To amend title 35, United States Code, to address matters relating to the Patent Trial and Appeal Board of the United States Patent and Trademark Office, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. LEAHY (for himself, Mr. CORNYN, and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend title 35, United States Code, to address matters relating to the Patent Trial and Appeal Board of the United States Patent and Trademark Office, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SECTION 1. SHORT TITLE.
5 This Act may be cited as the “Patent Trial and Ap-
6 peal Board Reform Act of 2022”.
7
8 SEC. 2. PATENTS.
9 (a) IN GENERAL.—Title 35, United States Code, is amended—
(1) in section 6—

(A) in subsection (a), by inserting after the third sentence the following: “Each member of the Patent Trial and Appeal Board shall comply with the Code of Conduct for United States Judges, including limitations on ex parte communications, when performing the duties enumerated in subsection (b).”; 

(B) in subsection (e)—

(i) in the second sentence, by striking “Only the” and inserting “The”; and 

(ii) by adding at the end the following: “After the constitution of a panel of the Patent Trial and Appeal Board under this subsection has been made public, any changes to the constitution of that panel, including changes that were made before the constitution of the panel was made public, shall be noted in the record.”;

(C) by redesignating subsection (d) as subsection (e);

(D) by inserting after subsection (e) the following:

“(d) Review by the Director.—

“(1) Opportunities for review.—
“(A) IN GENERAL.—With respect to a decision of the Patent Trial and Appeal Board—

“(i) the Director may, on the initiative of the Director, review, and modify or set aside, the decision;

“(ii) if the decision is issued under section 318(a) or 328(a), a party to the applicable inter partes or post-grant review may request that the Director review, and modify or set aside, the decision; and

“(iii) if the decision is issued under section 314 or 324 under a delegation by the Director, a party to the applicable inter partes or post-grant review petition may request that the Director review, and modify or set aside, the decision.

“(B) EFFECT OF REQUEST FOR REVIEW OF DETERMINATION TO INSTITUTE REVIEW.—A request for review under subparagraph (A)(iii) shall not be a basis to stay or delay any proceeding.

“(2) REQUIREMENT.—

“(A) IN GENERAL.—Any review by the Director under paragraph (1) shall be issued in a separate written opinion that—
“(i) is made part of the public record;
“(ii) sets forth the reasons for the review, modification, or setting aside of the decision of the Patent Trial and Appeal Board; and
“(iii) may be designated as precedential, and if it is designated as precedential, shall be followed by future panels of the Patent Trial and Appeal Board, unless and until the opinion is—
“(I) rescinded; or
“(II) superseded by—
“(aa) regulation;
“(bb) a decision of the Director that is designated as precedential; or
“(cc) a decision of a court.
“(B) Effect of precedential designation.—Nothing in subparagraph (A)(iii) shall be construed to affect the obligation of the Director to prescribe regulations under section 316(a) or 326(a).
“(3) Timeline and bases for review.—Not later than 18 months after the date of enactment of the Patent Trial and Appeal Board Reform Act of
2022, the Director shall promulgate rules addressing
the following issues:

“(A) With respect to review of a decision
on the initiative of the Director under para-
graph (1)(A)(i)—

“(i) the timeline under which the Di-
rector may review the decision, which shall
be consistent with the requirements under
section 318(e) or 328(e), if applicable; and

“(ii) the bases on which the Director
may review the decision.

“(B) With respect to a request by a party
under clause (ii) or (iii) of paragraph (1)(A)—

“(i) the timeline for submitting such a
request;

“(ii) the content that the party is re-
quired to include in such a request;

“(iii) the bases on which the party
may submit such a request; and

“(iv) the timeline for any response or
reply to such a request such that the re-
quest can be decided within the deadline
imposed under section 318(e) or 328(e), as
applicable.
“(4) Determination whether to review final decisions of board.—Notwithstanding the bases for review promulgated under paragraph (3), the determination whether to review a final decision of the Patent Trial and Appeal Board under this subsection is committed to the discretion of the Director.

