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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R. _____

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.

IN THE HOUSE OF REPRESENTATIVES

Mr. STIVERS introduced the following bill; which was referred to the Committee on _____

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 2018” or
7 the “STRONGER Patents Act of 2018”.

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 new
12 paragraph:

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

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

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

25 “(ii) the prosecution history per-
26 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 new subsection:

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 may 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 one of the claims challenged in
24 the petition.

1 “(2) PREVIOUS INSTITUTION.—The Director
2 may 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 by the United
8 States Court of Appeals for the Federal Circuit,
9 which may include consideration of whether—

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

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

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

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

24 “(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 new subsection:

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 subsections (f)
5 and (g), is further 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 new subsection:

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 new section:

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 one or more of the following actions with
19 respect 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 inter partes
3 review (in this section referred to as ‘expedited
4 IPR’) reexamination in accordance with subsection
5 (d).

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

9 “(c) AMENDMENT PRACTICE BEFORE THE PATENT
10 TRIAL AND APPEAL BOARD.—

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

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

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

21 “(C) meets the requirement under sub-
22 section (b) of this section.

23 “(2) NEW EVIDENCE.—

24 “(A) PETITIONER.—The petitioner may re-
25 spond to the patent owner’s initial motion

1 under paragraph (1) by presenting new evi-
2 dence.

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

7 “(3) EXPEDITED PATENTABILITY REPORT.—

8 “(A) IN GENERAL.—Upon the filing of a
9 motion under paragraph (1), the Patent Trial
10 and Appeal Board may order an expedited pat-
11 entability report from a patent examiner on a
12 substitute claim.

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

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

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

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

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

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

8 “(4) ADJUDICATION OF PATENTABILITY.—

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

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

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

1 “(6) AMENDMENTS TO ADVANCE SETTLE-
2 MENT.—The Patent Trial and Appeal Board may
3 consider additional motions to amend upon the joint
4 request of the petitioner and the patent owner to
5 materially advance the settlement of a proceeding
6 under section 317 if the patent owner makes the
7 prima facie showing required under paragraph (1).

8 “(d) AMENDMENT PRACTICE BEFORE A PATENT EX-
9 AMINER.—

10 “(1) MOTION TO CONVERT TO EXPEDITED IPR
11 EXAMINATION.—

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

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

1 “(i) investments in research directly
2 related to the claimed invention;

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

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

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

16 “(2) CONDUCT OF EXPEDITED IPR EXAMINA-
17 TION.—

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

1 “(B) TIMING.—A patent examiner shall
2 complete an expedited IPR examination, exclud-
3 ing any time for appeals, within 18 months
4 after the date on which any substitute claim is
5 submitted under subparagraph (A).

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

13 “(D) APPEAL.—

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

21 “(ii) PATENT TRIAL AND APPEAL
22 BOARD DECISION.—If the final decision in
23 an appeal of an expedited IPR reexamina-
24 tion to the Patent Trial and Appeal Board
25 under section 134(e) is adverse to the pat-

1 entability of a substitute claim, the patent
2 owner may appeal the decision to the
3 United States Court of Appeals for the
4 Federal Circuit in accordance with sections
5 141 through 144.

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

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

24 (2) TECHNICAL AND CONFORMING AMEND-
25 MENTS.—

1 (A) EXPEDITED IPR EXAMINATION AP-
2 PEALS.—

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

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

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

16 (I) by redesignating subsections
17 (c) and (d) as subsections (d) and (e);
18 and

19 (II) by inserting after subsection
20 (b) the following new subsection:

21 “(c) EXPEDITED IPR EXAMINATIONS.—A patent
22 owner who is dissatisfied with the final decision in an ap-
23 peal to the Patent Trial and Appeal Board under section
24 134(c) of an expedited IPR examination may appeal the

1 Board’s decision to the United States Court of Appeals
2 for the Federal Circuit.”.

3 (B) CONDUCT OF INTER PARTES RE-
4 VIEW.—Section 316 of title 35, United States
5 Code, is amended—

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

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

10 (iii) by redesignating subsection (e) as
11 subsection (d).

12 (C) DECISION OF THE BOARD.—Section
13 318(a) of title 35, United States Code, is
14 amended—

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

18 (ii) by striking “section 316(d)” and
19 inserting “section 316A”.

