



THE NAPLES ROUNDTABLE

Exploring Ways to Strengthen & Improve the Patent System

NAPLES ROUNDTABLE 2023: PHOENIX ISSUE 1 WORKING PAPER

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The Naples Roundtable™ applauds the work of the contributing members of the Phoenix Issue 1 panel and amicus committee, who have produced a creative, thought-provoking proposal aimed at re-imagining how patents are granted in the United States. The attached paper is the output of that effort and is titled: “*Legislative Initiatives to Advance Patent System Robustness and Reliability: Reforms to Address Issues of Patent Quality and Patent System Integrity.*”

The Naples Roundtable endorses the effort and spirit of the attached paper as consistent with the goals of the Naples Roundtable: exploring ways to improve and strengthen the Patent System by fostering an open dialogue among thought leaders, judges, and academics across the patent community and internationally.

The Naples Roundtable encourages further input on all Phoenix Issues throughout the year and looks forward to workshopping and debating these proposals at the annual Leahy Institute for Advanced Patent Studies.

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Legislative Initiatives to Advance Patent System Robustness and Reliability *REFORMS TO ADDRESS ISSUES OF PATENT QUALITY AND PATENT SYSTEM INTEGRITY*

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The U.S. patent system faces competing narratives as to its effect and effectiveness as an engine for promoting progress in useful arts. One narrative cites the historic role of the patent system as an incentive for investments in the development and commercialization of innovative technology. A competing narrative suggests the patent system is so plagued with abusive practices—and expense, delay, and uncertainty in securing and enforcing patent rights—that these deficiencies more than negate any salutary purpose the system might serve. Both patent granting and patent enforcement have come under increasing criticism over the past decade, notwithstanding the reforms under the America Invents Act of 2011. Patent system critics complain that the quality of patent examination must be vastly improved—too many important patents are issued with claims of questionable validity. These critics also cite to supposedly abusive practices, as “patent thickening” in which patent owners can secure excessive numbers of patents and excessive numbers of patent claims in a manner such that *the scope of exclusivity can undergo constant redefining throughout the 20-year patent term*. In the decade since enactment of the AIA, it has become clear that additional, and possibly quite sweeping, reforms to the U.S. patent system are essential if the criticisms of current patent practices are to be answered with an abuse-proof patent law. Any remedial changes to the patent law should, however, simultaneously enhance the ability of inventors to—promptly and efficiently—secure the fullest possible protection for discoveries that meet the core patentability requirements—eligible subject matter, definiteness in claiming, sufficiency of disclosure, and non-obvious differences from all preexisting technology.

The paper that follows sets out an agenda for patent reform targeting criticisms of the patent system, while at the same time addressing legitimate concerns for inventors that their ability to secure the fullest possible protection for discoveries that do meet each of the core requirements for securing valid patent claims should be enhanced. To this end, these reforms—

(1) focus on simplification of the requirements to secure a valid patent, including making patentability criteria more objective and more harmonized with international norms, designed to produce more reliable determinations of patentability—and contribute to enhancing patent quality;

(2) address potential abuses of the patent examination process, including through reforms that specifically target “patent thickets;” and

(3) make optimal use of the PTAB as a vehicle for addressing all issues of post-issuance patent validity—again advancing the quality of patents by more efficiently and promptly addressing such patent validity issues.

The reform agenda below addresses patent system integrity through significant reforms with the expectation that an abuse-proof process for securing patent rights holds the potential to remarkably improve the respect for and the deference accorded to issued U.S. patents. Moreover, such

* The views expressed herein are the authors’ own and do not necessarily reflect the views of any organization, law firm, or client.

reforms should put an end to the concerns of critics of the patent system that it is not fully up to the task of serving as a powerful incentive to invest in the development of innovative technology. The collection of reforms below are intended to work together as an integrated package—no single provision, standing alone, is necessarily endorsable on its own, and might not produce its desired effect in the absence of the other provisions.

A. SUBSTANTIVE LAW ON PATENT VALIDITY; PATENT PROSECUTION MISCONDUCT REMEDIES

1. ***Obviousness-Type Double Patenting***: Eliminate judicially imposed patent invalidity based on obviousness-type double patenting and replace this non-statutory invalidity defense with a pair of unenforceability defenses that (1) bar enforcement of “double patents”[†] to the extent the combined exclusivity period of the “double patents” (from the first issue date to the last expiration date) exceeds 20-years and (2) apply *res judicata* principles to the claims of “double patents” *to the same extent as though all claims of the “double patents” had been issued in a single patent.*

