

115TH CONGRESS  
1ST SESSION

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

To strengthen the position of the United States as the world’s leading innovator by amending title 35, United States Code, to protect the property rights of the inventors that grow the country’s economy.

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IN THE SENATE OF THE UNITED STATES

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

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**A BILL**

To strengthen the position of the United States as the world’s leading innovator by amending title 35, United States Code, to protect the property rights of the inventors that grow the country’s economy.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Support Technology and Research for Our Nation’s  
6 Growth and Economic Resilience Patents Act of 2017” or  
7 the “STRONGER Patents Act of 2017”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—STRONGER PATENTS ACT

Sec. 101. Findings.

Sec. 102. Inter partes review.

Sec. 103. Post-grant review.

Sec. 104. Composition of post-grant review and inter partes review panels.

Sec. 105. Reexamination of patents.

Sec. 106. Restoration of patents as property rights.

Sec. 107. Elimination of USPTO fee diversion.

Sec. 108. Infringement of patent.

Sec. 109. Institutions of higher education.

Sec. 110. Assisting small businesses in the U.S. patent system.

#### TITLE II—TARGETING ROGUE AND OPAQUE LETTERS

Sec. 201. Definitions.

Sec. 202. Unfair or deceptive acts or practices in connection with the assertion  
of a United States patent.

Sec. 203. Enforcement by Federal Trade Commission.

Sec. 204. Preemption of State laws on patent demand letters and enforcement  
by State attorneys general.

## 3 **TITLE I—STRONGER PATENTS** 4 **ACT**

### 5 **SEC. 101. FINDINGS.**

6 Congress finds that—

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) strong patent rights encourage United  
12 States inventors to invest their resources in creating  
13 new inventions;

14 (3) patent protection has led to patient cures,  
15 positive changes to the standard of living for all peo-

1       ple in the United States, and improvements to the  
2       agricultural, telecommunications, and electronics in-  
3       dustries, among others;

4               (4) the United States patent system is an es-  
5       sential part of the country's economic success;

6               (5) strong patent protection improves the  
7       chances of success for small companies and increases  
8       their chances of securing financing from investors;

9               (6) intellectual property-intensive industries in  
10       the United States generate tens of millions of jobs  
11       for individuals in the United States;

12              (7) intellectual property-intensive industries in  
13       the United States account for more than one-third  
14       of the country's gross domestic product;

15              (8) in the highly competitive global economy,  
16       the United States needs to uphold strong patent  
17       protections to maintain its position as the world's  
18       premier innovative country;

19              (9) Congress last enacted comprehensive re-  
20       forms of the patent system just recently, in 2011;

21              (10) unintended consequences of the com-  
22       prehensive 2011 reform of patent laws are con-  
23       tinuing to become evident, including the strategic fil-  
24       ing of post-grant review proceedings to depress stock  
25       prices and extort settlements, the filing of repetitive

1 petitions for inter partes and post-grant reviews that  
2 have the effect of harassing patent owners, and the  
3 unnecessary duplication of work by the district  
4 courts of the United States and the Patent Trial  
5 and Appeal Board;

6 (11) the Judicial Conference of the United  
7 States has made significant revisions to rules gov-  
8 erning pleadings and discovery in the Federal Rules  
9 of Civil Procedure, which took effect in December  
10 2015;

11 (12) the Supreme Court recently issued rulings  
12 in *Octane Fitness, LLC v. Icon Health & Fitness,*  
13 *Inc.*, 134 S.Ct. 1749 (2014) and *Highmark Inc. v.*  
14 *Allcare Health Management System, Inc.*, 134 S.Ct.  
15 1744 (2014) that significantly reduced the burden  
16 on an alleged infringer to recover attorney fees from  
17 the patent owner, and increased the incidence of fees  
18 shifted to the losing party; and

19 (13) efforts by Congress to reform the patent  
20 system without careful scrutiny create a serious risk  
21 of making it more costly and difficult for legitimate  
22 innovators to protect their patents from infringe-  
23 ment, thereby weakening United States companies  
24 and the United States economy.

1 **SEC. 102. INTER PARTES REVIEW.**

2 (a) CLAIM CONSTRUCTION.—Section 316(a) of title  
3 35, United States Code, is amended—

4 (1) in paragraph (9), by inserting after “sub-  
5 stitute claims,” the following: “including the stand-  
6 ard for how substitute claims should be construed,”;

7 (2) in paragraph (12), by striking “; and” and  
8 inserting a semicolon;

9 (3) in paragraph (13), by striking the period at  
10 the end and inserting “; and”; and

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

12 “(14) providing that for all purposes under this  
13 chapter—

14 “(A) each challenged claim of a patent  
15 shall be construed as the claim would be con-  
16 strued under section 282(b) in an action to in-  
17 validate a patent, including by construing each  
18 challenged claim of the patent in accordance  
19 with—

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

24 “(ii) the prosecution history per-  
25 taining to the patent; and

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

6           (b) BURDEN OF PROOF.—Section 316(e) of title 35,  
7 United States Code, is amended to read as follows:

8           “(e) EVIDENTIARY STANDARDS.—

9           “(1) PRESUMPTION OF VALIDITY.—The pre-  
10          sumption of validity under section 282(a) shall apply  
11          to a previously issued claim that is challenged dur-  
12          ing an inter partes review under this chapter.

13          “(2) BURDEN OF PROOF.—In an inter partes  
14          review instituted under this chapter, the petitioner  
15          shall have the burden of proving a proposition of  
16          unpatentability of a previously issued claim by clear  
17          and convincing evidence.”.

18          (c) STANDING.—Section 311 of title 35, United  
19 States Code, is amended by adding at the end the fol-  
20 lowing:

21          “(d) PERSONS THAT MAY PETITION.—

22          “(1) DEFINITION.—In this subsection, the term  
23          ‘charged with infringement’ means a real and sub-  
24          stantial controversy regarding infringement of a pat-  
25          ent exists such that the petitioner would have stand-

1       ing to bring a declaratory judgment action in Fed-  
2       eral court.

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

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

9               or

10              “(B) charged with infringement under the  
11       patent.”.

12       (d) LIMITATION ON REVIEWS.—Section 314(a) of  
13       title 35, United States Code, is amended to read as fol-  
14       lows:

15       “(a) THRESHOLD.—

16              “(1) LIKELIHOOD OF PREVAILING.—Subject to  
17       paragraph (2), the Director shall not authorize an  
18       inter partes review to be instituted unless the Direc-  
19       tor determines that the information presented in the  
20       petition filed under section 311 and any response  
21       filed under section 313 shows that there is a reason-  
22       able likelihood that the petitioner would prevail with  
23       respect to at least 1 of the claims challenged in the  
24       petition.

1           “(2) PREVIOUS INSTITUTION.—The Director  
2           shall not authorize an inter partes review to be insti-  
3           tuted on a claim challenged in a petition if the Di-  
4           rector has previously instituted an inter partes re-  
5           view or post-grant review with respect to that  
6           claim.”.

7           (e) APPEALS FROM INSTITUTION DECISIONS.—Sec-  
8           tion 314 of title 35, United States Code, is amended by  
9           striking subsection (d) and inserting the following:

10          “(d) NO APPEAL.—A determination by the Director  
11          not to institute an inter partes review under this section  
12          shall be final and nonappealable.

13          “(e) INTERLOCUTORY APPEAL.—

14                 “(1) RIGHT OF APPEAL.—A determination by  
15                 the Director to institute an inter partes review under  
16                 this section may be appealed to the United States  
17                 Court of Appeals for the Federal Circuit.

18                 “(2) TIMING.—A party shall file a notice of in-  
19                 terlocutory appeal under paragraph (1) not later  
20                 than 7 days after the date on which the Director en-  
21                 ters the institution decision.

22                 “(3) LIMITATION.—An interlocutory appeal  
23                 filed under paragraph (1) may challenge the institu-  
24                 tion decision on any basis except for the determina-  
25                 tion made under section 314(a)(1).



1           “(4) EFFECT ON PROCEEDINGS.—An interlocu-  
2           tory appeal filed under paragraph (1) shall not stay  
3           proceedings in the inter partes review unless the Di-  
4           rector or the United States Court of Appeals for the  
5           Federal Circuit so orders.