“(5) Rule of construction.—For the purposes of an appeal permitted under section 141, any decision on review of a final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a), that is issued by the Director under this subsection, shall be deemed a final written decision of the Patent Trial and Appeal Board.”; and

(E) in subsection (e), as so redesignated—

(i) in the first sentence—

(I) by striking “of this subsection” and inserting “of the Patent Trial and Appeal Board Reform Act of 2022”; and

(II) by inserting “or the Secretary” after “appointment by the Director”; and
(III) by inserting “or the Secretary, as applicable,” after “on which the Director”; and
(ii) in the second sentence—
(I) by inserting “, or, before the date of enactment of the Patent Trial and Appeal Board Reform Act of 2022, having performed duties no longer performed by administrative patent judges,” after “by the Director”; and
(II) by striking “that the administrative patent judge so appointed” and inserting “that the applicable administrative patent judge”;

(2) in chapter 31—
(A) in section 314(d), by striking “section” and inserting “chapter”;
(B) in section 315—
(i) in subsection (b), by striking “shall not apply to a request for joinder under subsection (c).” and inserting the following: “shall be subject to the following limitations:
“(1) The time limitation shall not apply—
“(A) to a request for joinder under subsection (e); or

“(B) if the complaint is dismissed without prejudice.

“(2) If new or amended claims issue from reexamination after the petitioner, real party in interest, or privy of the petitioner is served with the complaint, an inter partes review of those claims, and any dependent claims depending from those claims, may be instituted if the petition requesting the review is filed not later than 1 year after the date on which the new or amended claims are asserted against the petitioner, real party in interest, or privy of the petitioner.”;

(ii) in subsection (c), by inserting “a request to join the inter partes review and” before “a petition under section 311”;

(iii) in subsection (d)—

(I) by striking “Notwithstanding” and inserting the following:

“(1) IN GENERAL.—Notwithstanding”; and

(II) by striking “before the Office,” and all that follows and inserting the following: “before the Office—

“(A) the parties shall notify the Director;
“(B) the Director shall issue a decision determining the manner in which the other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such proceeding or matter; and

“(C) a party may seek review of the decision by way of petition to the Director.

“(2) NO EXTENSION.—A decision of the Director under paragraph (1)(B) may not—

“(A) extend any statutory deadline under this chapter; or

“(B) terminate an inter partes proceeding in favor of an ex parte proceeding.

“(3) LIMIT ON REPEATED PETITIONS.—The Director may not authorize an inter partes review to be instituted if the Director has previously instituted an inter partes review or post-grant review that includes one or more of the same claims based on a petition that was filed on a different day by the same petitioner, or a real party in interest or privy of the same petitioner.”;

(iv) in subsection (e)—

(I) in paragraph (2), by inserting

“that the claim is not unpatentable”
after “decision under section 318(a)”;

and

(II) by adding at the end the following:

“(3) APPLICABILITY.—The prohibitions under this subsection shall apply to the petitioner in an inter partes review upon the issuance of the final written decision for that review.”; and

(v) by adding at the end the following:

“(f) INSTITUTION NOT TO BE DENIED BASED ON PARALLEL PROCEEDINGS.—In deciding whether to institute an inter partes review proceeding, the Director shall not in any respect consider an ongoing civil action or a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), other than with respect to—

“(1) the bars specified in subsections (a) and (b); or

“(2) the determination under section 314(a) that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”;

(C) in section 316—

(i) in subsection (a)—

(I) in paragraph (5)—
(aa) in subparagraph (A), by striking “and” at the end;

(bb) by redesignating subparagraph (B) as subparagraph (C); and

(cc) by inserting after subparagraph (A) the following:

“(B) evidence identifying real parties in interest of the petitioner who would be statutorily prohibited from filing a petition under section 311; and”;

(II) in paragraph (6)—

(aa) by inserting after “abuse of process,” the following:

