIDERATIONS.—In determining whether*
 23 *to institute a proceeding under this chapter, subject to*
 24 *the provisions of subsections (a)(1) and (g), the Direc-*
 25 *tor may not reject a petition requesting an inter*

1 *partes review on the basis of the petitioner, a real*
2 *party in interest, or a privy of the petitioner filing*
3 *or maintaining a claim, a counterclaim, or an af-*
4 *firmative defense challenging the validity of the appli-*
5 *cable patent in any civil action arising in whole or*
6 *in part under section 1338 of title 28, or in a pro-*
7 *ceeding before the International Trade Commission*
8 *under section 337 of the Tariff Act of 1930 (19 U.S.C.*
9 *1337).”;*

10 *(D) by amending subsection (d), as so redes-*
11 *ignated, to read as follows:*

12 *“(d) JOINDER.—*

13 *“(1) IN GENERAL.—If the Director institutes an*
14 *inter partes review, the Director, in the discretion of*
15 *the Director, may join as a party to that inter partes*
16 *review any person that properly files a request to join*
17 *the inter partes review and a petition under section*
18 *311 that the Director, after receiving a preliminary*
19 *response under section 313 or the expiration of the*
20 *time for filing such a response, determines warrants*
21 *the institution of an inter partes review under section*
22 *314.*

23 *“(2) TIME-BARRED PERSON.—Pursuant to para-*
24 *graph (1), the Director, in the discretion of the Direc-*
25 *tor, may join as a party to an inter partes review a*

1 *person that did not satisfy the time limitation under*
2 *subsection (b) that rebuts the presumption against*
3 *joinder, except that any such person shall not be per-*
4 *mitted to serve as the lead petitioner and shall not be*
5 *permitted to maintain the inter partes review unless*
6 *a petitioner that satisfied the time limitation under*
7 *subsection (b) remains in the inter partes review.”;*

8 *(E) by amending subsection (e), as so reded-*
9 *ignated, to read as follows:*

10 *“(e) MULTIPLE PROCEEDINGS.—*

11 *“(1) IN GENERAL.—Notwithstanding sections*
12 *135(a), 251, and 252, and chapter 30, after a petition*
13 *to institute an inter partes review is filed, if another*
14 *proceeding or matter involving the patent is before the*
15 *Office—*

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

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

21 *“(ii) if the other proceeding or matter*
22 *is filed after the date on which the petition*
23 *to institute an inter partes review is filed,*
24 *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 inter partes*
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 whether*
10 *to institute a proceeding under this chapter, the Di-*
11 *rector shall, unless the Director determines that the*
12 *petitioner has demonstrated exceptional cir-*
13 *cumstances, reject any petition that presents prior art*
14 *or an argument that is the same or substantially the*
15 *same as prior art or an argument that previously*
16 *was presented to the Office.”;*

17 *(F) by amending subsection (f), as so reded-*
18 *ignated, to read as follows:*

19 “(f) *ESTOPPEL.—*

20 “(1) *IN GENERAL.—A petitioner that has pre-*
21 *viously requested an inter partes review of a claim in*
22 *a patent under this chapter, or a real party in inter-*
23 *est or a privy of such a petitioner, may not request*
24 *or 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 inter partes*
3 *review, 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 inter*
9 *partes review of only the additional claims of the*
10 *patent that the petitioner, or a real party in in-*
11 *terest 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 inter*
15 *partes review, which overcomes the rebuttable*
16 *presumption against joinder set forth in sub-*
17 *section (b), and which the Director shall grant if*
18 *the Director authorizes an inter partes review to*
19 *be instituted on the subsequent petition under*
20 *section 314.*

21 *“(2) JOINED PARTY.—Any person joined as a*
22 *party to an inter partes review, and any real party*
23 *in interest or any privy of such person, shall be es-*
24 *topped under this subsection and subsections (c)(1)*
25 *and (e)(2) to the same extent as if that person, real*

1 *party in interest, or privy had been the first peti-*
2 *tioner in that inter partes review.”; and*