6           “(5) DECISION.—An interlocutory appeal filed  
7           under paragraph (1) may be granted at the discre-  
8           tion of the United States Court of Appeals for the  
9           Federal Circuit, which may include consideration of  
10          whether—

11                   “(A) the institution decision appears to be  
12                   in error and mere institution presents a risk of  
13                   immediate, irreparable injury to the patent  
14                   owner;

15                   “(B) the institution decision presents an  
16                   unsettled and fundamental issue of law, impor-  
17                   tant both to the specific proceeding and gen-  
18                   erally, that is likely to evade end-of-the-pro-  
19                   ceeding review; or

20                   “(C) the institution decision is manifestly  
21                   erroneous.”.

22          (f) ELIMINATING REPETITIVE PROCEEDINGS.—Sec-  
23          tion 315(e) of title 35, United States Code, is amended  
24          to read as follows:

25                   “(e) ESTOPPEL.—

1           “(1) PROCEEDINGS BEFORE THE OFFICE.—A  
2           person petitioning for an inter partes review of a  
3           claim in a patent under this chapter, or the real  
4           party in interest or privy of the petitioner, may not  
5           petition for a subsequent inter partes review before  
6           the Office with respect to that patent on any ground  
7           that the petitioner raised or reasonably could have  
8           raised in the initial petition, unless, after the filing  
9           of the initial petition, the petitioner, or the real  
10          party in interest or privy of the petitioner, is  
11          charged with infringement of additional claims of  
12          the patent.

13          “(2) CIVIL ACTIONS AND OTHER PRO-  
14          CEEDINGS.—A person petitioning for an inter partes  
15          review of a claim in a patent under this chapter that  
16          results in an institution decision under section 314,  
17          or the real party in interest or privy of the peti-  
18          tioner, may not assert either in a civil action arising  
19          in whole or in part under section 1338 of title 28  
20          or in a proceeding before the International Trade  
21          Commission under section 337 of the Tariff Act of  
22          1930 (19 U.S.C. 1337) that the claim is invalid  
23          based on section 102 or 103 of this title, unless the  
24          invalidity argument is based on allegations that the  
25          claimed invention was in public use, on sale, or oth-

1 erwise available to the public before the effective fil-  
2 ing date of the claimed invention.”.

3 (g) REAL PARTY IN INTEREST.—

4 (1) CLARIFICATION OF DEFINITION.—Section  
5 315 of title 35, United States Code, is amended by  
6 adding at the end the following:

7 “(f) PETITIONER.—For purposes of this chapter, a  
8 person that directly or through an affiliate, subsidiary, or  
9 proxy, makes a financial contribution to the preparation  
10 for, or conduct during, an inter partes review on behalf  
11 of the petitioner shall be considered a real party in interest  
12 of the petitioner.”.

13 (2) DISCOVERY OF REAL PARTY IN INTER-  
14 EST.—Section 316(a)(5) of title 35, United States  
15 Code, is amended to read as follows:

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

19 “(A) the deposition of witnesses submitting  
20 affidavits or declarations;

21 “(B) evidence identifying the petitioner’s  
22 real parties in interest; and

23 “(C) what is otherwise necessary in the in-  
24 terest of justice;”.

1 (h) PRIORITY OF FEDERAL COURT VALIDITY DE-  
2 TERMINATIONS.—

3 (1) IN GENERAL.—Section 315 of title 35,  
4 United States Code, as amended by subsection (h),  
5 is amended—

6 (A) by redesignating subsections (c)  
7 through (f) as subsections (d) through (g), re-  
8 spectively; and

9 (B) by inserting after subsection (b) the  
10 following:

11 “(c) FEDERAL COURT VALIDITY DETERMINA-  
12 TIONS.—

13 “(1) INSTITUTION BARRED.—An inter partes  
14 review of a patent claim may not be instituted if, in  
15 a civil action arising in whole or in part under sec-  
16 tion 1338 of title 28 or in a proceeding before the  
17 International Trade Commission under section 337  
18 of the Tariff Act of 1930 (19 U.S.C. 1337), a court  
19 has entered a final judgment—

20 “(A) that decides the validity of the patent  
21 claim with respect to section 102 or 103; and

22 “(B) from which an appeal under section  
23 1295 of title 28 may be taken, or from which  
24 an appeal under section 1295 of title 28 was  
25 previously available but is no longer available.

1 “(2) STAY OF PROCEEDINGS.—

2 “(A) IN GENERAL.—If, in a civil action  
3 arising in whole or in part under section 1338  
4 of title 28 or in a proceeding before the Inter-  
5 national Trade Commission under section 337  
6 of the Tariff Act of 1930 (19 U.S.C. 1337), a  
7 court has entered a final judgment that decides  
8 the validity of a patent claim with respect to  
9 section 102 or 103 and from which an appeal  
10 under section 1295 of title 28 may be taken,  
11 the Patent Trial and Appeal Board shall stay  
12 any ongoing inter partes review of that patent  
13 claim pending a final decision of the court or  
14 Commission, as applicable.

15 “(B) TERMINATION.—If the validity of a  
16 patent claim described in subparagraph (A) is  
17 finally upheld by a court or the International  
18 Trade Commission, as applicable, the Patent  
19 Trial and Appeal Board shall terminate the  
20 inter partes review.”.

21 (2) TECHNICAL AND CONFORMING AMEND-  
22 MENTS.—Chapter 31 of title 35, United States  
23 Code, is amended—

24 (A) in section 315(b), by striking “sub-  
25 section (c)” and inserting “subsection (d)”;

1 (B) in section 316(a)—

2 (i) in paragraph (11), by striking  
3 “section 315(c)” and inserting “section  
4 315(d)”; and

5 (ii) in paragraph (12), by striking  
6 “section 315(c)” and inserting “section  
7 315(d)”; and

8 (C) in section 317(a), by striking “section  
9 315(e)” and inserting “section 315(f)”.

10 (i) AMENDMENT OF CLAIMS.—

11 (1) INTER PARTES REVIEW AMENDMENT PRAC-  
12 TICE.—Chapter 31 of title 35, United States Code,  
13 is amended by inserting after section 316 the fol-  
14 lowing:

15 **“§ 316A. Inter partes review amendment practice**

16 “(a) ACTIONS PERMITTED.—During an inter partes  
17 review instituted under this chapter, the patent owner may  
18 move to take 1 or more of the following actions with re-  
19 spect to any challenged patent claim being reviewed:

20 “(1) Cancel the claim.

21 “(2) Propose a reasonable number of substitute  
22 claims whose patentability will be adjudicated by the  
23 Patent Trial and Appeal Board in accordance with  
24 subsection (c).

1           “(3) Propose a reasonable number of substitute  
2           claims to be examined in an expedited IPR reexam-  
3           ination in accordance with subsection (d).

4           “(b) SCOPE OF CLAIMS.—An amendment to a patent  
5           under this section may not enlarge the scope of the claims  
6           of the patent or introduce new matter.

7           “(c) AMENDMENT PRACTICE BEFORE THE PATENT  
8           TRIAL AND APPEAL BOARD.—

9           “(1) PATENT OWNER’S INITIAL MOTION.—For  
10          each challenged claim for which the patent owner  
11          seeks to propose a reasonable number of substitute  
12          claims, the patent owner shall be required to make  
13          a prima facie showing that each substitute claim—

14                 “(A) responds to each ground of  
15                 unpatentability on which the inter partes review  
16                 was instituted;

17                 “(B) meets the written description require-  
18                 ment under section 112(a); and

19                 “(C) meets the requirement under sub-  
20                 section (b) of this section.

21          “(2) NEW EVIDENCE.—

22                 “(A) PETITIONER.—The petitioner may re-  
23                 spond to the patent owner’s initial motion  
24                 under paragraph (1) by presenting new evi-  
25                 dence.

1           “(B) PATENT OWNER.—The patent owner  
2 shall have not less than 1 opportunity to re-  
3 spond to any new evidence presented under sub-  
4 paragraph (A).