RATIONALE: The United States is currently the only country in the industrialized world that examines patent applications for obviousness-type double patenting—and does so through an entirely judicially imposed doctrine. Eliminating obviousness-type double patenting issues from patent examination domestically would not only harmonize U.S. law with international norms, but the USPTO examination resources that are currently devoted to examination for obviousness-type double patenting issues could be more productively redeployed to examine patent applications for compliance with the core patentability issues, such as statutory non-obviousness over prior art. Such a redeployment has the potential to noticeably improve the quality of patent examination. The sole policy considerations that have historically justified perpetuating obviousness-type double patenting as a patentability issue arise in only rare circumstances, such that these issues can be far more efficiently addressed through patent unenforceability defenses that do not consume examination resources. The two policy justifications for the obviousness-type double patenting doctrine are the potential for an *unwarranted timewise extension of the exclusionary rights* and the potential for *harassment of accused infringers through serial patent infringement actions asserting each of the double patents*. By confining the enforceability of the exclusionary rights under the “double patents” to 20 years from the date of first patent issuance, the “double patents” can only provide exclusivity for the congressionally justified patent life under the Uruguay Round Agreements Act of 1994.[‡] By invoking *res judicata* principles to bar patent enforcement actions involving “double patents”—to the extent that a second enforcement action would not have been possible had only a single patent issued with all the claims of the two patents—the potential for enforcement harassment from multiple infringement actions asserting patentably

[†] For the purposes of the paper, “double patents” refer to any pair of patents in which at least claim of one of the patents is not “patentably distinct” from at least one claim of the other patent. Such a pair of claims qualify as “patentably indistinct” only if (1) neither claim represents prior art to other under 35 U.S.C. §102 and (2) either claim, had it been prior art to the other under §102, would render the other claim “obvious” under 35 U.S.C. §103.

^{‡‡} All patents subject to the URAA would have a 20-year period of exclusionary rights, save for the time consumed by the USPTO in examining the applications for patentability. Hence, the imposition of the 20-year exclusionary period for “double patents,” by declaring the patent unenforceable after 20-years from the date of the first of the “double patents” to issue, avoids any possibility for an *unwarranted* timewise extension of exclusivity rights.

indistinct claims disappears. *Since almost all instances of obviousness-type double patenting present neither of these potential policy concerns, the transformation of the doctrine from a patentability issue to two straightforward limitations on enforcement represents a singularly important opportunity to improve the quality and integrity of the patent examination process.*

SEC. [A]. VALIDITY AND ENFORCEMENT OF PATENTABLY INDISTINCT CLAIMED INVENTIONS.

(a) OBVIOUSNESS-TYPE DOUBLE PATENTING INVALIDITY ABROGATED.—Except as provided under section 101 that precludes patenting of multiple claimed inventions defining the identical subject matter, section 102 that requires novelty with respect to a claimed invention representing prior art, section 103 that requires non-obviousness over a claimed invention representing prior art, and 112(d) that precludes dependent claims lacking a further limitation, no claimed invention of a patent shall be invalid on account of patentable indistinctiveness with respect to a claimed invention of the same or another patent. Claimed inventions in applications for patent must not be examined by the Office for similarity with respect to one another, except to assure compliance with sections 101, 102, 103, and 112(d). The judicial doctrine of obviousness-type double patenting is overruled as moot in light of the unenforceability defenses that are enacted under this Section [A].

(b) NEW UNENFORCEABILITY DEFENSES; OBVIOUSNESS-TYPE DOUBLE PATENTING.—In section 282, insert at the end:

“(d) ENFORCEABILITY DEFENSES IN CASES OF DOUBLE PATENTING.

“(1) DOUBLE PATENT ASSERTION DEFENSE.—A claimed invention in a patent alleged to be infringed in a civil action shall be unenforceable in such action if (A) the infringement allegation would have been barred on res judicata grounds had each of the claims of a second patent been included as claims of the asserted patent and (B) such second patent contains at least one claim that is patentably indistinct from at least one claim in the asserted patent for which neither of such patentably indistinct claimed inventions represents prior art to the other. For the purposes of this paragraph, two claimed inventions shall be regarded as patentably indistinct unless each would represent novel and non-obvious subject matter had the other constituted prior art to it.

“(2) LIMITATION ON PATENT LIFE TO 20 YEARS FOR PATENTABLY INDISTINCT CLAIMS.—Except for an extension of term under section 156, with respect to any two claimed inventions that are patentably indistinct from one another under paragraph (1), the rights granted under this title with respect to such claimed inventions shall not be enforceable after 20 years from the original patent issue date of either patentably indistinct claimed invention.”