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

4 *“(g) FEDERAL COURT AND INTERNATIONAL TRADE*
5 *COMMISSION VALIDITY DETERMINATIONS.—An inter partes*
6 *review of a patent claim may not be instituted or main-*
7 *tained if, in a civil action arising in whole or in part under*
8 *section 1338 of title 28, or in a proceeding before the Inter-*
9 *national Trade Commission under section 337 of the Tariff*
10 *Act of 1930 (19 U.S.C. 1337), in which the petitioner, a*
11 *real party in interest, or a privy of the petitioner is a*
12 *party, the court, or the International Trade Commission,*
13 *as applicable, has entered a final judgment that decides a*
14 *challenge to the validity of the patent claim with respect*
15 *to any ground described in section 311(b).”.*

16 *(2) TECHNICAL AND CONFORMING AMEND-*
17 *MENTS.—Section 316(a) of title 35, United States*
18 *Code, is amended—*

19 *(A) in paragraph (11), by striking “section*
20 *315(c)” and inserting “section 315(d)”;* and

21 *(B) in paragraph (12), by striking “section*
22 *315(c)” and inserting “section 315(d)”.*

23 *(e) CONDUCT OF INTER PARTES REVIEW.—Section*
24 *316 of title 35, United States Code, is amended—*

25 *(1) in subsection (a)—*

1 (A) by redesignating paragraphs (2)
2 through (13) as paragraphs (3) through (14), re-
3 spectively;

4 (B) by inserting after paragraph (1) the fol-
5 lowing:

6 “(2) establishing procedures for briefing and lim-
7 ited discovery, at the request and discretion of the Di-
8 rector, for assisting the Director in making a deter-
9 mination under section 312(a)(6);”;

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

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

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

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

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

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

23 “(10) setting forth standards and procedures
24 for—

1 “(A) allowing the patent owner to move to
2 amend the patent under subsection (d) to cancel
3 a challenged claim or propose a reasonable num-
4 ber 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 as
17 part of the prosecution history of the patent;”;

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

20 (F) in paragraph (14), as so redesignated,
21 by striking the period at the end and inserting
22 “; and”; and

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

1 “(15) 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 presump-
8 tion of validity under section 282(a) shall apply to
9 previously issued claims of a patent that is challenged
10 in an inter partes review under this chapter.

11 “(2) *BURDEN OF PROOF.*—In an inter partes re-
12 view under this chapter—

13 “(A) the petitioner shall have the burden of
14 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 of
18 persuasion, by a preponderance of the evidence,
19 with respect to a proposition of unpatentability
20 for any substitute claim proposed by the patent
21 owner.”; and

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

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

1 “(1) each challenged claim of a patent, and each
2 substitute claim proposed in a motion to amend, shall
3 be construed as the claim would be construed under
4 section 282(b) in an action to invalidate a patent, in-
5 cluding by construing each such claim in accordance
6 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 in-
10 vention 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 (f) *SETTLEMENT*.—Section 317(a) of title 35, United
19 States Code, is amended by striking the second sentence.

20 (g) *TIMING TO ISSUE TRIAL CERTIFICATE AND DECI-*
21 *SIONS 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 shall*
8 *finally decide any request for reconsideration, rehearing, or*
9 *review that is submitted with respect to the decision, except*
10 *that the Director may, for good cause shown, extend that*
11 *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 reconsid-*
23 *eration, rehearing, or review of the applicable de-*
24 *cision 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 re-
 3 hearing, reconsideration, or review of a final written deci-
 4 sion of the Patent Trial and Appeal Board under subsection
 5 (a) of this section that is issued by the Director shall be
 6 deemed to be a final written decision of the Patent Trial
 7 and Appeal Board.”.

8 (h) *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 later
 15 than 120 days after the date on which a mandate issues
 16 from the court remanding to the Patent Trial and Appeal
 17 Board after an appeal under subsection (a), the Board or
 18 the Director shall finally decide any issue on remand, ex-
 19 cept that the Director may, for good cause shown, extend
 20 that 120-day period by not more than 60 days.”.