5           “(3) EXPEDITED PATENTABILITY REPORT.—

6           “(A) IN GENERAL.—Upon the filing of a  
7 motion under paragraph (1), the Patent Trial  
8 and Appeal Board, in its discretion, may order  
9 an expedited patentability report from a patent  
10 examiner on a substitute claim.

11           “(B) CONTENTS OF REPORT.—In ordering  
12 an expedited patentability report, the Patent  
13 Trial and Appeal Board may—

14           “(i) order examination of any ground  
15 of patentability that is assessed by a pat-  
16 ent examiner under chapter 12; and

17           “(ii) request a non-binding rec-  
18 ommendation as to the patentability of a  
19 substitute claim.

20           “(C) RIGHT OF REPLY.—Any party to the  
21 inter partes review may file supplemental brief-  
22 ing, including new evidence, addressing the ex-  
23 pedited patentability report.

24           “(D) TIMING.—The production of the ex-  
25 pedited patentability report shall be expedited.



1           “(E) GOOD CAUSE.—The ordering of a  
2           patentability report shall constitute good cause,  
3           for purposes of section 316(a)(11), to extend  
4           the 1-year period for the inter partes review.

5           “(4) ADJUDICATION OF PATENTABILITY.—

6           “(A) NO REBUTTAL.—A patent owner  
7           shall be entitled to a substitute claim if the  
8           prima facie showing required under paragraph  
9           (1) is not rebutted.

10           “(B) ADDITIONAL EVIDENCE.—If addi-  
11           tional evidence of record is presented, the pat-  
12           ent owner shall be entitled to a substitute claim  
13           unless a preponderance of that evidence proves  
14           that the patent owner is not so entitled.

15           “(5) PATENT TRIAL AND APPEAL BOARD’S DIS-  
16           CRETION TO ORDER EXPEDITED IPR REEXAMINA-  
17           TION.—Upon issuing a final written decision with  
18           respect to each challenged claim, the Patent Trial  
19           and Appeal Board may order an expedited IPR reex-  
20           amination to be conducted under section (d)(2) to  
21           consider a substitute claim in lieu of issuing a final  
22           written decision on that claim.

23           “(6) AMENDMENTS TO ADVANCE SETTLE-  
24           MENT.—The Patent Trial and Appeal Board may  
25           consider additional motions to amend upon the joint

1 request of the petitioner and the patent owner to  
2 materially advance the settlement of a proceeding  
3 under section 317 if the patent owner makes the  
4 prima facie showing required under paragraph (1).

5 “(d) AMENDMENT PRACTICE BEFORE A PATENT EX-  
6 AMINER.—

7 “(1) MOTION TO CONVERT TO EXPEDITED IPR  
8 EXAMINATION.—

9 “(A) IN GENERAL.—If the Director deter-  
10 mines to institute an inter partes review on a  
11 challenged claim under section 314, a patent  
12 owner may, before any further substantive  
13 briefing on the patentability of an instituted  
14 claim, move to terminate the inter partes review  
15 in favor of an expedited IPR reexamination  
16 under paragraph (2) of this subsection.

17 “(B) CONTENTS OF MOTION.—A patent  
18 owner shall be required to show good cause for  
19 why an expedited IPR reexamination would fur-  
20 ther the goals of the patent system, including  
21 consideration of whether there are substantial—

22 “(i) investments in research directly  
23 related to the claimed invention;

24 “(ii) secondary indicia of non-obvious-  
25 ness, such as commercial success, long-felt

1 but unsolved needs, or failures of persons  
2 skilled in the art to develop the claimed in-  
3 vention; or

4 “(iii) changes in case law governing  
5 relevant substantive patentability require-  
6 ments since the patent was issued.

7 “(C) NEW EVIDENCE ALLOWED.—The  
8 opening motion and opposition briefs under this  
9 paragraph may include new evidence, and fur-  
10 ther rebuttal evidence may be allowed at the  
11 discretion of the Patent Trial and Appeal  
12 Board.

13 “(2) CONDUCT OF EXPEDITED IPR EXAMINA-  
14 TION.—

15 “(A) IN GENERAL.—If the Patent Trial  
16 and Appeal Board grants a motion filed under  
17 paragraph (1), the patent owner shall cancel  
18 each instituted claim and submit a reasonable  
19 number of substitute claims for consideration  
20 by the patent examiner in an expedited IPR ex-  
21 amination under this paragraph.

22 “(B) TIMING.—A patent examiner shall  
23 complete an expedited IPR examination, exclud-  
24 ing any time for appeals, within 18 months.

1           “(C) PROCEDURES.—Consideration of the  
2 substitute claims in an expedited IPR examina-  
3 tion shall follow the procedures established for  
4 initial examination under sections 132 and 133,  
5 subject to subsection (b) of this section and  
6 modified as necessary to ensure that the proce-  
7 dures are expedited.

8           “(D) APPEAL.—

9           “(i) PATENT EXAMINER DECISION.—

10           If the final decision of a patent examiner  
11 in an expedited IPR examination is ad-  
12 verse to the patentability of a substitute  
13 claim, the patent owner may appeal the de-  
14 cision to the Patent Trial and Appeal  
15 Board under section 134(c).

16           “(ii) PATENT TRIAL AND APPEAL

17 BOARD DECISION.—If the final decision in  
18 an appeal of an expedited IPR reexamina-  
19 tion to the Patent Trial and Appeal Board  
20 under section 134(c) is adverse to the pat-  
21 entability of a substitute claim, the patent  
22 owner may appeal the decision to the  
23 United States Court of Appeals for the  
24 Federal Circuit in accordance with sections  
25 141 through 144.

1           “(E) CERTIFICATE.—If the patent exam-  
2           iner determines in an expedited IPR examina-  
3           tion that a substitute claim is patentable, and  
4           the time for appeal has expired or any appeal  
5           proceeding has terminated, the Director shall  
6           issue and publish a certificate incorporating in  
7           the patent the substitute claim.

8           “(F) INTERVENING RIGHTS.—Any sub-  
9           stitute claim determined to be patentable and  
10          incorporated into a patent following an expe-  
11          dited IPR examination shall have the same ef-  
12          fect as that specified in section 252 for reissued  
13          patents on the right of any person who made,  
14          purchased, or used within the United States, or  
15          imported into the United States, anything pat-  
16          ented by the substitute claim, or who made sub-  
17          stantial preparation therefor, prior to issuance  
18          of a certificate under subparagraph (E).”.

19          (2) TECHNICAL AND CONFORMING AMEND-  
20          MENTS.—

21                  (A) EXPEDITED IPR EXAMINATION AP-  
22          PEALS.—

23                          (i) APPEALS TO PATENT TRIAL AND  
24          APPEAL BOARD.—Section 134 of title 35,

1 United States Code, is amended by adding  
2 at the end the following:

3 “(c) PATENT OWNER IN EXPEDITED EXAMINA-  
4 TION.—A patent owner may appeal from the final rejec-  
5 tion of any substitute claim by the primary examiner in  
6 an expedited IPR examination under section 316A(d) to  
7 the Patent Trial and Appeal Board, having once paid the  
8 fee for such appeal.”.

9 (ii) APPEALS TO FEDERAL CIRCUIT.—  
10 Section 141 of title 35, United States  
11 Code, is amended—

12 (I) by redesignating subsections  
13 (c) and (d) as subsection (d) and (e);  
14 and

15 (II) by inserting after subsection  
16 (b) the following:

17 “(c) EXPEDITED EXAMINATIONS.—A patent owner  
18 who is dissatisfied with the final decision in an appeal to  
19 the Patent Trial and Appeal Board under section 134(c)  
20 of an expedited IPR examination may appeal the Board’s  
21 decision to the United States Court of Appeals for the  
22 Federal Circuit.”.

23 (B) CONDUCT OF INTER PARTES RE-  
24 VIEW.—Section 316 of title 35, United States  
25 Code, is amended—

1 (i) in subsection (a)(9), by striking  
2 “subsection (d)” each place that term ap-  
3 pears and inserting “section 316A”;

4 (ii) by striking subsection (d); and

5 (iii) by redesignating subsection (e) as  
6 subsection (d).