(c) EFFECTIVE DATE, AND TRANSITION PROVISIONS.—The amendments made by this Section shall be effective upon enactment and shall apply to any patent issued before, on, or after that date of enactment, except that such amendments shall not—

(1) apply to a civil action involving a patent that was brought before the date of enactment and

(2) limit the enforceability of any claimed invention of a patent to the extent that the claimed invention otherwise would have been enforceable absent the enactment of this Section [A].

(d) TERMINAL DISCLAIMERS.—A terminal disclaimer filed before the effective date of this Section [A] with respect to a patent shall be disregarded and given no effect in an action for enforcement of the patent if the provisions of section 282(d), had they been applicable to the patent, could not have precluded or otherwise limited enforcement of the patent in such action.

2. **Prior Art Not Publicly Available:** Overrule *Helsinn*[§] (to confine “prior art” to *disclosures made available to the public*) and address any inventor-attributable, secret commercialization of a claimed invention (i.e., placing the invention “in public use or on sale”) before the patent for the invention was sought through a *patent filing laches defense* that would bar patent enforceability—

(1) whenever the effective filing date for any claimed invention of the patent is more than six years from the first date of any inventor-attributable commercialization (i.e., “public use or on sale”) activities,

(2) unless, *prior to the issuance of the patent for the invention*, the inventor had disclaimed the patent’s term extending more than 20 years from the date of such first commercialization.

RATIONALE: The Supreme Court’s *Helsinn* decision stands at odds with the intent of the American Invents Act (and the 2004 recommendations of the National Research Council of the National Academies) to simplify “prior art” determinations and better harmonize “prior art” law in the United States with the “available to the public” principle used for determining whether subject matter can qualify as prior art *under every other patent law in the industrialized world*. The Supreme Court’s expressed concern that prolonged, inventor-attributable commercialization of a claimed invention before seeking a patent can result in an unjustified exclusivity windfall can be more efficiently addressed—in those rare situations in which an inventor has commercialized a claimed invention during a prolonged period before seeking a patent—by holding the patent unenforceable whenever the patent filing has been delayed for more than six years following the first inventor-attributable commercialization unless, prior to the issuance of the patent, a disclaimer had been made of any patent term extending beyond 20 years from the date of first commercialization. In effect, this type of “patent filing laches” unenforceability defense would eliminate the Supreme Court’s rationale for maintaining the current “on sale” invalidity defense—*thereby paving the way for all issues of novelty and non-obviousness with respect to the “prior art” to be determined solely based upon prior disclosures that became available to the public*.

SEC.[B]. VALIDITY AND ENFORCEABILITY OF CLAIMED INVENTIONS IN PUBLIC USE OR ON SALE.

(a) INVALIDITY GROUNDED ON ACTIVITIES NOT AVAILABLE TO THE PUBLIC ABROGATED.

(1) FIRST-INVENTOR-TO-FILE PATENTS.—In section 102(a)(1), strike “or in public use, on sale,”.

(2) FIRST-TO-INVENT PATENTS.—In sections 102(b) and 119(a), as in effect on the day before the enactment of the Leahy-Smith America Invents Act, strike “in public use or on sale” and insert “otherwise available to the public”.

(b) UNENFORCEABILITY DEFENSE SUPERSEDING INVALIDITY DEFENSE.—In section 282 as amended by Section [A], insert at the end:

“(e) APPLICATION FILING LACHES DEFENSE.—If the inventor or a joint inventor, directly or indirectly, had placed a claimed invention in public use or on sale in the United States more than six years prior to the effective filing date of the claimed invention, the patent claiming the invention shall be unenforceable unless, prior to the date on which the patent was initially issued,

[§] *Helsinn Healthcare v. Teva Pharmaceuticals*, 139 S.Ct. 628 (2019).

the patentee had disclaimed under section 253(b) at least the term of the patent extending beyond 20 years from the date on which the claimed invention was first placed in public use or on sale in the United States directly or indirectly by the inventor or a joint inventor.”

(c) EFFECTIVE DATE, TRANSITION PROVISIONS, AND EFFECT.—

(1) EFFECTIVE DATE.—The amendments made by this Section shall be effective upon enactment and shall apply to any patent issued before, on, or after that date of enactment, except that such amendments shall not—

(A) apply to a civil action involving a patent that was brought before the date of enactment of this Act or

(B) limit the enforceability of any claimed invention of a patent issued before the date of enactment to the extent that the claimed invention otherwise would have been enforceable absent the enactment of this Section.

(2) DISCLAIMERS RELATING TO PUBLIC USE OR ON SALE ACTIVITIES.—Notwithstanding section 282(e), for a claimed invention of a patent issued before six months after the date of enactment that, absent the amendments under this Section [B] would have been invalid under section 102 based on in public use or on sale activities, the period for filing the disclaimer required under section 282(d) shall be 1 year from the date of enactment of this Section [B].