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

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

1 “(d) *REAL PARTY IN INTEREST.*—For purposes of this
2 chapter, a person that, directly or through an affiliate, sub-
3 sidiary, 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 by
9 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 determination
12 by the Director under subsection (c) is filed, the Director
13 shall finally decide any request for reconsideration, rehear-
14 ing, or review with respect to the determination, except that
15 the Director may, for good cause shown, extend that 45-
16 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*
3 *arising in whole or in part under section 1338 of title*
4 *28, or in a proceeding before the International Trade*
5 *Commission under section 337 of the Tariff Act of*
6 *1930 (19 U.S.C. 1337), a claim, a counterclaim, or*
7 *an affirmative defense challenging the validity of any*
8 *claim of the patent.*

9 *“(2) CONSIDERATIONS.—In determining whether*
10 *to institute a proceeding under this chapter, subject to*
11 *the provisions of subsections (a)(1) and (h), the Direc-*
12 *tor may not reject a petition requesting a post-grant*
13 *review on the basis of the petitioner, a real party in*
14 *interest, or a privy of the petitioner filing or main-*
15 *taining a claim, a counterclaim, or an affirmative*
16 *defense challenging the validity of the patent in any*
17 *civil action arising in whole or in part under section*
18 *1338 of title 28, or in a proceeding before the Inter-*
19 *national Trade Commission under section 337 of the*
20 *Tariff Act of 1930 (19 U.S.C. 1337).”;*

21 *(3) by amending subsection (e), as so redesign-*
22 *ated, to read as follows:*

23 *“(e) MULTIPLE PROCEEDINGS.—*

24 *“(1) IN GENERAL.—Notwithstanding sections*
25 *135(a), 251, and 252, and chapter 30, after a petition*

1 to institute a post-grant review is filed, if another
2 proceeding or matter involving the patent is before the
3 Office—

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

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

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

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

21 “(2) CONSIDERATIONS.—In determining whether
22 to institute a proceeding under this chapter, the Di-
23 rector shall, unless the Director determines that the
24 petitioner has demonstrated exceptional cir-
25 cumstances, reject any petition that presents prior art

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

4 *(4) by amending subsection (f), as so redesign-*
5 *ated, to read as follows:*

6 *“(f) ESTOPPEL.—*

7 *“(1) IN GENERAL.—A petitioner that has pre-*
8 *viously requested a post-grant review of a claim in a*
9 *patent under this chapter, or a real party in interest*
10 *or a privy of a petitioner, may not request or main-*
11 *tain another proceeding before the Office with respect*
12 *to that patent on any ground that the petitioner*
13 *raised or reasonably could have raised in the petition*
14 *requesting or during the prior post-grant review, un-*
15 *less—*

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

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

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

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

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

15 “(h) *FEDERAL COURT AND INTERNATIONAL TRADE*
16 *COMMISSION VALIDITY DETERMINATIONS*.—A post-grant
17 review of a patent claim may not be instituted or main-
18 tained if, in a civil action arising in whole or in part under
19 section 1338 of title 28, or in a proceeding before the Inter-
20 national Trade Commission under section 337 of the Tariff
21 Act of 1930 (19 U.S.C. 1337), in which the petitioner, a
22 real party in interest, or a privy of the petitioner is a
23 party, the court, or the International Trade Commission,
24 as applicable, has entered a final judgment that decides a
25 challenge to the validity of the patent claim.”.

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

3 (1) in subsection (a)—

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

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

9 “(A) the deposition of witnesses submitting
10 affidavits or declarations;

11 “(B) evidence identifying the real parties in
12 interest of the petitioner; and

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

15 (B) by amending paragraph (9) to read as
16 follows:

17 “(9) setting forth standards and procedures for—

18 “(A) allowing the patent owner to move to
19 amend the patent under subsection (d) to cancel
20 a challenged claim or propose a reasonable num-
21 ber of substitute claims;

22 “(B) allowing the Patent Trial and Appeal
23 Board to provide guidance on substitute claims
24 proposed by the patent owner;

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

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

11 (C) in paragraph (11), by striking “section
12 325(c)” and inserting “section 325(d)”;

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

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

16 “(13) setting forth the standards for dem-
17 onstrating exceptional circumstances under section
18 325(e)(2).”;

19 (2) by amending subsection (e) to read as fol-
20 lows:

21 “(e) *EVIDENTIARY STANDARDS.*—

22 “(1) *PRESUMPTION OF VALIDITY.*—The presump-
23 tion of validity under section 282(a) shall apply to
24 previously issued claims of a patent that is challenged
25 in a post-grant review under this chapter.