20 (D) TABLE OF SECTIONS.—The table of
21 sections for chapter 31 of title 35, United
22 States Code, is amended by inserting after the
23 item relating to section 316 the following new
24 item:

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

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

2 (a) CLAIM CONSTRUCTION.—Section 326(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 (11), by striking “; and” and
8 inserting a semicolon;

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

11 (4) by adding at the end the following new
12 paragraph:

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

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

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

25 “(ii) the prosecution history per-
26 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 326(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 a proceeding under this chapter.

13 “(2) BURDEN OF PROOF.—In a post-grant re-
14 view instituted under this chapter, the petitioner
15 shall have the burden of proving a proposition of
16 unpatentability of a previously issue claim by clear
17 and convincing evidence.”.

18 (c) STANDING.—Section 321 of title 35, United
19 States Code, is amended by adding at the end the fol-
20 lowing new subsection:

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 a post-
5 grant review of the patent unless the person, or a
6 real party in interest or privy of the person, dem-
7 onstrates—

8 “(A) a reasonable possibility of being—

9 “(i) sued for infringement of the pat-
10 ent; or

11 “(ii) charged with infringement under
12 the patent; or

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

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

18 “(a) THRESHOLD.—

19 “(1) LIKELIHOOD OF PREVAILING.—Subject to
20 paragraph (2), the Director may not authorize a
21 post-grant review to be instituted unless the Director
22 determines that the information presented in the pe-
23 tition filed under section 321, if such information is
24 not rebutted, would demonstrate that it is more like-

1 ly than not that at least one of the claims challenged
2 in the petition is unpatentable.

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

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

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

14 “(f) INTERLOCUTORY APPEAL.—

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

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

23 “(3) LIMITATION.—An interlocutory appeal
24 filed under paragraph (1) may challenge the institu-

1 tion decision on any basis except for the determina-
2 tion made under section 324(a)(1).

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

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

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

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

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

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

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

12 (g) REAL PARTY IN INTEREST.—

13 (1) CLARIFICATION OF DEFINITION.—Section
14 325 of title 35, United States Code, is amended by
15 adding at the end the following new subsection:

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

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

1 “(5) 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 petitioner’s
7 real parties in interest; and

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

10 (h) PRIORITY OF FEDERAL COURT VALIDITY DE-
11 TERMINATIONS.—

12 (1) IN GENERAL.—Section 325 of title 35,
13 United States Code, as amended by subsections (f)
14 and (g), is further amended—

15 (A) by redesignating subsections (c)
16 through (g) as subsections (d) through (h), re-
17 spectively; and

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

20 “(c) FEDERAL COURT VALIDITY DETERMINA-
21 TIONS.—

22 “(1) INSTITUTION BARRED.—A post-grant re-
23 view of a patent claim may not be instituted if, in
24 a civil action arising in whole or in part under sec-
25 tion 1338 of title 28 or in a proceeding before the

1 International Trade Commission under section 337
2 of the Tariff Act of 1930 (19 U.S.C. 1337), a court
3 has entered a final judgment—

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

6 “(B) from which an appeal under section
7 1295 of title 28 may be taken, or from which
8 an appeal under section 1295 of title 28 was
9 previously available but is no longer available.

10 “(2) STAY OF PROCEEDINGS.—

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

24 “(B) TERMINATION.—If the validity of a
25 patent claim described in subparagraph (A) is

1 finally upheld by a court or the International
2 Trade Commission, as applicable, the Patent
3 Trial and Appeal Board shall terminate the
4 post-grant review.”.

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

8 (A) in section 326(a)(11), by striking “sec-
9 tion 325(c)” and inserting “section 325(d)”;
10 and

11 (B) in section 327(a), by striking “section
12 325(e)” and inserting “section 325(f)”.

13 (i) AMENDMENT OF CLAIMS.—

14 (1) POST-GRANT REVIEW AMENDMENT PRAC-
15 TICE.—Chapter 32 of title 35, United States Code,
16 is amended by inserting after section 326 the fol-
17 lowing new section:

18 **“§ 326A. Post-grant review amendment practice**

19 “(a) ACTIONS PERMITTED.—During a post-grant re-
20 view instituted under this chapter, the patent owner may
21 move to take one or more of the following actions with
22 respect to any challenged patent claim being reviewed:

23 “(1) Cancel the claim.