“including a petitioner deliberately delaying or losing, or offering to deliberately delay or lose, an instituted proceeding in exchange for consideration,”; and

(bb) by inserting before the semicolon at the end the following: “, which sanctions shall be equally applicable to petitioners and patent owners and
may include, among other things—

“(A) shifting costs, expert witness fees, or attorney fees;

“(B) referring counsel to the Office of Enrollment and Discipline;

“(C) a bar preventing a party from filing certain documents; and

“(D) a bar preventing a party from filing any inter partes review or post-grant review petition for a period of 1 year’’;

(III) in paragraph (11), by inserting “or consolidation under section 315(d)” after “under section 315(e)”;

(IV) in paragraph (12), by striking “and” at the end;

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

(VI) by adding at the end the following:

“(14) providing that for all purposes under this chapter—
“(A) each term in a challenged claim of a patent shall be construed using the same claim construction standard that would be used to construe the term in a civil action under chapter 29; and

“(B) if a court has previously construed a term in a civil action involving the patent under chapter 29, the Office—

“(i) shall make that construction of record in the proceeding; and

“(ii) shall consider but shall not be bound by that construction.”;

(ii) in subsection (c)—

(I) by striking “The Patent” and inserting the following:

“(1) IN GENERAL.—The Patent”; and

(II) by adding at the end the following:

“(2) EX PARTE COMMUNICATION.—An officer who has supervisory authority or disciplinary authority with respect to an administrative patent judge of the Patent Trial and Appeal Board (or a delegate of such an officer), and who is not a member of a panel described in section 6(c), shall refrain from ex parte communication with such a judge who is a member
of that panel concerning any pending matter before
that panel, except as allowed under the Code of Con-
duct for United States Judges.”; and

(iii) in subsection (e)—

(I) by striking “In an” and in-
serting the following:

“(1) IN GENERAL.—In an”;

(II) in paragraph (1), as so des-
ignated, by inserting “of challenged
patent claims” after
“unpatentability”; and

(III) by adding at the end the
following:

“(2) CLAIM AMENDMENT.—For any substitute
claim proposed under subsection (d), the burden of
proving patentability, including under sections 101,
102, 103, and 112, shall be the same as in examina-
tion under section 131.”;

(D) in section 318—

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

(ii) by adding at the end the follow-
ing:

“(e) REHEARING.—Not later than 120 days after the
date on which the Patent Trial and Appeal Board issues
a final written decision under subsection (a), the Board
or the Director shall finally decide any request for reconsid-
eration, rehearing, or review that is submitted with re-
spect to the decision, except that the Director may, for
good cause shown, extend that 120-day period by not more
than 60 days.”;

(E) in section 319—

(i) by striking “A party” and insert-
ing the following:

“(a) IN GENERAL.—A party”; and

(ii) by adding at the end the follow-
ing:

“(b) STANDING TO APPEAL.—For the purposes of an
appeal described in subsection (a), the right to appeal
shall extend at least to any dissatisfied party that reason-
ably expects that another person will assert estoppel
against the party under section 315(e) as a result of the
decision.
“(c) Timing on Remand After Appeal.—Not later than 120 days after the date on which a mandate issues from the court remanding to the Patent Trial and Appeal Board after an appeal under subsection (a), the Board or the Director shall finally decide any issue on remand, except that the Director may, for good cause shown, extend that 120-day period by not more than 60 days.”; and

(F) by adding at the end the following:

“§ 320. Support for small and micro entities in inter partes review and post-grant review

“(a) Covered Patent Defined.—In this section, the term ‘covered patent’ means a patent—

“(1) that is the subject of a petition for inter partes review under chapter 31 or post-grant review under chapter 32;

“(2) whose owner at the time of the patent application qualified for small entity or micro entity status;

“(3) whose owner, on the date on which the petition is filed, would qualify for small entity or micro entity status if that owner were to file a patent application;

“(4) whose owner has not asserted the patent in litigation;
“(5) that has not been licensed to any other party that would not qualify for small entity or micro entity status if that party were to file a patent application; and

“(6) the owner or exclusive licensee of which makes or uses the claimed invention in a commercial enterprise, or has made substantial preparations to do so.