3. ***Incorrect Inventorship:*** Eliminate incorrect inventorship (misjoinder/nonjoinder of individuals named as the inventor or a joint inventor on a patent) as an issue of patent validity by addressing all inventorship issues solely as matters of patent enforceability, specifically by barring the enforcement of a patent in situations where (1) correction of incorrect inventorship would result in a change in patent ownership and (2) such a correction has not been made. Simultaneously, expand the authority of the USPTO and the courts to order inventorship correction, upon request, irrespective of whether an ownership change would result.

RATIONALE: Inventorship designations became significantly more complex after the enactment of the Patent Law Amendments Act of 1984. The 1984 Act permitted an individual to be named as the inventor or a joint inventor on a patent even if the individual made an inventive contribution to only a single patent claim. As a consequence, each time claims are added, canceled, or amended during the examination of a patent, such a change in the pending claims can trigger the need to reassess if one or more individuals might need to be added or to be removed as named “joint inventors.” Since most patent applications are filed naming only employed joint inventors who have all assigned their patent rights to a common employer, absolute accuracy in inventorship naming is inconsequential in such circumstances *to assuring correct ownership of the patent*. To simplify the law on patentability, whenever incorrect inventorship is inconsequential to patent ownership, a patent claim should neither be invalid nor unenforceable based upon incorrect inventorship *where correction of inventorship would not change patent ownership*. Because, however, *correct inventorship is important to the individuals involved*, the USPTO and the courts should be given expanded authority to address all requests for inventorship correction, whenever raised by an individual. Addressing inconsequential inventorship issues as irrelevant to patentability, patent validity, or patent enforceability would simplify a raft of patent disputes—from post grant reviews to ITC §337 actions to patent infringement actions—and do likewise for ex parte patent examination. At the same time, creating simplified

procedures for inventorship correction—whether consequential or not—would assist in assuring all inventors and joint inventors would receive the full recognition to which they are entitled.

SEC. [C]. VALIDITY AND ENFORCEABILITY OF PATENTS IN CASES OF INCORRECT INVENTORSHIP.

(a) MISJOINDER OR NON-JOINDER IN INVENTORSHIP; CORRECTION.—

(1 INVENTORSHIP OF ISSUED PATENTS.—Strike section 256 and insert:

“§256. Incorrect inventorship and correction.

“(a) INCORRECT INVENTORSHIP.—Except as provided in subsection (b), a patent shall not be held to be invalid or unenforceable for naming an individual as the inventor or a joint inventor who is not the inventor or a joint inventor of any claimed invention therein or for the failure to name as the inventor or a joint inventor an individual who is the inventor or a joint inventor of at least one claimed invention therein.

“(b) UNENFORCEABILITY.—If a patent incorrectly names the inventor and the correction of inventorship would result in a change in the ownership of the patent, such patent shall not be enforceable unless and until the naming of the inventor of the patent is corrected as provided under subsection (c).

“(c) INVENTORSHIP CORRECTION.—If either the Director under section 135, or a court under section 291, makes a determination that the facts so require, the Director shall issue a certificate of correction of the inventorship of a patent or correct the naming of the inventor on an application for patent, as the case may be.”

(2) INVENTORSHIP CORRECTIONS BY THE DIRECTOR.—Strike section 116(c) and strike section 135 and insert:

“§135. Inventorship correction by Director.

“The Director shall establish procedures for deciding petitions for the correction of the naming of the inventor of a patent or an application for patent. If all parties concerned have not joined in a petition for correction under this section, the Director may conduct such proceedings in the Office as may be required to decide the petition.”

(3) INVENTORSHIP CORRECTIONS DURING A CIVIL ACTION.—Strike section 291 and insert:

“§291. Inventorship correction arising during a civil action.

“If a court determines a patent is unenforceable under section 256(b), based on a finding of misjoinder or nonjoinder of one or more individuals as the inventor or a joint inventor, the court shall order the Director to issue a certificate correcting the inventorship of the patent.”

(3) CONFORMING AMENDMENTS.—

(i) In the item relating to sections 135 in the table of sections for chapter 12 of title 35, United States Code, strike and insert:

“135 Inventorship correction by Director.”

(ii) In the item relating to sections 256 in the table of sections for chapter 25 of title 35, United States Code, strike and insert:

“256 Incorrect inventorship and correction.”

(iii) In the item relating to sections 291 in the table of sections for chapter 29 of title 35, United States Code, strike and insert:

“291 Inventorship correction during civil action.”