7 (C) DECISION OF THE BOARD.—Section  
8 318(a) of title 35, United States Code, is  
9 amended—

10 (i) by striking “If” and inserting “Ex-  
11 cept as provided in section 316A(c)(5), if”;  
12 and

13 (ii) by striking “section 316(d)” and  
14 inserting “section 316A”.

15 (D) TABLE OF SECTIONS.—The table of  
16 sections for chapter 31 of title 35, United  
17 States Code, is amended by inserting after the  
18 item relating to section 316 the following:

“316A. Inter partes review amendment practice.”.

19 **SEC. 103. POST-GRANT REVIEW.**

20 (a) CLAIM CONSTRUCTION.—Section 326(a) of title  
21 35, United States Code, is amended—

22 (1) in paragraph (9), by inserting after “sub-  
23 stitute claims,” the following: “including the stand-  
24 ard for how substitute claims should be construed,”;

1           (2) in paragraph (11), by striking “; and” and  
2 inserting a semicolon;

3           (3) in paragraph (12), by striking the period at  
4 the end and inserting “; and”; and

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

6           “(13) providing that for all purposes under this  
7 chapter—

8                   “(A) each challenged claim of a patent  
9 shall be construed as the claim would be con-  
10 strued under section 282(b) in an action to in-  
11 validate a patent, including by construing each  
12 challenged claim of the patent in accordance  
13 with—

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

18                           “(ii) the prosecution history per-  
19 taining to the patent; and

20                   “(B) if a court has previously construed a  
21 challenged claim of a patent or a challenged  
22 claim term in a civil action to which the patent  
23 owner was a party, the Office shall consider  
24 that claim construction.”.



1 (b) BURDEN OF PROOF.—Section 326(e) of title 35,  
2 United States Code, is amended to read as follows:

3 “(e) EVIDENTIARY STANDARDS.—

4 “(1) PRESUMPTION OF VALIDITY.—The pre-  
5 sumption of validity under section 282(a) shall apply  
6 to a previously issued claim that is challenged dur-  
7 ing a proceeding under this chapter.

8 “(2) BURDEN OF PROOF.—In a post-grant re-  
9 view instituted under this chapter, the petitioner  
10 shall have the burden of proving a proposition of  
11 unpatentability of a previously issue claim by clear  
12 and convincing evidence.”.

13 (c) STANDING.—Section 321 of title 35, United  
14 States Code, is amended by adding at the end the fol-  
15 lowing:

16 “(d) PERSONS THAT MAY PETITION.—

17 “(1) DEFINITION.—In this subsection, the term  
18 ‘charged with infringement’ means a real and sub-  
19 stantial controversy regarding infringement of a pat-  
20 ent exists such that the petitioner would have stand-  
21 ing to bring a declaratory judgment action in Fed-  
22 eral court.

23 “(2) NECESSARY CONDITIONS.—A person may  
24 not file with the Office a petition to institute a post-  
25 grant review of the patent unless the person, or a

1 real party in interest or privy of the person, dem-  
2 onstrates—

3 “(A) a reasonable possibility of being—

4 “(i) sued for infringement of the pat-  
5 ent; or

6 “(ii) charged with infringement under  
7 the patent; or

8 “(B) a competitive harm related to the va-  
9 lidity of the patent.”.

10 (d) LIMITATION ON REVIEWS.—Section 324(a) of  
11 title 35, United States Code, is amended to read as fol-  
12 lows:

13 “(a) THRESHOLD.—

14 “(1) LIKELIHOOD OF PREVAILING.—Subject to  
15 paragraph (2), the Director may not authorize a  
16 post-grant review to be instituted unless the Director  
17 determines that the information presented in the pe-  
18 tition filed under section 321, if such information is  
19 not rebutted, would demonstrate that it is more like-  
20 ly than not that at least 1 of the claims challenged  
21 in the petition is unpatentable.

22 “(2) PREVIOUS INSTITUTION.—The Director  
23 may not authorize a post-grant review to be insti-  
24 tuted on a claim challenged in a petition if the Di-

1 rector has previously instituted an inter partes or  
2 post-grant review with respect to that claim.”.

3 (e) APPEALS FROM INSTITUTION DECISIONS.—Sec-  
4 tion 324 of title 35, United States Code, is amended by  
5 striking subsection (e) and inserting the following:

6 “(e) NO APPEAL.—A determination by the Director  
7 not to institute a post-grant review under this section shall  
8 be final and nonappealable.

9 “(f) INTERLOCUTORY APPEAL.—

10 “(1) RIGHT OF APPEAL.—A determination by  
11 the Director to institute a post-grant review under  
12 this section may be appealed to the United States  
13 Court of Appeals for the Federal Circuit.

14 “(2) TIMING.—A party shall file a notice of in-  
15 terlocutory appeal under paragraph (1) not later  
16 than 7 days after the date on which the Director en-  
17 ters the institution decision.

18 “(3) LIMITATION.—An interlocutory appeal  
19 filed under paragraph (1) may challenge the institu-  
20 tion decision on any basis except for the determina-  
21 tion made under section 324(a)(1).

22 “(4) EFFECT ON PROCEEDINGS.—An interlocu-  
23 tory appeal filed under paragraph (1) shall not stay  
24 proceedings in the post-grant review unless the Di-

1 rector or the United States Court of Appeals for the  
2 Federal Circuit so orders.

3 “(5) DECISION.—An interlocutory appeal filed  
4 under paragraph (1) may be granted at the discre-  
5 tion of the United States Court of Appeals for the  
6 Federal Circuit, which may include consideration of  
7 whether—

8 “(A) the institution decision appears to be  
9 in error and mere institution presents a risk of  
10 immediate, irreparable injury to the patent  
11 owner;

12 “(B) the institution decision presents an  
13 unsettled and fundamental issue of law, impor-  
14 tant both to the specific proceeding and gen-  
15 erally, that is likely to evade end-of-the-pro-  
16 ceeding review; or

17 “(C) the institution decision is manifestly  
18 erroneous.”.

19 (f) ELIMINATING REPETITIVE PROCEEDINGS.—Sec-  
20 tion 325(e)(1) of title 35, United States Code, is amended  
21 to read as follows:

22 “(1) PROCEEDINGS BEFORE THE OFFICE.—A  
23 person petitioning for a post-grant review of a claim  
24 in a patent under this chapter, or the real party in  
25 interest or privy of the petitioner, may not petition

1 for a subsequent post-grant review before the Office  
2 with respect to that patent on any ground that the  
3 petitioner raised or reasonably could have raised in  
4 the initial petition, unless, after the filing of the ini-  
5 tial petition, the petitioner, or the real party in in-  
6 terest or privy of the petitioner, is charged with in-  
7 fringement of additional claims of the patent.”.

8 (g) REAL PARTY IN INTEREST.—

9 (1) CLARIFICATION OF DEFINITION.—Section  
10 325 of title 35, United States Code, is amended by  
11 adding at the end the following:

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

18 (2) DISCOVERY OF REAL PARTY IN INTER-  
19 EST.—Section 326(a)(5) of title 35, United States  
20 Code, is amended to read as follows:

21 “(5) setting forth standards and procedures for  
22 discovery of relevant evidence, including that such  
23 discovery shall be limited to—

24 “(A) the deposition of witnesses submitting  
25 affidavits or declarations;

1           “(B) evidence identifying the petitioner’s  
2           real parties in interest; and

3           “(C) what is otherwise necessary in the in-  
4           terest of justice;”.

5           (h) PRIORITY OF FEDERAL COURT VALIDITY DE-  
6 TERMINATIONS.—

7           (1) IN GENERAL.—Section 325 of title 35,  
8           United States Code, as amended by subsection (h),  
9           is amended—

10           (A) by redesignating subsections (c)  
11           through (g) as subsections (d) through (h), re-  
12           spectively; and

13           (B) by inserting after subsection (b) the  
14           following:

15           “(c) FEDERAL COURT VALIDITY DETERMINA-  
16 TIONS.—

17           “(1) INSTITUTION BARRED.—A post-grant re-  
18           view of a patent claim may not be instituted if, in  
19           a civil action arising in whole or in part under sec-  
20           tion 1338 of title 28 or in a proceeding before the  
21           International Trade Commission under section 337  
22           of the Tariff Act of 1930 (19 U.S.C. 1337), a court  
23           has entered a final judgment—

24           “(A) that decides the validity of the patent  
25           claim with respect to section 102 or 103; and

1           “(B) from which an appeal under section  
2           1295 of title 28 may be taken, or from which  
3           an appeal under section 1295 of title 28 was  
4           previously available but is no longer available.