“(b) EXPENSES COVERED.—

“(1) IN GENERAL.—The Office shall pay to the owner of a covered patent all of the reasonable expenses of the proceeding actually incurred by the patent owner (and not expenses incurred by a third party funding the proceeding), including reasonable expert witness fees and reasonable attorney fees, for defending the inter partes review or post-grant review.

“(2) EXPENSES INCLUDED.—The expenses to be paid under paragraph (1) shall include expenses of—

“(A) a preliminary response under section 313 or 323;

“(B) a response under section 316(a)(8) or 326(a)(8);
“(C) any discovery under section 316(a)(5) or 326(a)(5);

“(D) motions filed at the Patent Trial and Appeal Board;

“(E) any requests for reconsideration, re-hearing, or review; and

“(F) any proceedings after a remand from the Court of Appeals for the Federal Circuit.

“(3) PAYMENT NOT DEPENDENT ON OUTCOME.—The Office shall pay reasonable expenses under paragraph (1) regardless of the outcome of the proceeding.

“(4) EXPENSES NOT INCLUDED.—The expenses to be paid under paragraph (1) shall not include expenses incurred—

“(A) in a proceeding at the Court of Appeals for the Federal Circuit or any tribunal outside the Office; or

“(B) in moving to amend any patent claim under—

“(i) subsection (a)(9), (d), or (e) of section 316; or

“(ii) subsection (a)(9), (d), or (e) of section 326.
“(c) SOURCE OF FUNDS.—The total estimated expenses paid to owners of covered patents under this section—

“(1) shall be considered part of the aggregate costs under section 311(a) or 321(a); and

“(2) shall be recovered through fees paid by petitioners.”; and

(3) in chapter 32—

(A) in section 324(e), by striking “section” and inserting “chapter”;

(B) in section 325—

(i) in subsection (c), by inserting “, the petitioner files a request to join the post-grant review,” before “and the Director”;

(ii) by striking subsection (d) and inserting the following:

“(d) MULTIPLE PROCEEDINGS.—

“(1) IN GENERAL.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office—

“(A) the parties shall notify the Director;
“(B) the Director shall issue a decision determining the manner in which the other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such proceeding or matter; and

“(C) a party may seek review of the decision by way of petition to the Director.

“(2) NO EXTENSION.—A decision of the Director under paragraph (1)(B) may not—

“(A) extend any statutory deadline under this chapter; or

“(B) terminate an inter partes proceeding in favor of an ex parte proceeding.

“(3) LIMIT ON REPEATED PETITIONS.—The Director shall not authorize a post-grant review to be instituted if the Director has previously instituted an inter partes review or post-grant review that includes one or more of the same claims based on a petition that was filed on a different day by the same petitioner, or a real party in interest or privy of the same petitioner.

“(4) CONSIDERATIONS.—In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or
request because, the same or substantially the same prior art or arguments previously were presented to the Office.”;

(iii) in subsection (e)—

(I) in paragraph (2), by inserting “that the claim is not unpatentable” after “decision under section 328(a)”;

and

(II) by adding at the end the following:

“(3) APPLICABILITY.—The prohibitions under this subsection shall apply to the petitioner in a post-grant review upon the issuance of the final written decision for that review.”; and

(iv) by adding at the end the following:

“(g) INSTITUTION NOT TO BE DENIED BASED ON PARALLEL PROCEEDINGS.—In deciding whether to institute a post-grant review proceeding, the Director shall not in any respect consider an ongoing civil action or a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), other than with respect to the determination under section 324(a) that there is a reasonable likelihood that the peti-
tioner would prevail with respect to at least 1 of the claims challenged in the petition.”;

(C) in section 326—

(i) in subsection (a)—

(I) in paragraph (5)—

(aa) by striking “shall be limited to evidence” and inserting the following: “shall be limited to—