(b) EFFECTIVE DATE AND EFFECT.—The amendments made by this Section shall be effective upon enactment and shall apply to any patent issued before, on, or after that date of enactment, except that such amendments shall not—

- (1) apply to a civil action involving a patent that was brought before the date of enactment or
- (2) limit the enforceability of any claimed invention of a patent issued before the date of enactment to the extent that the claimed invention otherwise would have been enforceable absent the enactment of this Section.

4. **Prosecution Candor:** Except for items of prior art (1) appearing in foreign/PTC search reports or (2) discussed in the specification of a patent filing, require that each item of prior art provided to a patent examiner under the patent applicant’s “duty of disclosure” be accompanied by (1) a per-item fee for its consideration and (2) a concise description of its relevance. Eliminate any prosecution misconduct-based unenforceability defense as applied to any valid patent claim, including so-called “inequitable conduct” unenforceability.

RATIONALE: The single greatest impediment to improving the quality and integrity of the USPTO patent examination process lies in the perverse incentives—unique to U.S. law—that currently govern “information disclosure” practices by patent applicants seeking to comply with the USPTO’s “duty of candor and good faith.” This impediment was recognized by the National Research Council of the National Academies of Science in its 2004 recommendations to eliminate subjective factors in patent litigation, including as the “inequitable conduct” defense to the enforceability of a patent. The “duty of candor and good faith” does not—as one might have assumed—provide an incentive to provide only information *consequential to whether a patent can be validly issued*. Instead, patent application “information disclosure” practices under the specter of possible “inequitable conduct” allegations remain rife with “over-disclosures” of vast quantities of inconsequential information, provided to reduce the prospect of “concealment” allegations used to support “inequitable conduct” allegations. Not only do patent applicants today have an overwhelming incentive to disclose *far too much information of little or no relevance to the examination process*, but they have a parallel incentive avoid “misrepresentation” allegations—*by refraining from making any characterization of the significance of any of the information being submitted*. Such “misrepresentation” allegations can likewise support “inequitable conduct” unenforceability findings. During patent examination, such “disclose everything and explain nothing” practices result in patent examiners with little choice but to give merely cursory consideration of each item of information submitted, *rendering it far too easy to overlook a “needle in the haystack” item that might puncture the ability of the patent applicant to secure valid patent claims*. No other industrialized country in the world suffers under these perverse incentives to “over-disclose” information and to “under-explain” any of its significance. Recent judicial reforms to the “inequitable conduct” doctrine (*Therasense*) have been a palliative, but have not effected any noticeable change in patent applicant behavior. Moreover, the imposition of an “inequitable conduct” unenforceability penalty—a *fraud*-like defense—is oxymoronic when applied to patent claims that are unassailably valid; it is nonsensical to declare that a “fraud” has taken place in securing a patent claim that is unassailably valid. To restore both *candor* and *good faith* to the disclosure duty of patent applicants during patent examination, it is essential that patent applicants be encouraged to disclose only prior art that is *consequential to*

the ability to have a complete and accurate patent examination. Second, it is critical that patent applicants be mandated to offer concise commentary to guide patent examiners as to the nature and significance of items of prior art being presented for consideration—*since a salient sentence can make a significant difference in the efficiency with which a patent examiner can appropriately consider an item of prior art.* Encouraging patent applicants to “disclose less that is of no consequence and explain more as to significance” ultimately depends upon excluding from “inequitable conduct” unenforceability any patent claims that are found to meet all the patentability requirements. This is the only manner in which to afford all patent applicants the incentive to secure valid patent claims based “information disclosure” practices calculated to assure accurate and complete examination for patentability. Once this is done, patent applicants can be fairly asked to identify the potential relevance of items of information being submitted—and freed from any incentive to disclose information that is of no consequence to whether a valid patent can be secured.

SEC. [D]. HEIGHTENED DUTY OF CANDOR AND GOOD FAITH; BAR TO PROSECUTION MISCONDUCT UNENFORCEABILITY FOR VALID PATENT CLAIMS.

(a) VALID PATENT CLAIMS ENFORCEABLE NOTWITHSTANDING PROSECUTION MISCONDUCT.—In subsection (a) of section 281, insert at the end: “No valid claim of a patent may be held unenforceable based upon prosecution misconduct, including based on any concealment or misrepresentation in connection the any disclosure of information to the Office.”