5           “(2) STAY OF PROCEEDINGS.—

6           “(A) IN GENERAL.—If, in a civil action  
7           arising in whole or in part under section 1338  
8           of title 28 or in a proceeding before the Inter-  
9           national Trade Commission under section 337  
10          of the Tariff Act of 1930 (19 U.S.C. 1337), a  
11          court has entered a final judgment that decides  
12          the validity of a patent claim with respect to  
13          section 102 or 103 and from which an appeal  
14          under section 1295 of title 28 may be taken,  
15          the Patent Trial and Appeal Board shall stay  
16          any ongoing post-grant review of that patent  
17          claim pending a final decision of the court or  
18          Commission, as applicable.

19          “(B) TERMINATION.—If the validity of a  
20          patent claim described in subparagraph (A) is  
21          finally upheld by a court or the International  
22          Trade Commission, as applicable, the Patent  
23          Trial and Appeal Board shall terminate the  
24          post-grant review.”.

## 32

1           (2) TECHNICAL AND CONFORMING AMEND-  
2           MENTS.—Chapter 32 of title 35, United States  
3           Code, is amended—

4                   (A) in section 326(a)(11), by striking “sec-  
5                   tion 325(c)” and inserting “section 325(d”;  
6                   and

7                   (B) in section 327(a), by striking “section  
8                   325(e)” and inserting “section 325(f)”.

9           (i) AMENDMENT OF CLAIMS.—

10           (1) POST-GRANT REVIEW AMENDMENT PRAC-  
11           TICE.—Chapter 32 of title 35, United States Code,  
12           is amended by inserting after section 326 the fol-  
13           lowing:

14   **“§ 326A. Post-grant review amendment practice**

15           “(a) ACTIONS PERMITTED.—During a post-grant re-  
16           view instituted under this chapter, the patent owner may  
17           move to take 1 or more of the following actions with re-  
18           spect to any challenged patent claim being reviewed:

19                   “(1) Cancel the claim.

20                   “(2) Propose a reasonable number of substitute  
21                   claims whose patentability will be adjudicated by the  
22                   Patent Trial and Appeal Board in accordance with  
23                   subsection (c).



1           “(3) Propose a reasonable number of substitute  
2           claims to be examined in an expedited PGR reexam-  
3           ination in accordance with subsection (d).

4           “(b) SCOPE OF CLAIMS.—An amendment to a patent  
5           under this section may not enlarge the scope of the claims  
6           of the patent or introduce new matter.

7           “(c) AMENDMENT PRACTICE BEFORE THE PATENT  
8           TRIAL AND APPEAL BOARD.—

9           “(1) PATENT OWNER’S INITIAL MOTION.—For  
10          each challenged claim for which the patent owner  
11          seeks to propose a reasonable number of substitute  
12          claims, the patent owner shall be required to make  
13          a prima facie showing that each substitute claim—

14               “(A) responds to each ground of  
15               unpatentability on which the post-grant review  
16               was instituted;

17               “(B) meets the written description require-  
18               ment under section 112(a); and

19               “(C) meets the requirement under sub-  
20               section (b) of this section.

21          “(2) NEW EVIDENCE.—

22               “(A) PETITIONER.—The petitioner may re-  
23               spond to the patent owner’s initial motion  
24               under paragraph (1) by presenting new evi-  
25               dence.

1           “(B) PATENT OWNER.—The patent owner  
2 shall have not less than 1 opportunity to re-  
3 spond to any new evidence presented under sub-  
4 paragraph (A).

5           “(3) EXPEDITED PATENTABILITY REPORT.—

6           “(A) IN GENERAL.—Upon the filing of a  
7 motion under paragraph (1), the Patent Trial  
8 and Appeal Board, in its discretion, may order  
9 an expedited patentability report from a patent  
10 examiner on a substitute claim.

11           “(B) CONTENTS OF REPORT.—In ordering  
12 an expedited patentability report, the Patent  
13 Trial and Appeal Board may—

14           “(i) order examination of any ground  
15 of patentability that is assessed by a pat-  
16 ent examiner under chapter 12; and

17           “(ii) request a non-binding rec-  
18 ommendation as to the patentability of a  
19 substitute claim.

20           “(C) RIGHT OF REPLY.—Any party to the  
21 post-grant review may file supplemental brief-  
22 ing, including new evidence, addressing the ex-  
23 pedited patentability report.

24           “(D) TIMING.—The production of the ex-  
25 pedited patentability report shall be expedited.

1           “(E) GOOD CAUSE.—The ordering of a  
2           patentability report shall constitute good cause,  
3           for purposes of section 326(a)(11), to extend  
4           the 1-year period for the post-grant review.

5           “(4) ADJUDICATION OF PATENTABILITY.—

6           “(A) NO REBUTTAL.—A patent owner  
7           shall be entitled to a substitute claim if the  
8           prima facie showing required under paragraph  
9           (1) is not rebutted.

10           “(B) ADDITIONAL EVIDENCE.—If addi-  
11           tional evidence of record is presented, the pat-  
12           ent owner shall be entitled to a substitute claim  
13           unless a preponderance of that evidence proves  
14           that the patent owner is not so entitled.

15           “(5) PATENT TRIAL AND APPEAL BOARD’S DIS-  
16           CRETION TO ORDER EXPEDITED PGR REEXAMINA-  
17           TION.—Upon issuing a final written decision with  
18           respect to each challenged claim, the Patent Trial  
19           and Appeal Board may order an expedited PGR re-  
20           examination to be conducted under section (d)(2) to  
21           consider a substitute claim in lieu of issuing a final  
22           written decision on that claim.

23           “(6) AMENDMENTS TO ADVANCE SETTLE-  
24           MENT.—The Patent Trial and Appeal Board may  
25           consider additional motions to amend upon the joint

1 request of the petitioner and the patent owner to  
2 materially advance the settlement of a proceeding  
3 under section 327 if the patent owner makes the  
4 prima facie showing required under paragraph (1).

5 “(d) AMENDMENT PRACTICE BEFORE A PATENT EX-  
6 AMINER.—

7 “(1) MOTION TO CONVERT TO EXPEDITED PGR  
8 EXAMINATION.—

9 “(A) IN GENERAL.—If the Director deter-  
10 mines to institute a post-grant review on a chal-  
11 lenged claim under section 324, a patent owner  
12 may, before any further substantive briefing on  
13 the patentability of an instituted claim, move to  
14 terminate the post-grant review in favor of an  
15 expedited PGR reexamination under paragraph  
16 (2) of this subsection.

17 “(B) CONTENTS OF MOTION.—A patent  
18 owner shall be required to show good cause for  
19 why an expedited PGR reexamination would  
20 further the goals of the patent system, includ-  
21 ing consideration of whether there are substan-  
22 tial—

23 “(i) investments in research directly  
24 related to the claimed invention;

1                   “(ii) secondary indicia of non-obvious-  
2                   ness, such as commercial success, long-felt  
3                   but unsolved needs, or failures of persons  
4                   skilled in the art to develop the claimed in-  
5                   vention; or

6                   “(iii) changes in case law governing  
7                   relevant substantive patentability require-  
8                   ments since the patent was issued.

9                   “(C) NEW EVIDENCE ALLOWED.—The  
10                  opening motion and opposition briefs under this  
11                  paragraph may include new evidence, and fur-  
12                  ther rebuttal evidence may be allowed at the  
13                  discretion of the Patent Trial and Appeal  
14                  Board.

15                  “(2) CONDUCT OF EXPEDITED PGR EXAMINA-  
16                  TION.—

17                  “(A) IN GENERAL.—If the Patent Trial  
18                  and Appeal Board grants a motion filed under  
19                  paragraph (1), the patent owner shall cancel  
20                  each instituted claim and submit a reasonable  
21                  number of substitute claims for consideration  
22                  by the patent examiner in an expedited PGR  
23                  examination under this paragraph.