24 “(2) Propose a reasonable number of substitute
25 claims whose patentability will be adjudicated by the

1 Patent Trial and Appeal Board in accordance with
2 subsection (c).

3 “(3) Propose a reasonable number of substitute
4 claims to be examined in an expedited PGR (in this
5 section referred to as ‘expedited PGR’) reexamina-
6 tion in accordance with subsection (d).

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

10 “(c) AMENDMENT PRACTICE BEFORE THE PATENT
11 TRIAL AND APPEAL BOARD.—

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

17 “(A) responds to each ground of
18 unpatentability on which the post-grant review
19 was instituted;

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

22 “(C) meets the requirement under sub-
23 section (b) of this section.

24 “(2) NEW EVIDENCE.—

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

5 “(B) PATENT OWNER.—The patent owner
6 shall have at least 1 opportunity to respond to
7 any new evidence presented under subpara-
8 graph (A).

9 “(3) EXPEDITED PATENTABILITY REPORT.—

10 “(A) IN GENERAL.—Upon the filing of a
11 motion under paragraph (1), the Patent Trial
12 and Appeal Board may order an expedited pat-
13 entability report from a patent examiner on a
14 substitute claim.

15 “(B) CONTENTS OF REPORT.—In ordering
16 an expedited patentability report, the Patent
17 Trial and Appeal Board may—

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

21 “(ii) request a non-binding rec-
22 ommendation as to the patentability of a
23 substitute claim.

24 “(C) RIGHT OF REPLY.—Any party to the
25 post-grant review may file supplemental brief-

1 ing, including new evidence, addressing the ex-
2 pedited patentability report.

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

5 “(E) GOOD CAUSE.—The ordering of an
6 expedited patentability report shall constitute
7 good cause, for purposes of section 326(a)(11),
8 to extend the 1-year period for the post-grant
9 review.

10 “(4) ADJUDICATION OF PATENTABILITY.—

11 “(A) NO REBUTTAL.—A patent owner
12 shall be entitled to a substitute claim if the
13 prima facie showing required under paragraph
14 (1) is not rebutted.

15 “(B) ADDITIONAL EVIDENCE.—If addi-
16 tional evidence of record is presented, the pat-
17 ent owner shall be entitled to a substitute claim
18 unless a preponderance of that evidence proves
19 that the patent owner is not so entitled.

20 “(5) PATENT TRIAL AND APPEAL BOARD’S DIS-
21 CRETION TO ORDER EXPEDITED PGR REEXAMINA-
22 TION.—Upon issuing a final written decision with
23 respect to each challenged claim, the Patent Trial
24 and Appeal Board may order an expedited PGR re-
25 examination to be conducted under section (d)(2) to

1 consider a substitute claim in lieu of issuing a final
2 written decision on that claim.

3 “(6) AMENDMENTS TO ADVANCE SETTLE-
4 MENT.—The Patent Trial and Appeal Board may
5 consider additional motions to amend upon the joint
6 request of the petitioner and the patent owner to
7 materially advance the settlement of a proceeding
8 under section 327 if the patent owner makes the
9 prima facie showing required under paragraph (1).

10 “(d) AMENDMENT PRACTICE BEFORE A PATENT EX-
11 AMINER.—

12 “(1) MOTION TO CONVERT TO EXPEDITED PGR
13 EXAMINATION.—

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

22 “(B) CONTENTS OF MOTION.—A patent
23 owner shall be required to show good cause for
24 why an expedited PGR reexamination would
25 further the goals of the patent system, includ-

1 ing consideration of whether there are substan-
2 tial—

3 “(i) investments in research directly
4 related to the claimed invention;

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

10 “(iii) changes in case law governing
11 relevant substantive patentability require-
12 ments since the patent was issued.

13 “(C) NEW EVIDENCE ALLOWED.—The
14 opening motion and opposition briefs under this
15 paragraph may include new evidence, and fur-
16 ther rebuttal evidence may be allowed by the
17 Patent Trial and Appeal Board.

