

THE PTAB REFORM ACT OF 2022

Patents drive innovation, benefitting the economy and the public. Americans need strong, reliable, and predictable patent rights. For our patent system to truly be strong, it has to be based on high quality patents that meet all the requirements of patentability after a rigorous examination. The Patent Trial and Appeal Board (PTAB) at the U.S. Patent and Trademark Office (PTO) plays a critical role in the system. Through this bill, Senators Leahy, Cornyn, and Tillis propose to address predictability, certainty, and fairness at the PTAB. The PTAB Reform Act will protect all parties against gamesmanship and will improve transparency at the PTAB.

Prevent Abusive Serial Petitions from Harassing Patent Owners

- Serial petitions—multiple, consecutive petitions by the same party against the same patent claim raising different arguments—allow challengers to paper over weaknesses in their cases, while increasing litigation costs for patent owners defending their patent rights.
- The PTAB currently considers whether a petition is a serial petition before deciding whether to begin a proceeding. However, like other PTO decisions, future administrations could change their minds, leaving patent owners uncertain if they'd be victims of such harassment.
- The bill prohibits the Director from undertaking review if there was previously a review that included the same patent claims by the same entity or a real party in interest or successor in interest. By codifying the PTAB's obligation to curtail gamesmanship, the bill will help ensure a working system.

Prohibit PTO from Considering Inaccurate District Court Litigation Timelines

- Over the past few years the PTO has often declined proceedings when there is a parallel, ongoing civil action, regardless of the merits of the case. Those decisions often rely on inaccurate timelines in parallel district court litigation.
- The bill prohibits the PTO from declining a proceeding based on an ongoing civil action.

Revise the PTAB Structure to Conform with the Appointments Clause While Preserving PTAB Autonomy

- The Supreme Court recently addressed the structure of the PTAB under the Constitution's Appointments Clause, requiring the PTO Director to oversee the PTAB's decisions.
- The public is concerned that PTO Directors have and may continue to nontransparently meddle in PTAB decisions, with decisions appearing to be issued by the PTAB but with the outcome having been decided by the Director.
- The PTAB Reform Act allows the Director to rehear PTAB decisions but requires any decision by the Director to be issued in a separate opinion. The public will thus know which decisions come from PTAB judges and which come from a politically appointed and accountable Director.
- The bill further prohibits the Director from meddling in pre-decisional PTAB proceedings.

Address PTAB Certainty and Fairness in Other Areas

- The bill requires that the Director prescribe regulations to sanction bad-faith challengers who offer to deliberately delay or lose an instituted challenge in exchange for consideration.
- The bill requires that the PTAB construe patent claim terms using the same standard as a court in a civil action, and not the broader standard used during examination of an application. The bill also directs the PTAB to consider any earlier court's constructions of the claim language.
- The PTAB has strict deadlines to make the proceedings fast. The bill imposes deadlines on rehearing decisions, which do not technically fall under the existing deadlines and sometimes take a long time to issue. The bill also requires the PTAB to coordinate related proceedings.
- The bill clarifies that a party that has been sued, where the suit was voluntarily dismissed, will not be barred from petitioning based on that earlier suit. Likewise, if the claims are added to the patent after the suit, the suit will not bar a challenger from petitioning.
- The bill clarifies standing to appeal, explaining that any party who reasonably expects to be estopped as a result of a PTAB decision may appeal.
- Small and micro entities facing challenges at the PTAB are often overwhelmed by the cost, even though addressing the same challenge in district court would be significantly more expensive. This bill covers the reasonable fees of answering a challenge at the PTAB if the patent owner is a small business and has not asserted that patent in litigation, where the small business would expect to defend against a validity challenge.