“(A) evidence”; and

(bb) by adding at the end the following: “and

“(B) evidence identifying real parties in interest of the petitioner who would be statutorily prohibited from filing a petition under section 321;”;

(II) in paragraph (6)—

(aa) by inserting after “abuse of process,” the following: “including a petitioner deliberately delaying or losing, or offering to deliberately delay or lose, an instituted proceeding in exchange for consideration,”; and
(bb) by inserting before the
semicolon at the end the fol-
lowing: “, which sanctions shall
be equally applicable to peti-
tioners and patent owners and
may include, among other
things—

“(A) shifting costs, expert witness fees, or
attorney fees;

“(B) referring counsel to the Office of En-
rollment and Discipline;

“(C) a bar preventing a party from filing
certain documents; and

“(D) a bar preventing a party from filing
any inter partes review or post-grant review pe-
tition for a period of 1 year”;

(III) in paragraph (11)—

(aa) by inserting “or consoli-
dation under section 325(d)”
after “under section 325(e)”;

(bb) by striking “and” at
the end;

(IV) in paragraph (12), by strik-
ing the period at the end and insert-
ing “; and”; and
(V) by adding at the end the following:

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

“(A) each term in a challenged claim of a patent shall be construed using the same claim construction standard that would be used to construe the term in a civil action under chapter 29; and

“(B) if a court has previously construed a term in a civil action involving the patent under chapter 29, the Office—

“(i) shall make that construction of record in the proceeding; and

“(ii) shall consider but shall not be bound by that construction.”;

(ii) in subsection (c)—

(I) by striking “The Patent” and inserting the following:

“(1) IN GENERAL.—The Patent”; and

(II) by adding at the end the following:

“(2) EX PARTE COMMUNICATION.—An officer who has supervisory authority or disciplinary authority with respect to an administrative patent judge of
the Patent Trial and Appeal Board (or a delegate of such an officer), and who is not a member of a panel described in section 6(c), shall refrain from ex parte communication with such a judge who is a member of that panel concerning any pending matter before that panel, except as allowed under the Code of Conduct for United States Judges.”; and

(iii) in subsection (e)—

(I) by striking “In a” and inserting the following:

“(1) IN GENERAL.—In a”;

(II) in paragraph (1), as so designated, by inserting “of challenged patent claims” after “unpatentability”; and

(III) by adding at the end the following:

“(2) CLAIM AMENDMENT.—For any substitute claim proposed under subsection (d), the burden of proving patentability, including under sections 101, 102, 103, and 112, shall be the same as in examination under section 131.”;

(D) in section 328—

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

(ii) by adding at the end the following:

“(e) Rehearing.—Not later than 120 days after the date on which the Patent Trial and Appeal Board issues a final written decision under subsection (a), the Board or the Director shall finally decide any request for reconsideration, rehearing, or review that is submitted with respect to the decision, except that the Director may, for good cause shown, extend that 120-day period by not more than 60 days.”; and

(E) in section 329—

(i) by striking “A party” and inserting the following:

“(a) In General.—A party”; and

(ii) by adding at the end the following:

“(b) Standing to Appeal.—For the purposes of an appeal described in subsection (a), the right to appeal shall extend at least to any dissatisfied party that reasonably expects that another person will assert estoppel
against the party under section 325(e) as a result of the
decision.

“(c) Timing on Remand After Appeal.—Not later
than 120 days after the date on which a mandate issues
from the court remanding to the Patent Trial and Appeal
Board after an appeal under subsection (a), the Board or
the Director shall finally decide any issue on remand, ex-
cept that the Director may, for good cause shown, extend
that 120-day period by not more than 60 days.”.

(b) Technical and Conforming Amendment.—
The table of sections for chapter 31 of title 35, United
States Code, is amended by adding at the end the fol-
lowing:

“320. Support for small and micro entities in inter partes review and post-grant
review.”.