1           “(B) TIMING.—A patent examiner shall  
2 complete an expedited PGR examination, ex-  
3 cluding any time for appeals, within 18 months.

4           “(C) PROCEDURES.—Consideration of the  
5 substitute claims in an expedited PGR examina-  
6 tion shall follow the procedures established for  
7 initial examination under sections 132 and 133,  
8 subject to subsection (b) of this section and  
9 modified as necessary to ensure that the proce-  
10 dures are expedited.

11           “(D) APPEAL.—

12           “(i) PATENT EXAMINER DECISION.—  
13 If the final decision of a patent examiner  
14 in an expedited PGR examination is ad-  
15 verse to the patentability of a substitute  
16 claim, the patent owner may appeal the de-  
17 cision to the Patent Trial and Appeal  
18 Board under section 134(c).

19           “(ii) PATENT TRIAL AND APPEAL  
20 BOARD DECISION.—If the final decision in  
21 an appeal of an expedited PGR reexamina-  
22 tion to the Patent Trial and Appeal Board  
23 under section 134(c) is adverse to the pat-  
24 entability of a substitute claim, the patent  
25 owner may appeal the decision to the

1 United States Court of Appeals for the  
2 Federal Circuit in accordance with sections  
3 141 through 144.

4 “(E) CERTIFICATE.—If the patent exam-  
5 iner determines in an expedited PGR examina-  
6 tion that a substitute claim is patentable, and  
7 the time for appeal has expired or any appeal  
8 proceeding has terminated, the Director shall  
9 issue and publish a certificate incorporating in  
10 the patent the substitute claim.

11 “(F) INTERVENING RIGHTS.—Any sub-  
12 stitute claim determined to be patentable and  
13 incorporated into a patent following an expe-  
14 dited PGR examination shall have the same ef-  
15 fect as that specified in section 252 for reissued  
16 patents on the right of any person who made,  
17 purchased, or used within the United States, or  
18 imported into the United States, anything pat-  
19 ented by the substitute claim, or who made sub-  
20 stantial preparation therefor, prior to issuance  
21 of a certificate under subparagraph (E).”.

22 (2) TECHNICAL AND CONFORMING AMEND-  
23 MENTS.—

24 (A) EXPEDITED PGR EXAMINATION AP-  
25 PEALS.—

1 (i) APPEALS TO PATENT TRIAL AND  
2 APPEAL BOARD.—Section 134 of title 35,  
3 United States Code, is amended by adding  
4 at the end the following:

5 “(c) PATENT OWNER IN EXPEDITED EXAMINA-  
6 TION.—A patent owner may appeal from the final rejec-  
7 tion of any substitute claim by the primary examiner in  
8 an expedited PGR examination under section 326A(d) to  
9 the Patent Trial and Appeal Board, having once paid the  
10 fee for such appeal.”.

11 (ii) APPEALS TO FEDERAL CIRCUIT.—  
12 Section 141 of title 35, United States  
13 Code, is amended—

14 (I) by redesignating subsections  
15 (c) and (d) as subsection (d) and (e);  
16 and

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

19 “(c) EXPEDITED EXAMINATIONS.—A patent owner  
20 who is dissatisfied with the final decision in an appeal to  
21 the Patent Trial and Appeal Board under section 134(c)  
22 of an expedited PGR examination may appeal the Board’s  
23 decision to the United States Court of Appeals for the  
24 Federal Circuit.”.



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

4 (i) in subsection (a)(9), by striking  
5 “subsection (d)” each place that term ap-  
6 pears and inserting “section 326A”;

7 (ii) by striking subsection (d); and

8 (iii) by redesignating subsection (e) as  
9 subsection (d).

10 (C) DECISION OF THE BOARD.—Section  
11 328(a) of title 35, United States Code, is  
12 amended—

13 (i) by striking “If” and inserting “Ex-  
14 cept as provided in section 326A(c)(5), if”;  
15 and

16 (ii) by striking “section 326(d)” and  
17 inserting “section 326A”.

18 (D) TABLE OF SECTIONS.—The table of  
19 sections for chapter 32 of title 35, United  
20 States Code, is amended by inserting after the  
21 item relating to section 326 the following:

“326A. Post-grant review amendment practice.”.

22 **SEC. 104. COMPOSITION OF POST-GRANT REVIEW AND**  
23 **INTER PARTES REVIEW PANELS.**

24 Section 6(c) of title 35, United States Code, is  
25 amended to read as follows:

1 “(c) 3-MEMBER PANELS.—

2 “(1) IN GENERAL.—Each appeal, derivation  
3 proceeding, post-grant review, and inter partes re-  
4 view shall be heard by at least 3 members of the  
5 Patent Trial and Appeal Board, who shall be des-  
6 ignated by the Director.

7 “(2) INELIGIBILITY TO HEAR REVIEW.—A  
8 member of the Patent Trial and Appeal Board who  
9 participates in the decision to institute a post-grant  
10 review or an inter partes review of a patent shall be  
11 ineligible to hear the review.

12 “(3) REHEARINGS.—Only the Patent Trial and  
13 Appeal Board may grant rehearings.”.

14 **SEC. 105. REEXAMINATION OF PATENTS.**

15 (a) REQUEST FOR REEXAMINATION.—Section 302 of  
16 title 35, United States Code, is amended to read as fol-  
17 lows:

18 **“§ 302. Request for reexamination**

19 “Any person at any time may file a request for reex-  
20 amination by the Office of any claim of a patent on the  
21 basis of any prior art cited under the provisions of section  
22 301. The request must be in writing and must be accom-  
23 panied by payment of a reexamination fee established by  
24 the Director pursuant to the provisions of section 41. The  
25 request must identify all real parties in interest and certify

1 that reexamination is not barred under section 303(d).  
2 The request must set forth the pertinency and manner of  
3 applying cited prior art to every claim for which reexam-  
4 ination is requested. Unless the requesting person is the  
5 owner of the patent, the Director promptly will send a  
6 copy of the request to the owner of record of the patent.”.

7 (b) REEXAMINATION BARRED BY CIVIL ACTION.—  
8 Section 303 of title 35, United States Code, is amended  
9 by adding at the end the following:

10 “(d) An ex parte reexamination may not be instituted  
11 if the request for reexamination is filed more than 1 year  
12 after the date on which the requester or a real party in  
13 interest or privy of the requester is served with a com-  
14 plaint alleging infringement of the patent.”.

15 **SEC. 106. RESTORATION OF PATENTS AS PROPERTY**  
16 **RIGHTS.**

17 Section 283 of title 35, United States Code, is  
18 amended—

19 (1) by striking “The several courts” and insert-  
20 ing the following:

21 “(a) IN GENERAL.—The several courts”; and

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

23 “(b) INJUNCTION.—Upon a finding by a court of in-  
24 fringement of a patent not proven invalid or unenforce-  
25 able, the court shall presume that—

1           “(1) further infringement of the patent would  
2           cause irreparable injury; and

3           “(2) remedies available at law are inadequate to  
4           compensate for that injury.”.

5 **SEC. 107. ELIMINATION OF USPTO FEE DIVERSION.**

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

8           (1) in subsection (b), by striking “Patent and  
9           Trademark Office Appropriation Account” and in-  
10          serting “United States Patent and Trademark Of-  
11          fice Innovation Promotion Fund”;

12          (2) in subsection (c)—

13               (A) in paragraph (1)—

14                   (i) by striking “To the extent” and all  
15                   that follows through “fees” and inserting  
16                   “Fees”; and

17                   (ii) by striking “shall be collected by  
18                   and shall, subject to paragraph (2), be  
19                   available to the Director” and inserting  
20                   “shall be collected by the Director and  
21                   shall be available to the Director until ex-  
22                   pended”;

23               (B) by striking paragraph (2); and

24               (C) by redesignating paragraph (3) as  
25               paragraph (2);

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

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

5           “(d) REVOLVING FUND.—

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

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

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

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

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

4                     “(A) this title; or

5                     “(B) the Trademark Act of 1946.