(b) HEIGHTENED DUTY OF DISCLOSURE.—In section 131, redesignate the existing paragraph as subsection (a) with the caption “REQUIREMENT FOR EXAMINATION” and insert at the end:

“(b) REQUIREMENT FOR INFORMATION DISCLOSURE BY APPLICANTS.—

“(1) IN GENERAL—Under such regulations as the Director may prescribe, an applicant for patent must provide known information of known materiality to the examination described under subsection (a). Such requirement shall include items of prior art that are material to patentability of any claim in the application being examined. An applicant for patent may also provide items of information that are of potential or actual relevance to the patentability of a claim for consideration during the examination of the application. Such information may be submitted and considered by the Office only if the applicant—

“(A) provides with the submission of such item a concise description of its potential relevance to the patentability of the claims being examined;

“(B) pays any fee established by the Director for submission of such item; and

“(C) meets such other requirements as to timing and form for the submission of the item as the Director may establish by regulation.

“(2) EXCEPTIONS.—The requirements under subparagraphs (A) and (B) of paragraph (1) shall not apply to any patent or printed publication—

“(A) for which the specification of the application contains a concise description of its potential or actual relevance to the patentability of the original claims or

“(B) that is exempted from such requirements under regulations established by the Director.

“(3) CONSIDERATION BY THE OFFICE.—A patent or printed publication shall not be considered, or be regarded as having been considered, by the Office unless it—

“(A) meets the requirements under paragraph (1),

“(B) falls within the exception under paragraph (2),

“(C) is listed in an action reporting on the prior art prepared by the Office during the examination of the application or a like report prepared in connection with a related foreign or international application that has been made available during examination in a timely manner, or

“(4) is identified in a submission in connection with the application in compliance with subsection (c) of section 122.

(b) EFFECTIVE DATE AND EFFECT.—The amendments made by this Section [D] shall be effective upon enactment and shall apply to any patent issued before, on, or after the date of enactment, except that such amendments shall not—

(1) apply to a civil action involving a patent that was brought before the date of enactment or

(2) apply to the examination of any application for patent filed within one year from the date of enactment.

5. **Functional Claiming:** For a claim with one or more elements characterized in *functional terms*—rather than in terms specifying the structures, materials, or acts for performing the function—that would fail to meet one or more of the requirements for patentability under 35 U.S.C. §101, §112(a), or §112(b) *unless construed to be limited to the corresponding structures, materials, or acts disclosed in the specification and equivalents thereof*, construe the claim as so limited to thereby preserve its validity.

RATIONALE: The Supreme Court has directed that, at least in limited circumstances, claim construction should proceed in a manner that preserves, rather than destroys, a claim’s validity. In *Klein v. Russell*, 86 U.S. 433, 466 (1873), the Court observed that claim construction “should proceed in a liberal spirit, so as to sustain the patent and the construction claimed by the patentee himself, if this can be done consistently with the language which he has employed.” Claims with elements expressed in conceptual terms (i.e., as a function to be performed, a result to be achieved, or a property to be exhibited (often simply referenced as “functional claims”) are frequently held invalid as too conceptual in character or otherwise overly broad. To avoid functional claiming producing as an “all or nothing outcome,” a patent owner should have the opportunity to seek and secure a narrowed claim construction that could rescue the claim from invalidity. Such a validity-preserving rule of claim construction for functionally defined claims could be incorporated into the existing *Markman* procedure by permitting the patent owner to advance a contingent, narrowed construction (limited to disclosed embodiments and equivalents thereof) upon a finding by the court that the claim could not otherwise be found valid. Employing such a validity-preserving claim construction is far from unprecedented. This expanding opportunity to secure validity of a claim would extend the remedial claim construction that Congress provided for “combination” claims in which the functional elements are expressed as a “means” for performing the function. Currently, 35 U.S.C. §112(f) allows such a claim to be confined to the corresponding structures, materials, or acts and equivalents thereof when the claim would otherwise be invalid under the Supreme Court’s decision in *Halliburton Oil Well Cementing Co. v. Walker*, 329 U.S. 1 (1946). The expansion of this remedial provision would provide the analogous remedy to that in §112(f) for functional claims more generally and, as such, would effectively codify the Supreme Court’s *Klein* dictate that patent specification-consistent claim construction be used when sought by the patent owner to

salvage otherwise invalid claims, when consistent with the disclosure in the patent specification.

SEC. [D]. REQUIREMENT FOR VALIDITY-PRESERVING CONSTRUCTION OF OTHERWISE INVALID CLAIMS CONTAINING CONCEPTUAL ELEMENTS.