18 “(2) CONDUCT OF EXPEDITED PGR EXAMINA-
19 TION.—

20 “(A) IN GENERAL.—If the Patent Trial
21 and Appeal Board grants a motion filed under
22 paragraph (1), the patent owner shall cancel
23 each instituted claim and submit a reasonable
24 number of substitute claims for consideration

1 by the patent examiner in an expedited PGR
2 examination under this paragraph.

3 “(B) TIMING.—A patent examiner shall
4 complete an expedited PGR examination, ex-
5 cluding any time for appeals, within 18 months
6 after the date on which any substitute claim is
7 submitted under subparagraph (A).

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

15 “(D) APPEAL.—

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

23 “(ii) PATENT TRIAL AND APPEAL
24 BOARD DECISION.—If the final decision in
25 an appeal of an expedited PGR reexamina-

1 tion to the Patent Trial and Appeal Board
2 under section 134(e) is adverse to the pat-
3 entability of a substitute claim, the patent
4 owner may appeal the decision to the
5 United States Court of Appeals for the
6 Federal Circuit in accordance with sections
7 141 through 144.

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

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

1 (2) TECHNICAL AND CONFORMING AMEND-
2 MENTS.—

3 (A) EXPEDITED PGR EXAMINATION AP-
4 PEALS.—

5 (i) APPEALS TO PATENT TRIAL AND
6 APPEAL BOARD.—Section 134 of title 35,
7 United States Code, as amended by section
8 102(i)(2), is further amended by adding at
9 the end the following new subsection:

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

16 (ii) APPEALS TO FEDERAL CIRCUIT.—
17 Section 141 of title 35, United States
18 Code, as amended by section 102(i)(2), is
19 further amended—

20 (I) by redesignating subsections
21 (d) and (e) as subsections (e) and (f);
22 and

23 (II) by inserting after subsection
24 (c) the following new subsection:

1 “(d) EXPEDITED PGR EXAMINATIONS.—A patent
2 owner who is dissatisfied with the final decision in an ap-
3 peal to the Patent Trial and Appeal Board under section
4 134(c) of an expedited PGR examination may appeal the
5 Board’s decision to the United States Court of Appeals
6 for the Federal Circuit.”.

7 (B) CONDUCT OF POST-GRANT REVIEW.—
8 Section 326 of title 35, United States Code, is
9 amended—

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

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

14 (iii) by redesignating subsection (e) as
15 subsection (d).

16 (C) DECISION OF THE BOARD.—Section
17 328(a) of title 35, United States Code, is
18 amended—

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

22 (ii) by striking “section 326(d)” and
23 inserting “section 326A”.

24 (D) TABLE OF SECTIONS.—The table of
25 sections for chapter 32 of title 35, United

1 States Code, is amended by inserting after the
2 item relating to section 326 the following new
3 item:

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

4 **SEC. 104. COMPOSITION OF POST-GRANT REVIEW AND**
5 **INTER PARTES REVIEW PANELS.**

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

8 “(c) 3-MEMBER PANELS.—

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

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

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

21 **SEC. 105. REEXAMINATION OF PATENTS.**

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

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

2 “Any person at any time may file a request for reex-
3 amination by the Office of any claim of a patent on the
4 basis of any prior art cited under the provisions of section
5 301. The request must be in writing and must be accom-
6 panied by payment of a reexamination fee established by
7 the Director pursuant to the provisions of section 41. The
8 request must identify all real parties in interest and certify
9 that reexamination is not barred under section 303(d).
10 The request must set forth the pertinency and manner of
11 applying cited prior art to every claim for which reexam-
12 ination is requested. Unless the requesting person is the
13 owner of the patent, the Director promptly will send a
14 copy of the request to the owner of record of the patent.”.

15 (b) REEXAMINATION BARRED BY CIVIL ACTION.—
16 Section 303 of title 35, United States Code, is amended
17 by adding at the end the following new subsection:

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

23 **SEC. 106. RESTORATION OF PATENTS AS PROPERTY**
24 **RIGHTS.**

25 Section 283 of title 35, United States Code, is
26 amended—

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

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

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

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

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

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

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

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

15 (1) in subsection (a), by striking “All fees” and
16 inserting “FEES FOR SERVICE BY PTO.—All fees”;

17 (2) in subsection (b)—

18 (A) by striking “All fees” and inserting

19 “INNOVATION PROMOTION FUND.—All fees’ ”

20 ; and

21 (B) by striking “Patent and Trademark
22 Office Appropriation Account” and inserting

23 “United States Patent and Trademark Office
24 Innovation Promotion Fund”;

25 (3) in subsection (c)—

1 (A) by striking “(C)” and inserting “(C)
2 COLLECTION OF FUNDS FOR PTO ACTIVI-
3 TIES.”

