

119TH CONGRESS
1ST SESSION

S. 1553

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

MAY 1, 2025

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(b) CODE OF CONDUCT.—

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

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

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

14 “(d) 3-MEMBER PANELS.—

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

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

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

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

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

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

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

18 (A) in the first sentence—

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

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

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

7 (B) in the second sentence—

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

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

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

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

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

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

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

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

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

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

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

14 “(A) is a nonprofit organization that—

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

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

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

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

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

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

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

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

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

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

(d) ELIMINATING REPETITIVE PROCEEDINGS.—

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

(A) in subsection (b), by amending the second sentence to read as follows: “The time limitation set forth in the preceding sentence shall not bar a request for joinder under subsection (d), but shall establish a rebuttable presumption against joinder for the requesting person.”;

(B) by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively;

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

“(c) SINGLE FORUM.—

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

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

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

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

22 “(d) JOINDER.—

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

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

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

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

“(e) MULTIPLE PROCEEDINGS.—

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

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

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

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

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

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

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

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

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

5 “(f) ESTOPPEL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (1) in subsection (a)—

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

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

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

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

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

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

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

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

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

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

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

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

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

“(D) ensuring that any information submitted by the patent owner in support of any amendment entered under subsection (d), and any guidance issued by the Patent Trial and Appeal Board, is made available to the public as part of the prosecution history of the patent;”;

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

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

(G) by adding at the end the following:

“(15) setting forth the standards for demonstrating exceptional circumstances under sections 303(e)(1) and 315(e)(2).”;

(2) by amending subsection (e) to read as follows:

“(e) EVIDENTIARY STANDARDS.—

“(1) PRESUMPTION OF VALIDITY.—The presumption of validity under section 282(a) shall apply to previously issued claims of a patent that is challenged in an inter partes review under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 “(f) REVIEW BY DIRECTOR.—

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

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

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

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

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

20 (h) TIMING TO ISSUE DECISIONS ON REMAND.—Sec-
 21 tion 319 of title 35, United States Code, is amended—

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

24 “(a) IN GENERAL.—A party”; and

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

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

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

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

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

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

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

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

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

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

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

10 “(c) SINGLE FORUM.—

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

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

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

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

11 “(e) MULTIPLE PROCEEDINGS.—

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

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

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

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

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

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

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

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

19 “(f) ESTOPPEL.—

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

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

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

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

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

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

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

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

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

15 (1) in subsection (a)—

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

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

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

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

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

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

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

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

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

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

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

25 (C) in paragraph (11)—

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

3 (ii) by striking “and” at the end;

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

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

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

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

12 “(e) EVIDENTIARY STANDARDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 “(f) REVIEW BY DIRECTOR.—

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

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

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

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

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

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

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

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

18 “(a) IN GENERAL.—A party”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (2) in subsection (b)—

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

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

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

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

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

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

20 “(2) USE OF FEES.—

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

materials relating to patents and to cover a proportionate share of the administrative costs of the Office.

“(B) TRADEMARK FEES.—Any fees that are collected under section 31 of the Trademark Act of 1946 (as defined in subsection (d)(1)) (15 U.S.C. 1113), and any surcharges on such fees, may only be used for expenses of the Office relating to the processing of trademark registrations and for other activities, services, and materials relating to trademarks and to cover a proportionate share of the administrative costs of the Office.”;

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

(5) by inserting after subsection (c) the following:

“(d) REVOLVING FUND.—

“(1) DEFINITIONS.—In this subsection—

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

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

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

“(2) ESTABLISHMENT.—There is established in the Treasury a revolving fund to be known as the ‘United States Patent and Trademark Office Innovation Promotion Fund’.

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

“(A) this title; or

“(B) the Trademark Act of 1946.

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

“(A) to the extent consistent with the limitation on the use of fees under subsection (c), all expenses, including all administrative and operating expenses, determined by the Director to be ordinary and reasonable, incurred by the Director for the continued operation of all serv-

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

5 “(i) this title; and

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

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

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

12 “(e) REFUNDS.—The Director”; and

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

16 “(f) REPORT.—The Secretary”.

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

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

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

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

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

SEC. 8. INSTITUTIONS OF HIGHER EDUCATION.

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

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

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

“(2) **INCLUSIONS.**—For purposes of this section, a micro entity shall include an applicant who certifies that—

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

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

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

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

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

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

1 (b) SMALL BUSINESS ADMINISTRATION REPORT.—

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

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

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

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

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

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