(a) CONSTRUCTION REQUIRED.—Strike subsection (f) of section 112 and insert:

“(f) CONSTRUCTION OF CLAIMS WITH CONCEPTUALLY DEFINED ELEMENTS.— In determining whether a claim meets the conditions and requirements under section 101 or under subsection (a) or (b), and in construing the claim to determine the scope of protection afforded thereunder otherwise, a claim that would otherwise be invalid under such a determination, because one or more elements of the claim are set forth in terms of a function to be performed, a result to be achieved, or a property to be exhibited, but without specifying the means for doing so, shall be construed to be limited to the structures, materials, or acts disclosed in the specification for carrying out the function or achieving the result or exhibiting the property, and to any equivalents thereto that would not result in the claimed invention being found to be obvious under section 103.”

(b) EFFECTIVE DATE, TRANSITION PROVISIONS, AND EFFECT.—The amendment made by this Section [D] shall be effective upon enactment, except that such amendment shall not—

(1) apply to a civil action involving a patent that was brought before the date of enactment of this Act or

(2) affect the validity of, or otherwise limit the enforceability of, any claimed invention of a patent issued before the date of enactment to the extent that, absent the enactment of the amendment under this Section [D], the claimed invention could have been enforced.

B. PATENT EXAMINATION SIMPLIFICATION

1. ***Divisional Patent Applications:*** Eliminate divisional applications arising from “requirements for restriction” among “independent and distinct inventions” in favor of *simultaneously examining all claims presented for examination in every patent application*, with—

(1) patent examiners being given authority to restrict each *independent claim* appearing in a patent application to a single general inventive concept and

(2) the USPTO being given authority to impose separate fees (e.g., separate issue and maintenance fees) for each independent claim in excess of three and each set of up to 10 claims in excess of 20.

RATIONALE: Current examining practices can dictate that an inventor must file and prosecution multiple, separate patent applications in order to secure all claims to which an inventor might be entitled based on the discoveries that are originally disclosed in a single, nonprovisional patent filing. The “dividing” of examination into separately filed applications for patent can create profound inefficiencies in the examination process and contributes to the formation of “patent thickets.” Under the existing USPTO “restriction practice,” patent examiners are entitled to limit the examination of claims to those representing a single “independent and distinct” invention. The resulting piecemeal examination of claims, in addition, to fostering “patent thickets,” typically lengthens the time period before the inventor and the public will know the full extent of the disclosed subject matter that will be covered by patent claims. Lastly, patent examination efficiency and quality can be compromised since, over time, serially filed “divisional” patent applications can be assigned to new patent examiners—who will then need to repeat the efforts

of their predecessors to understand the patent application disclosure and the most relevant prior art before commencing examination of the application. The result is a diminution in the quality and integrity of the U.S. patent examination process that could be obviated by requiring all claims presented for examination in a patent application must be examined at once—in the examination of the original, nonprovisional patent filing. Such a file-once-examine-once-issue-once approach to examination can properly credit patent examiners for the quantity of work involved in examination of applications with claims directed to *multiple general inventive concepts*, i.e., the international standard for determining if multiple inventions are being claimed in a single patent application. Using the expedient of affording patent examiners authority *to restrict the independent claims* of a patent application *to a single general inventive concept* both allows all claims to issue in a single patent and facilitates proper patent examiner credit for examining applications that require additional time to assure complete and accurate examination. Similarly, by charging additional issue and maintenance fees for claims in excess of a threshold limit, the file-once-examine-once-issue-once principle can fairly recover the costs involved, assuring that the USPTO would be able to generate sufficient revenue for implementation of the “examine once” paradigm. In sum, through a collection of changes to the current patent examination process, beginning with the elimination of “restriction practice,” patent applicants can enjoy an undiminished opportunity to secure full protection for any discoveries disclosed in an initial nonprovisional patent filing without the need to resort to filing additional applications that can contribute to a “patent thicket.”

SEC. [E]. REPLACING DIVISIONAL PATENTS WITH CLAIMS RESTRICTED TO A SINGLE, GENERAL INVENTIVE CONCEPT; FEES FOR EXCESS CLAIMS.

(a) RESTRICTION OF CLAIMS.—

(1) IN GENERAL.—Strike section 121 and insert:

“§121. Restriction of independent claims.

“The examiner may object to an independent claim as being directed to multiple general inventive concepts and may require that each independent claim be restricted to a single general inventive concept. The applicant may request a review of any objection under this section by petition to the Director, identifying what the applicant regards as the single general inventive concept present in each independent claim. The validity of a patent shall not be questioned for failure of any claim to be restricted to a single general inventive concept.

(2) CONFORMING AMENDMENT.—In the table of sections for chapter 11, strike the existing entry for section 121 and insert:

“121. Restriction of independent claims.”

(b) FEES FOR EXCESS CLAIMS.—

(1) IN GENERAL.— In chapter 4, insert at the end:

“§ 43. Additional fees for excess claims.