4 (B) in paragraph (1)—

5 (i) by striking “To the extent” and all
6 that follows through “fees” and inserting
7 “Fees”; and

8 (ii) by striking “shall be collected by
9 and shall, subject to paragraph (2), be
10 available to the Director” and inserting
11 “shall be collected by the Director and
12 shall be available to the Director until ex-
13 pended”;

14 (C) by striking paragraph (2); and

15 (D) by redesignating paragraph (3) as
16 paragraph (2);

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

19 (5) by inserting after subsection (c) the fol-
20 lowing new subsection:

21 “(d) REVOLVING FUND.—

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

23 “(A) the term ‘Fund’ means the United
24 States Patent and Trademark Office Innovation

1 Promotion Fund established under paragraph
2 (2); and

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

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

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

19 “(A) this title; or

20 “(B) the Trademark Act of 1946.

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

24 “(A) all expenses to the extent consistent
25 with the limitation on the use of fees set forth

1 in subsection (c), including all administrative
2 and operating expenses, determined in the dis-
3 cretion of the Director to be ordinary and rea-
4 sonable, incurred by the Director for the contin-
5 ued operation of all services, programs, activi-
6 ties, and duties of the Office relating to patents
7 and trademarks, as such services, programs, ac-
8 tivities, and duties are described under—

9 “(i) this title; and

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

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

14 (6) in subsection (e), as redesignated, by strik-
15 ing “The Director” and inserting “REFUNDS.—The
16 Director”; and

17 (7) in subsection (f), as redesignated, by strik-
18 ing “The Secretary” and inserting “REPORT.—The
19 Secretary”.

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

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

1 (2) REMAINING BALANCES.—There shall be de-
2 posited in the Fund, on the effective date described
3 in paragraph (1), any available unobligated balances
4 remaining in the Patent and Trademark Office Ap-
5 propriation Account, and in the Patent and Trade-
6 mark Fee Reserve Fund established under section
7 42(c)(2) of title 35, United States Code, as in effect
8 on the date before the effective date.

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

14 **SEC. 108. INFRINGEMENT OF PATENT.**

15 Section 271 of title 35, United States Code, is
16 amended—

17 (1) by striking subsection (b) and inserting the
18 following:

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

24 (2) in subsection (f), by adding at the end the
25 following new paragraph:

1 “(3)(A) Whoever, without authority, supplies or
2 causes to be supplied in or from the United States a de-
3 sign for a product embodying a patented invention in such
4 manner as to actively induce the making of that product
5 outside the United States in a manner that would infringe
6 the patent if made in the United States, shall be liable
7 as an infringer.

8 “(B) Whoever, without authority, supplies or causes
9 to be supplied in or from the United States a specification
10 for performing a patented process or method in such man-
11 ner as to actively induce the performance of that process
12 or method outside the United States in a manner that
13 would infringe the patent if performed in the United
14 States, shall be liable as an infringer.”; and

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

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

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

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

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

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

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

14 “(3) the applicant is such an institution of
15 higher education; or

16 “(4) the applicant is an organization described
17 in section 501(c)(3) of the Internal Revenue Code of
18 1986 and exempt from taxation under section
19 501(a) of such Code that holds title to patents and
20 patent applications on behalf of such an institution
21 of higher education for the purpose of facilitating
22 commercialization of the technologies of the patents
23 and patent applications.”.

1 **SEC. 110. ASSISTING SMALL BUSINESSES IN THE U.S. PAT-**
2 **ENT SYSTEM.**

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

6 (b) SMALL BUSINESS ADMINISTRATION REPORT.—
7 Not later than 1 year after the date of enactment of this
8 Act, the Small Business Administration, using existing re-
9 sources, shall submit to the Committee on Small Business
10 and Entrepreneurship of the Senate and the Committee
11 on Small Business of the House of Representatives a re-
12 port analyzing the impact of—

13 (1) patent ownership by small business con-
14 cerns; and

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

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

20 (1) IN GENERAL.—Not later than 180 days
21 after the date of the enactment of this Act, the Di-
22 rector of the Administrative Office of the United
23 States Courts shall designate not fewer than 6 of the
24 district courts of the United States that are partici-
25 pating in the patent cases pilot program established
26 under section 1 of Public Law 111–349 (28 U.S.C.