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

9                     “(A) all expenses to the extent consistent  
10                    with the limitation on the use of fees set forth  
11                    in subsection (c), including all administrative  
12                    and operating expenses, determined in the dis-  
13                    cretion of the Director to be ordinary and rea-  
14                    sonable, incurred by the Director for the contin-  
15                    ued operation of all services, programs, activi-  
16                    ties, and duties of the Office relating to patents  
17                    and trademarks, as such services, programs, ac-  
18                    tivities, and duties are described under—

19                             “(i) this title; and

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

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

1 (5) in subsection (e), as redesignated, by strik-  
2 ing “The Director” and inserting “REFUNDS.—The  
3 Director”; and

4 (6) in subsection (f), as redesignated, by strik-  
5 ing “The Secretary” and inserting “REPORT.—The  
6 Secretary”.

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

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

13 (2) REMAINING BALANCES.—There shall be de-  
14 posited in the Fund, on the effective date described  
15 in paragraph (1), any available unobligated balances  
16 remaining in the Patent and Trademark Office Ap-  
17 propriation Account, and in the Patent and Trade-  
18 mark Fee Reserve Fund established under section  
19 42(c)(2) of title 35, United States Code, as in effect  
20 on the date before the effective date.

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

1 **SEC. 108. INFRINGEMENT OF PATENT.**

2 Section 271 of title 35, United States Code, is  
3 amended—

4 (1) by striking subsection (b) and inserting the  
5 following:

6 “(b) Whoever actively induces infringement of a pat-  
7 ent shall be liable as an infringer upon a showing that  
8 the accused infringer intended to cause the acts that con-  
9 stitute infringement, without regard to whether the ac-  
10 cused infringer knew of the patent.”;

11 (2) in subsection (f), by adding at the end the  
12 following:

13 “(3)(A) Whoever, without authority, supplies or  
14 causes to be supplied in or from the United States a de-  
15 sign for a product embodying a patented invention in such  
16 manner as to actively induce the making of that product  
17 outside the United States in a manner that would infringe  
18 the patent if made in the United States, shall be liable  
19 as an infringer.

20 “(B) Whoever, without authority, supplies or causes  
21 to be supplied in or from the United States a specification  
22 for performing a patented process or method in such man-  
23 ner as to actively induce the performance of that process  
24 or method outside the United States in a manner that  
25 would infringe the patent if performed in the United  
26 States, shall be liable as an infringer.”; and



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

2           “(j) For a finding of liability for actively inducing in-  
3 fringement of a process patent under subsection (b), or  
4 for contributory infringement of a process patent under  
5 subsection (c), it shall not be a requirement that the steps  
6 of the patented process be practiced by a single entity.”.

7 **SEC. 109. INSTITUTIONS OF HIGHER EDUCATION.**

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

10          “(d) INSTITUTIONS OF HIGHER EDUCATION.—For  
11 purposes of this section, a micro entity shall include an  
12 applicant who certifies that—

13           “(1) the applicant’s employer, from which the  
14 applicant obtains the majority of the applicant’s in-  
15 come, is an institution of higher education as de-  
16 fined in section 101(a) of the Higher Education Act  
17 of 1965 (20 U.S.C. 1001(a));

18           “(2) the applicant has assigned, granted, con-  
19 veyed, or is under an obligation by contract or law,  
20 to assign, grant, or convey, a license or other owner-  
21 ship interest in the particular applications to such  
22 an institution of higher education;

23           “(3) the applicant is an institution of higher  
24 education as defined in section 101(a) of the Higher  
25 Education Act of 1965 (20 U.S.C. 1001(a)); or

1           “(4) the applicant is an organization described  
2           in section 501(c)(3) of the Internal Revenue Code of  
3           1986 and exempt from taxation under section  
4           501(a) of such Code that holds title to patents and  
5           patent applications on behalf of such an institution  
6           of higher education for the purpose of facilitating  
7           commercialization of the technologies of the patents  
8           and patent applications.”.

9   **SEC. 110. ASSISTING SMALL BUSINESSES IN THE U.S. PAT-**  
10                           **ENT SYSTEM.**

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

14           (b) SMALL BUSINESS ADMINISTRATION REPORT.—  
15           Not later than 1 year after the date of enactment of this  
16           Act, the Small Business Administration, using existing re-  
17           sources, shall submit to the Committee on Small Business  
18           and Entrepreneurship of the Senate and the Committee  
19           on Small Business of the House of Representatives a re-  
20           port analyzing the impact of—

21                   (1) patent ownership by small business con-  
22                   cerns; and

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

1           (c) EXPANSION OF PATENT PILOT PROGRAM IN CER-  
2 TAIN DISTRICT COURTS.—

3           (1) IN GENERAL.—Not later than 180 days  
4 after the date of enactment of this Act, the Director  
5 of the Administrative Office of the United States  
6 Courts shall designate not fewer than 6 of the dis-  
7 trict courts of the United States that are partici-  
8 pating in the patent cases pilot program established  
9 under section 1 of Public Law 111–349 (28 U.S.C.  
10 137 note) for the purpose of expanding that pro-  
11 gram to address special issues raised in patent in-  
12 fringement suits against individuals or small busi-  
13 ness concerns.

14           (2) PROCEDURES FOR SMALL BUSINESSES.—  
15 Not later than 2 years after the date of enactment  
16 of this Act, each district court designated under  
17 paragraph (1) shall develop procedures for expe-  
18 diting cases in which an individual or small business  
19 concern is accused of patent infringement.

20           (3) PARTICIPATING JUDGES.—

21           (A) IN GENERAL.—In each district court  
22 designated under paragraph (1), each district  
23 court judge participating in the patent cases  
24 pilot program established under section 1 of  
25 Public Law 111–349 may appoint 1 additional

1 law clerk or secretary in excess of any other  
2 limitation on the number of such employees.

3 (B) EDUCATION AND TRAINING.—The  
4 Federal Judicial Center, using existing re-  
5 sources, shall prepare educational and training  
6 materials to assist district court judges de-  
7 scribed in subparagraph (A) in developing ex-  
8 pertise in patent and plant variety protection  
9 cases.

10 (4) FUNDS.—There are authorized to be appro-  
11 priated such sums as may be necessary to carry out  
12 paragraph (3)(A).

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

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

25 “(A) search tools and databases;

1 “(B) informational materials; and

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

3 **TITLE II—TARGETING ROGUE**  
4 **AND OPAQUE LETTERS**

5 **SEC. 201. DEFINITIONS.**

6 In this title:

7 (1) **BAD FAITH.**—The term “bad faith” means,  
8 with respect to section 202(a), that the sender—

9 (A) made knowingly false or knowingly  
10 misleading statements, representations, or omis-  
11 sions;

12 (B) made statements, representations, or  
13 omissions with reckless indifference as to the  
14 false or misleading nature of such statements,  
15 representations, or omissions; or

16 (C) made statements, representations, or  
17 omissions with awareness of the high prob-  
18 ability of the statements, representations, or  
19 omissions to deceive and the sender inten-  
20 tionally avoided the truth.

21 (2) **COMMISSION.**—The term “Commission”  
22 means the Federal Trade Commission.

23 (3) **FINAL DETERMINATION.**—The term “final  
24 determination” means, with respect to the invalidity  
25 or unenforceability of a patent, that the invalidity or

1 unenforceability has been determined by a court of  
2 the United States or the United States Patent and  
3 Trademark Office in a final decision that is  
4 unappealable or for which any opportunity for ap-  
5 peal is no longer available.