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

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

7 “(B) *the petitioner shall have the burden of*
8 *persuasion, by a preponderance of the evidence,*
9 *with respect to a proposition of unpatentability*
10 *for any substitute claim proposed by the patent*
11 *owner.”; and*

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

13 “(f) *CLAIM CONSTRUCTION.*—*For the purposes of this*
14 *chapter—*

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

21 “(A) *the ordinary and customary meaning*
22 *of the claim as understood by a person having*
23 *ordinary skill in the art to which the claimed in-*
24 *vention pertains; and*

1 “(B) the prosecution history pertaining to
2 the patent; and

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

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

10 (f) *TIMING TO ISSUE TRIAL CERTIFICATES AND DECI-*
11 *SIONS ON REHEARING*.—Section 328 of title 35, United
12 States Code, is amended—

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

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

19 “(e) *REHEARING*.—Not later than 90 days after the
20 date on which a request for rehearing of a final written
21 decision issued by the Patent and Trial Appeal Board
22 under subsection (a) is filed, the Board or the Director shall
23 finally decide any request for reconsideration, rehearing, or
24 review that is submitted with respect to the decision, except

1 *that the Director may, for good cause shown, extend that*
2 *90-day period by not more than 60 days.*

3 “(f) *REVIEW BY DIRECTOR.*—

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

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

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

13 “(B) *sets forth the reasons for the reconsid-*
14 *eration, rehearing, or review of the applicable de-*
15 *cision by the Patent Trial and Appeal Board.*

16 “(g) *RULE OF CONSTRUCTION.*—*For the purposes of*
17 *an appeal permitted under section 141, any decision on re-*
18 *hearing, reconsideration, or review of a final written deci-*
19 *sion of the Patent Trial and Appeal Board under subsection*
20 *(a) of this section that is issued by the Director shall be*
21 *deemed to be a final written decision of the Patent Trial*
22 *and Appeal Board.”.*

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

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

3 “(a) *IN GENERAL.—A party*”; and

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

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

12 **SEC. 6. REEXAMINATION OF PATENTS.**

13 (a) *REQUEST FOR REEXAMINATION.—Section 302 of*
14 *title 35, United States Code, is amended by inserting after*
15 *the second sentence the following: “The request must iden-*
16 *tify all real parties in interest and certify that reexamina-*
17 *tion is not barred under section 303(d).”.*

18 (b) *REEXAMINATION BARRED.—Section 303 of title 35,*
19 *United States Code, is amended—*

20 (1) *in subsection (a), by striking the third sen-*
21 *tence; and*

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

23 “(d) *An ex parte reexamination may not be ordered*
24 *if the request for reexamination is filed more than 1 year*
25 *after the date on which the requester or a real party in*

1 *interest or a privy of the requester is served with a com-*
2 *plaint alleging infringement of the patent. For purposes of*
3 *this chapter, a person that directly or through an affiliate,*
4 *subsidiary, or proxy makes a financial contribution to the*
5 *preparation for, or conduct during, an ex parte reexamina-*
6 *tion on behalf of a requester shall be considered a real party*
7 *in interest of the requester.*

8 “(e) *In determining whether to order an ex parte reex-*
9 *amination, the Director—*

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

16 “(2) *may reject any request that the Director de-*
17 *termines has used a prior Office decision as a guide*
18 *to correct or bolster a previous deficient request filed*
19 *under this chapter or a previous deficient petition*
20 *filed under chapter 31 or 32.”.*

21 (c) *REEXAMINATION ORDER BY DIRECTOR.—Section*
22 *304 of title 35, United States Code, is amended, in the first*
23 *sentence, by inserting after “resolution of the question” the*
24 *following: “, unless the Director determines that the request*
25 *for reexamination should be rejected under subsection (d)*

1 or (e) of section 303, in which case the Director shall issue
2 an order denying reexamination”.