1 137 note) for the purpose of expanding that pro-
2 gram to address special issues raised in patent in-
3 fringement suits against individuals or small busi-
4 ness concerns.

5 (2) PROCEDURES FOR SMALL BUSINESSES.—

6 Not later than 2 years after the date of the enact-
7 ment of this Act, each district court designated
8 under paragraph (1) shall develop procedures for ex-
9 pediting cases in which an individual or small busi-
10 ness concern is accused of patent infringement.

11 (3) PARTICIPATING JUDGES.—

12 (A) IN GENERAL.—In each district court
13 designated under paragraph (1), each district
14 court judge participating in the patent cases
15 pilot program established under section 1 of
16 Public Law 111–349 may appoint 1 additional
17 law clerk or secretary in excess of any other
18 limitation on the number of such employees.

19 (B) EDUCATION AND TRAINING.—The
20 Federal Judicial Center, using existing re-
21 sources, shall prepare educational and training
22 materials to assist district court judges de-
23 scribed in subparagraph (A) in developing ex-
24 pertise in patent and plant variety protection
25 cases.

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

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

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

16 “(A) search tools and databases;

17 “(B) informational materials; and

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

19 **TITLE II—TARGETING ROGUE** 20 **AND OPAQUE LETTERS**

21 **SEC. 201. DEFINITIONS.**

22 In this title:

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

1 (A) made knowingly false or knowingly
2 misleading statements, representations, or omis-
3 sions;

4 (B) made statements, representations, or
5 omissions with reckless indifference as to the
6 false or misleading nature of such statements,
7 representations, or omissions; or

8 (C) made statements, representations, or
9 omissions with awareness of the high prob-
10 ability of the statements, representations, or
11 omissions to deceive and the sender inten-
12 tionally avoided the truth.

13 (2) COMMISSION.—The term “Commission”
14 means the Federal Trade Commission.

15 (3) FINAL DETERMINATION.—The term “final
16 determination” means, with respect to the invalidity
17 or unenforceability of a patent, that the invalidity or
18 unenforceability has been determined by a court of
19 the United States or the United States Patent and
20 Trademark Office in a final decision that is
21 unappealable or for which any opportunity for ap-
22 peal is no longer available.

1 **SEC. 202. UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN**
2 **CONNECTION WITH THE ASSERTION OF A**
3 **UNITED STATES PATENT.**

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

13 (1) the sender of the communications, in bad
14 faith, states or represents in the communications
15 that—

16 (A) the sender is a person with the right
17 to license or enforce the patent at the time the
18 communications are sent, and the sender is not
19 a person with such a right;

20 (B) a civil action asserting a claim of in-
21 fringement of the patent has been filed against
22 the recipient;

23 (C) a civil action asserting a claim of in-
24 fringement of the patent has been filed against
25 other persons;

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

3 (E) the sender is the exclusive licensee of
4 the patent asserted in the communications;

5 (F) persons other than the recipient pur-
6 chased a license for the patent asserted in the
7 communications;

8 (G) persons other than the recipient pur-
9 chased a license, and the sender does not dis-
10 close that such license is unrelated to the al-
11 leged infringement or the patent asserted in the
12 communications;

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

15 (I) the sender or an affiliate of the sender
16 previously filed a civil action asserting a claim
17 of infringement of the patent based on the ac-
18 tivity that is the subject of the written commu-
19 nication when the sender knew such activity
20 was held, in a final determination, not to in-
21 fringe the patent;

22 (2) the sender of the communications, in bad
23 faith, seeks compensation for—

24 (A) a patent claim that has been held to
25 be unenforceable due to inequitable conduct, in-

1 valid, or otherwise unenforceable against the re-
2 cipient, in a final determination;

3 (B) activities undertaken by the recipient
4 after expiration of the patent asserted in the
5 communications; or