6 **SEC. 202. UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN**  
7 **CONNECTION WITH THE ASSERTION OF A**  
8 **UNITED STATES PATENT.**

9 (a) IN GENERAL.—It shall be an unfair or deceptive  
10 act or practice within the meaning of section 5(a)(1) of  
11 the Federal Trade Commission Act (15 U.S.C. 45(a)(1))  
12 for a person, in connection with the assertion of a United  
13 States patent, to engage in a pattern or practice of send-  
14 ing written communications that state or represent that  
15 the recipients are or may be infringing, or have or may  
16 have infringed, the patent and bear liability or owe com-  
17 pensation to another, if—

18 (1) the sender of the communications, in bad  
19 faith, states or represents in the communications  
20 that—

21 (A) the sender is a person with the right  
22 to license or enforce the patent at the time the  
23 communications are sent, and the sender is not  
24 a person with such a right;

1 (B) a civil action asserting a claim of in-  
2 fringement of the patent has been filed against  
3 the recipient;

4 (C) a civil action asserting a claim of in-  
5 fringement of the patent has been filed against  
6 other persons;

7 (D) legal action for infringement of the  
8 patent will be taken against the recipient;

9 (E) the sender is the exclusive licensee of  
10 the patent asserted in the communications;

11 (F) persons other than the recipient pur-  
12 chased a license for the patent asserted in the  
13 communications;

14 (G) persons other than the recipient pur-  
15 chased a license, and the sender does not dis-  
16 close that such license is unrelated to the al-  
17 leged infringement or the patent asserted in the  
18 communications;

19 (H) an investigation of the recipient's al-  
20 leged infringement occurred; or

21 (I) the sender or an affiliate of the sender  
22 previously filed a civil action asserting a claim  
23 of infringement of the patent based on the ac-  
24 tivity that is the subject of the written commu-  
25 nication when the sender knew such activity

1           was held, in a final determination, not to in-  
2           fringe the patent;

3           (2) the sender of the communications, in bad  
4           faith, seeks compensation for—

5                   (A) a patent claim that has been held to  
6                   be unenforceable due to inequitable conduct, in-  
7                   valid, or otherwise unenforceable against the re-  
8                   cipient, in a final determination;

9                   (B) activities undertaken by the recipient  
10                  after expiration of the patent asserted in the  
11                  communications; or

12                  (C) activity of the recipient that the sender  
13                  knew was authorized, with respect to the patent  
14                  claim or claims that are the subject of the com-  
15                  munications, by a person with the right to li-  
16                  cense the patent; or

17           (3) the sender of the communications, in bad  
18           faith, fails to include—

19                   (A) the identity of the person asserting a  
20                   right to license the patent to, or enforce the  
21                   patent against, the recipient, including the iden-  
22                   tity of any parent entity and the ultimate par-  
23                   ent entity of such person, unless such person is  
24                   a public company and the name of the public  
25                   company is identified;



1 (B) an identification of at least one patent  
2 issued by the United States Patent and Trade-  
3 mark Office alleged to have been infringed;

4 (C) an identification, to the extent reason-  
5 able under the circumstances, of at least one  
6 product, service, or other activity of the recipi-  
7 ent that is alleged to infringe the identified pat-  
8 ent;

9 (D) a description, to the extent reasonable  
10 under the circumstances, of how the product,  
11 service, or other activity of the recipient in-  
12 fringes an identified patent and patent claim; or

13 (E) a name and contact information for a  
14 person the recipient may contact about the as-  
15 sertions or claims relating to the patent con-  
16 tained in the communications.

17 (b) **AFFIRMATIVE DEFENSE.**—With respect to sub-  
18 section (a), there shall be an affirmative defense that  
19 statements, representations, or omissions were not made  
20 in bad faith (as defined in subparagraphs (B) and (C) of  
21 section 201(1)) if the sender can demonstrate that such  
22 statements, representations, or omissions were mistakes  
23 made in good faith. Evidence that the sender in the usual  
24 course of business sends written communications that do  
25 not violate the provisions of this title shall be sufficient

1 to demonstrate good faith. Good faith may also be dem-  
2 onstrated by other evidence.

3 (c) **RULE OF CONSTRUCTION.**—For purposes of sec-  
4 tions 203 and 204, the commission of an act or practice  
5 that is declared under this section to be an unfair or de-  
6 ceptive act or practice within the meaning of section  
7 5(a)(1) of the Federal Trade Commission Act (15 U.S.C.  
8 45(a)(1)) shall be considered to be a violation of this sec-  
9 tion.

10 **SEC. 203. ENFORCEMENT BY FEDERAL TRADE COMMIS-**  
11 **SION.**

12 (a) **VIOLATION OF RULE.**—A violation of section 202  
13 shall be treated as a violation of a rule defining an unfair  
14 or deceptive act or practice prescribed under section  
15 18(a)(1)(B) of the Federal Trade Commission Act (15  
16 U.S.C. 57a(a)(1)(B)).

17 (b) **POWERS OF COMMISSION.**—The Commission  
18 shall enforce this title in the same manner, by the same  
19 means, and with the same jurisdiction, powers, and duties  
20 as though all applicable terms and provisions of the Fed-  
21 eral Trade Commission Act (15 U.S.C. 41 et seq.) were  
22 incorporated into and made a part of this title. Any person  
23 who violates section 202 shall be subject to the penalties  
24 and entitled to the privileges and immunities provided in  
25 the Federal Trade Commission Act.

1 (c) EFFECT ON OTHER LAWS.—Nothing in this title  
2 shall be construed in any way to limit or affect the author-  
3 ity of the Commission under any other provision of law.

4 **SEC. 204. PREEMPTION OF STATE LAWS ON PATENT DE-**  
5 **MAND LETTERS AND ENFORCEMENT BY**  
6 **STATE ATTORNEYS GENERAL.**

7 (a) PREEMPTION.—

8 (1) IN GENERAL.—This title preempts any law,  
9 rule, regulation, requirement, standard, or other pro-  
10 vision having the force and effect of law of any  
11 State, or political subdivision of a State, expressly  
12 relating to the transmission or contents of commu-  
13 nications relating to the assertion of patent rights.

14 (2) EFFECT ON OTHER STATE LAWS.—Except  
15 as provided in paragraph (1), this title shall not be  
16 construed to preempt or limit any provision of any  
17 State law, including any State consumer protection  
18 law, any State law relating to acts of fraud or decep-  
19 tion, and any State trespass, contract, or tort law.

20 (b) ENFORCEMENT BY STATE ATTORNEYS GEN-  
21 ERAL.—

22 (1) IN GENERAL.—In any case in which the at-  
23 torney general of a State has reason to believe that  
24 an interest of the residents of that State has been  
25 adversely affected by any person who violates section

1       202, the attorney general of the State, may bring a  
2       civil action on behalf of such residents of the State  
3       in a district court of the United States of appropriate  
4       jurisdiction—

5               (A) to enjoin further such violation by the  
6       defendant; or

7               (B) to obtain civil penalties on behalf of  
8       recipients who suffered actual damages as a result  
9       of such violation.

10       (2) MAXIMUM CIVIL PENALTY.—Notwithstanding  
11       the number of actions which may be  
12       brought against a person under this subsection, a  
13       person may not be liable for a total of more than  
14       \$5,000,000 for a series of related violations of section  
15       202.

16       (3) INTERVENTION BY THE FTC.—

17               (A) NOTICE AND INTERVENTION.—The attorney  
18       general of a State shall provide prior  
19       written notice of any action under paragraph  
20       (1) to the Commission and provide the Commission  
21       with a copy of the complaint in the action,  
22       except in any case in which such prior notice is  
23       not feasible, in which case the attorney general  
24       shall serve such notice immediately upon insti-

1 tuting such action. The Commission shall have  
2 the right—

3 (i) to intervene in the action;

4 (ii) upon so intervening, to be heard  
5 on all matters arising therein; and

6 (iii) to file petitions for appeal.

7 (B) LIMITATION ON STATE ACTION WHILE  
8 FEDERAL ACTION IS PENDING.—If the Commis-  
9 sion has instituted a civil action for violation of  
10 section 202, no State attorney general may  
11 bring an action under this subsection during  
12 the pendency of that action against any defend-  
13 ant named in the complaint of the Commission  
14 for any violation of such section alleged in the  
15 complaint.

16 (4) CONSTRUCTION.—For purposes of bringing  
17 any civil action under paragraph (1), nothing in this  
18 title shall be construed to prevent the attorney gen-  
19 eral of a State from exercising the powers conferred  
20 on the attorney general by the laws of that State  
21 to—

22 (A) conduct investigations;

23 (B) administer oaths or affirmations; or

1                   (C) compel the attendance of witnesses or  
2                   the production of documentary and other evi-  
3                   dence.