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

4 (a) *FUNDING.*—Section 42 of title 35, United States
5 Code, is amended—

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

8 “(a) *FEEES FOR SERVICE BY PTO.*—All fees”;

9 (2) in subsection (b)—

10 (A) by striking “All fees paid to the Direc-
11 tor and all appropriations” and inserting the
12 following:

13 “(b) *INNOVATION PROMOTION FUND.*—All fees paid to
14 the Director”; and

15 (B) by striking “Patent and Trademark Of-
16 fice Appropriation Account” and inserting
17 “United States Patent and Trademark Office In-
18 novation Promotion Fund”;

19 (3) by striking subsection (c) and inserting the
20 following:

21 “(c) *COLLECTION OF FUNDS FOR PTO ACTIVITIES.*—

22 “(1) *IN GENERAL.*—Fees authorized in this title
23 or any other Act to be charged or established by the
24 Director shall be collected by the Director and shall

1 *be available to the Director until expended to carry*
2 *out the activities of the Patent and Trademark Office.*

3 “(2) *USE OF FEES.*—

4 “(A) *PATENT FEES.*—*Any fees that are col-*
5 *lected under this title, and any surcharges on*
6 *such fees, may only be used for expenses of the*
7 *Office relating to the processing of patent appli-*
8 *cations and for other activities, services, and ma-*
9 *terials relating to patents and to cover a propor-*
10 *tionate share of the administrative costs of the*
11 *Office.*

12 “(B) *TRADEMARK FEES.*—*Any fees that are*
13 *collected under section 31 of the Trademark Act*
14 *of 1946 (as defined in subsection (d)(1)) (15*
15 *U.S.C. 1113), and any surcharges on such fees,*
16 *may only be used for expenses of the Office relat-*
17 *ing to the processing of trademark registrations*
18 *and for other activities, services, and materials*
19 *relating to trademarks and to cover a propor-*
20 *tionate share of the administrative costs of the*
21 *Office.”;*

22 (4) *by redesignating subsections (d) and (e) as*
23 *subsections (e) and (f), respectively;*

24 (5) *by inserting after subsection (c) the fol-*
25 *lowing:*

1 “(d) *REVOLVING FUND.*—

2 “(1) *DEFINITIONS.*—*In this subsection—*

3 “(A) *the term ‘Fund’ means the United*
4 *States Patent and Trademark Office Innovation*
5 *Promotion Fund established under paragraph*
6 *(2); and*

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

15 “(2) *ESTABLISHMENT.*—*There is established in*
16 *the Treasury a revolving fund to be known as the*
17 *‘United States Patent and Trademark Office Innova-*
18 *tion Promotion Fund’.*

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

21 “(A) *this title; or*

22 “(B) *the Trademark Act of 1946.*

23 “(4) *EXPENSES.*—*Amounts deposited into the*
24 *Fund under paragraph (3) shall be available, without*
25 *fiscal year limitation, to cover—*

1 “(A) to the extent consistent with the limi-
 2 tation on the use of fees under subsection (c), all
 3 expenses, including all administrative and oper-
 4 ating expenses, determined by the Director to be
 5 ordinary and reasonable, incurred by the Direc-
 6 tor for the continued operation of all services,
 7 programs, activities, and duties of the Office re-
 8 lating to patents and trademarks, as such serv-
 9 ices, programs, activities, and duties are de-
 10 scribed under—

11 “(i) this title; and

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

13 “(B) all expenses incurred pursuant to any
 14 obligation, representation, or other commitment
 15 of the Office.”;

16 (6) in subsection (e), as so redesignated, by strik-
 17 ing “The Director” and inserting the following:

18 “(e) REFUNDS.—The Director”; and

19 (7) in subsection (f), as so redesignated, by strik-
 20 ing “The Secretary” and inserting the following:

21 “(f) REPORT.—The Secretary”.