6 (C) activity of the recipient that the sender
7 knew was authorized, with respect to the patent
8 claim or claims that are the subject of the com-
9 munications, by a person with the right to li-
10 cense the patent; or

11 (3) the sender of the communications, in bad
12 faith, fails to include—

13 (A) the identity of the person asserting a
14 right to license the patent to, or enforce the
15 patent against, the recipient, including the iden-
16 tity of any parent entity and the ultimate par-
17 ent entity of such person, unless such person is
18 a public company and the name of the public
19 company is identified;

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

23 (C) an identification, to the extent reason-
24 able under the circumstances, of at least one
25 product, service, or other activity of the recipi-

1 ent that is alleged to infringe the identified pat-
2 ent;

3 (D) a description, to the extent reasonable
4 under the circumstances, of how the product,
5 service, or other activity of the recipient in-
6 fringes an identified patent and patent claim; or

7 (E) a name and contact information for a
8 person the recipient may contact about the as-
9 sertions or claims relating to the patent con-
10 tained in the communications.

11 (b) **AFFIRMATIVE DEFENSE.**—With respect to sub-
12 section (a), there shall be an affirmative defense that
13 statements, representations, or omissions were not made
14 in bad faith (as defined in subparagraphs (B) and (C) of
15 section 201(1)) if the sender can demonstrate that such
16 statements, representations, or omissions were mistakes
17 made in good faith. Evidence that the sender in the usual
18 course of business sends written communications that do
19 not violate the provisions of this title shall be sufficient
20 to demonstrate good faith. Good faith may also be dem-
21 onstrated by other evidence.

22 (c) **RULE OF CONSTRUCTION.**—For purposes of sec-
23 tions 203 and 204, the commission of an act or practice
24 that is declared under this section to be an unfair or de-
25 ceptive act or practice within the meaning of section

1 5(a)(1) of the Federal Trade Commission Act (15 U.S.C.
2 45(a)(1)) shall be considered to be a violation of this sec-
3 tion.

4 **SEC. 203. ENFORCEMENT BY FEDERAL TRADE COMMIS-**
5 **SION.**

6 (a) VIOLATION OF RULE.—A violation of section 202
7 shall be treated as a violation of a rule defining an unfair
8 or deceptive act or practice prescribed under section
9 18(a)(1)(B) of the Federal Trade Commission Act (15
10 U.S.C. 57a(a)(1)(B)).

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

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

1 **SEC. 204. PREEMPTION OF STATE LAWS ON PATENT DE-**
2 **MAND LETTERS AND ENFORCEMENT BY**
3 **STATE ATTORNEYS GENERAL.**

4 (a) PREEMPTION.—

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

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

17 (b) ENFORCEMENT BY STATE ATTORNEYS GEN-
18 ERAL.—

19 (1) IN GENERAL.—In any case in which the at-
20 torney general of a State has reason to believe that
21 an interest of the residents of that State has been
22 adversely affected by any person who violates section
23 202, the attorney general of the State, may bring a
24 civil action on behalf of such residents of the State
25 in a district court of the United States of appro-
26 priate jurisdiction—

1 (A) to enjoin further such violation by the
2 defendant; or

3 (B) to obtain civil penalties on behalf of
4 recipients who suffered actual damages as a re-
5 sult of such violation.

6 (2) MAXIMUM CIVIL PENALTY.—Notwith-
7 standing the number of actions which may be
8 brought against a person under this subsection, a
9 person may not be liable for a total of more than
10 \$5,000,000 for a series of related violations of sec-
11 tion 202.

12 (3) INTERVENTION BY THE FTC.—

13 (A) NOTICE AND INTERVENTION.—The at-
14 torney general of a State shall provide prior
15 written notice of any action under paragraph
16 (1) to the Commission and provide the Commis-
17 sion with a copy of the complaint in the action,
18 except in any case in which such prior notice is
19 not feasible, in which case the attorney general
20 shall serve such notice immediately upon insti-
21 tuting such action. The Commission shall have
22 the right—

23 (i) to intervene in the action;

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

1 (iii) to file petitions for appeal.

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

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

17 (A) conduct investigations;

18 (B) administer oaths or affirmations; or

19 (C) compel the attendance of witnesses or
20 the production of documentary and other evi-
21 dence.