



## PREVAIL ACT

### Congress Should Pass PREVAIL Act to Reform PTAB and Promote U.S. Global Technology Leadership

Patents are crucial to a strong U.S. economy and global technological leadership. They create jobs, grow businesses, incentivize investments in research and development, and enable commercialization of emerging technologies that drive the U.S. competitive edge in global innovation.

Congress established the Patent Trial and Appeal Board (PTAB) as part of the 2011 America Invents Act with the intent provide a cost-effective alternative to adjudicating patent validity in federal district court. However, the PTAB has not served its purpose as an alternative to court and has instead become what commentators have called a patent “death squad,” weakening our ability to compete on globally. According to USPTO data, the PTAB invalidates more than 70% of all patent claims and at least one claim of more than 80% of the patents it reviews.

To reform the PTAB and advance U.S. technological leadership, Senators Chris Coons (D-DE) and Thom Tillis (R-NC) and Representatives Ken Buck (R-CO) and Deborah Ross (D-NC) introduced the bipartisan, bicameral Promoting and Respecting Economically Vital American Innovation Leadership Act (PREVAIL Act) (S.2220/H.R.4370). This legislation includes commonsense reforms to the PTAB to promote fair treatment for inventors, improve efficiency, and ensure that the USPTO has the resources it needs to effectively administer a patent system that incentivizes American innovation and enables U.S. inventors to compete.

### PREVAIL Act Restores Fairness to the PTAB To Promote Innovation and Competitiveness

**Problem:** Anyone can challenge a patent in the PTAB, even if they have no personal stake in the matter.

**Solution:** Require legal “standing” for entities bringing PTAB actions to ensure that they have a personal stake in the matter.

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**Problem:** Different parties can work together to bring multiple, repeated, and harassing challenges against a single patent or patent owner—including small businesses or independent inventors with limited resources.

**Solution:** Limit repeated petitions. PREVAIL limits multiple attacks on the same patent by prohibiting any entity financially contributing to a PTAB proceeding from bringing its own separate challenge.

**Problem:** Although a party must file a PTAB challenge within one year of being sued for infringement, a loophole allows a time-barred party to challenge patents after the PTAB filing deadline expires by joining a PTAB proceeding brought by another party.

**Solution:** Close the joinder loophole. PREVAIL establishes a rebuttable presumption against joinder for a time-barred party and prohibits such a party from maintaining the proceeding after the original challenger settles.

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**Problem:** There are different standards of proof for invalidating patents in federal district court and the PTAB. When validity of a patent is challenged in district court, “clear and convincing evidence” is needed to invalidate the patent. At the PTAB, a petitioner need only show invalidity by a “preponderance of the evidence.” These differences lead to inconsistent results between the two tribunals.

**Solution:** Harmonize PTAB claim interpretation and burden of proof with federal district court. PREVAIL requires the PTAB to find a patent invalid by “clear and convincing” evidence and requires the PTAB to interpret claims using the same “plain and ordinary meaning” standard used in federal district court.

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**Problem:** Some aspects of PTAB proceedings lack transparency. For example, no rules prevent the Director from meddling in a PTAB panel’s decision. And 75% of PTAB judges who responded to a 2022 Government Accountability Office survey reported that USPTO Directors and PTAB management had affected their independence.

**Solution:** Increase transparency and enhance accountability. PREVAIL requires the USPTO Director to issue written opinions when rehearing PTAB decisions to increase transparency and reduce concerns that the Director unfairly influences PTAB decisions. The bill also prohibits the Director from influencing PTAB panel decisions and requires the Director to establish a code of conduct for PTAB judges.

## PREVAIL Act Improves PTAB Rules To Protect Inventors from Costly, Unnecessary Litigation

**Problem:** At least 85% of PTAB proceedings have a co-pending proceeding in another forum, like federal district court. Challengers get several bites at the apple by raising the same or similar validity challenges at the PTAB and the other forum.

**Solution:** End duplicative patent challenges. PREVAIL requires a party to choose between making its validity challenges before the PTAB or in another forum, such as federal court. The bill also requires a party that is already involved in a separate proceeding to agree not to pursue the claims in their PTAB petition in that court or any other forum. personal stake in the matter.

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**Problem:** Often, another forum, such as a federal district court, reviews a validity challenge to a patent and enters a final judgment before the PTAB completes its review. Instituting or maintaining a PTAB proceeding after the district court already has decided validity is duplicative, inefficient, and may lead to inconsistent decisions between both tribunals.

**Solution:** Defer to prior patent validity decisions to quiet title on an invention. PREVAIL requires the PTAB to deny a petition or dismiss a proceeding if another forum, including a federal court, has already upheld the validity of the patent at issue.

**Problem:** The same party can file multiple petitions against the same patent, allowing challengers to paper over weaknesses in their case and increasing costs for patent owners defending their rights time and time again.

**Solution:** Require a party to raise all arguments in one challenge to protect a patent owner's right to "quiet title" over the invention. PREVAIL would ensure that a single party can only file one challenge against any patent, even if the first petition does not result in a final written decision.

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**Problem:** A PTAB challenge or a reexamination request often will assert evidence or arguments for invalidation that the USPTO already considered in a previous Office proceeding, such as the examination of the patent, a prior reexamination, inter partes review (IPR), or post-grant review (PGR). Multiple proceedings asserting the same evidence and arguments are costly and inefficient.

**Solution:** Limit duplicative challenges to a patent within the USPTO. PREVAIL requires the USPTO to reject a PTAB challenge or a request to reexamine a patent where the challenge or request includes arguments that were previously considered by the USPTO, absent exceptional circumstances.

## PREVAIL Act Ensures the USPTO Has the Resources It Needs To Administer a Patent System that Promotes Innovation

**Problem:** Since 2010, approximately \$409.8 million in user fees have been diverted from the USPTO.

**Solution:** Eliminate fee diversion. PREVAIL ends the practice of diverting fees collected by the USPTO to other federal agencies and programs by establishing a new revolving fund in the U.S. Treasury to ensure the USPTO has the funding necessary for timely and quality examination.

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**Problem:** Small businesses do not always have the resources they need to navigate the patent system.

**Solution:** Support innovative small businesses. PREVAIL supports small businesses by requiring the Small Business Administration to draft two reports on patents and small businesses. The bill also expands online access to patent-searching databases currently available only in person at public search facilities.