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

24 (1) EFFECTIVE DATE.—The amendments made
 25 by subsection (a) shall take effect on the first day of

1 *the first fiscal year that begins on or after the date*
2 *of enactment of this Act.*

3 (2) *REMAINING BALANCES.*—*On the effective date*
4 *described in paragraph (1), there shall be deposited in*
5 *the United States Patent and Trademark Office Inno-*
6 *vation Promotion Fund established under section*
7 *42(d)(2) of title 35, United States Code (as added by*
8 *subsection (a)), any available unobligated balances re-*
9 *maining in the Patent and Trademark Office Appro-*
10 *propriation Account, and in the Patent and Trademark*
11 *Fee Reserve Fund established under section 42(c)(2)*
12 *of title 35, United States Code, as in effect on the day*
13 *before that effective date.*

14 (3) *TERMINATION OF RESERVE FUND.*—*Upon the*
15 *payment of all obligated amounts in the Patent and*
16 *Trademark Fee Reserve Fund under paragraph (2),*
17 *the Patent and Trademark Fee Reserve Fund shall be*
18 *terminated.*

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

20 *Section 123(d) of title 35, United States Code, is*
21 *amended to read as follows:*

22 “(d) *INSTITUTIONS OF HIGHER EDUCATION.*—

23 “(1) *DEFINITION.*—*In this subsection, the term*
24 *‘institution of higher education’ has the meaning*

1 *given the term in section 101(a) of the Higher Edu-*
2 *cation Act of 1965 (20 U.S.C. 1001(a)).*

3 “(2) *INCLUSIONS.—For purposes of this section,*
4 *a micro entity shall include an applicant who cer-*
5 *tifies that—*

6 “(A) *the applicant’s employer, from which*
7 *the applicant obtains the majority of the appli-*
8 *cant’s income, is an institution of higher edu-*
9 *cation;*

10 “(B) *the applicant has assigned, granted,*
11 *conveyed, or is under an obligation by contract*
12 *or law to assign, grant, or convey, a license or*
13 *other ownership interest in the particular appli-*
14 *cations to an institution of higher education;*

15 “(C) *the applicant is an institution of high-*
16 *er education; or*

17 “(D) *the applicant is an organization de-*
18 *scribed in section 501(c)(3) of the Internal Rev-*
19 *enue Code of 1986 and exempt from taxation*
20 *under section 501(a) of such Code that holds title*
21 *to patents and patent applications on behalf of*
22 *an institution of higher education for the pur-*
23 *pose of facilitating commercialization of the tech-*
24 *nologies of the patents and patent applications.”.*

1 **SEC. 9. ASSISTING SMALL BUSINESSES IN THE UNITED**
2 **STATES PATENT SYSTEM.**

3 (a) *DEFINITION.*—*In this section, the term “small*
4 *business concern” has the meaning given the term in section*
5 *3 of the Small Business Act (15 U.S.C. 632).*

6 (b) *SMALL BUSINESS ADMINISTRATION REPORT.*—*Not*
7 *later than 1 year after the date of the enactment of this*
8 *Act, the Administrator of the Small Business Administra-*
9 *tion, using existing resources, shall submit to the Committee*
10 *on Small Business and Entrepreneurship of the Senate and*
11 *the Committee on Small Business of the House of Represent-*
12 *atives a report analyzing the impact of—*

13 (1) *patent ownership by small business concerns;*

14 *and*

15 (2) *civil actions against small business concerns*
16 *arising under title 35, United States Code, relating to*
17 *patent infringement.*

18 (c) *FREE ONLINE AVAILABILITY OF PUBLIC SEARCH*
19 *FACILITY MATERIALS.*—*Section 41(i) of title 35, United*
20 *States Code, is amended by adding at the end the following:*

21 “(5) *FREE ONLINE AVAILABILITY OF PUBLIC*
22 *SEARCH FACILITY MATERIALS.*—*The Director shall*
23 *make available online and at no charge all patent*
24 *and trademark information that is available at the*
25 *Public Search Facility of the Office located in Alexan-*
26 *dria, Virginia, including, except to the extent that li-*

1 *censes with third-party contractors would make such*
2 *provision financially unviable—*

3 *“(A) search tools and databases;*

4 *“(B) informational materials; and*

5 *“(C) training classes and materials.”.*

Calendar No. 650

118TH CONGRESS
2^D SESSION
S. 2220

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.

DECEMBER 2, 2024

Reported with an amendment