“(a) EXCESS INDEPENDENT CLAIMS.—Upon filing, or upon pendency in an application for patent otherwise, of claims in independent form in excess of 3, in addition to the fee specified in section 41(a)(2), the applicant shall incur an excess claims fee under this section in the amount of the total fee as specified in section 41(a) for the original filing, the search, and the examination of the application for each claim in independent form in excess of 3. Upon issuing a patent containing one or more claims in independent form in excess of 3, in addition to the issue fee specified in section 41(a)(4), the applicant shall incur an additional issue fee under this section in the

amount of the fee as specified in section 41(a)(4) for each claim in independent form in excess of 3. At the time of payment of a maintenance fee under section 41(b) with respect to a patent, the patentee shall incur an additional maintenance fee under this section, in the amount of the fee as specified in section 41(b) for maintaining the patent in force, for each claim then in the patent in independent form in excess of 3.

“(b) EXCESS DEPENDENT CLAIMS.—Upon issuing a patent containing one or more dependent claims in excess of 30, in addition to the issue fee specified in section 41(a)(4), the applicant shall incur an additional issue fee under this section in the amount of the fee as specified in section 41(a)(4) for each 10 dependent claim in in excess of 30. At the time of payment of a maintenance fee under section 41(b) with respect to a patent, the patentee shall incur an additional maintenance fee under this section, in the amount of the fee as specified in section 41(b) for maintaining the patent in force, for each 10 dependent claims then in the patent in excess of 30.”

(2) CONFORMING AMENDMENTS.—

(A) In the table of sections for chapter 4 of title 35, United States Code, insert at the end: “43. Additional fees for excess claims.

(B) In section 41(a)(2)(A), strike items (i) and (ii) and strike the designation for item (iii).

(c) EFFECT AND EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments under this Section [E] shall have effect for any application for patent after the date of enactment.

(2) LIMITATIONS ON REQUIREMENTS FOR RESTRICTION.—

(A) IN GENERAL.—For a nonprovisional application for patent pending on the date of enactment—

(A) no requirement for restriction under section 121 may be made after 2 years from the date of enactment and

(B) notwithstanding section 121, no divisional application may be filed pursuant to a requirement for restriction under section 121 after 3 years from the date of enactment.

2. ***Continuation and Continuation-in-Part Patent Applications:*** Replace continuation and continuation-in-part for patent applications with

(1) a new opportunity to secure additional patent claims through a new “continuing patent” granted on a new form of “continuing patent application” that would be exempt from the “claim recapture” doctrine and exempt from any requirement for co-pendency with the nonprovisional patent application upon which it would be based and

(2) an expanded opportunity for reissuing an original patent (or a “continuing patent”) that would be free from the requirement to demonstrate “error;”

(3) the opportunity to secure a “continuing patent” being available based upon a continuing application only if filed within six years from the nonprovisional filing date of the original patent;

(4) the issuance of a “continuing patent” being contingent upon surrender of the original patent;

(5) the opportunity for reissue being available based upon a reissue application filed at any time throughout the patent term after the six-year period for filing for a “continuing patent” has ended; and

the opportunity to seek a “continuing patent” with broadened claims, including claimed subject matter recaptured from the original patent, superseding the availability of any “broadening” reissue application.

RATIONALE: “Continuation application” practice is a second aspect of the current patent examination process that results in the piecemeal issuance of multiple patents able to generate “patent thickets” that can contain a dozen or more “continuation patents,” all based upon a single, nonprovisional patent filing. This unrestricted ability to seek “continuation patents” from a single patent filing adversely impacts patent examination quality and integrity, particularly when these “continuation patents” continue to issue throughout the 20-year patent term. Two alternative patent prosecution vehicles can preserve, in an undiminished manner, the ability of diligent patent applicants to secure all claims to which they are entitled, while eliminating any opportunity to secure a “patent thicket.” The first such vehicle is a new “*continuing* application” opportunity, available during the six-year period following the nonprovisional filing date that eliminates the need to satisfy the “copendency” requirement and does not bar either claim “recapture” or broadening claims. The second vehicle, available after the six-year period following the nonprovisional filing date, is an expanded patent reissue opportunity that does bar broadening claims, but does not require establishing “error,” in seeking new or amended claims. Because the new “broadening” continuing application, and the expanded but “non-broadening” reissue opportunities, operate throughout the 20-year patent term—and allow maintaining originally issued claims together with any new or amended claims in a single patent—the patent owner is afforded a full and fair ability to secure additional claims following the initial patent grant, but without the undesirable consequences fostering a thicket of separate patents in the process. Through these changes, a single nonprovisional patent filing can never produce more than one original patent or one replacement for that originally issued patent.

SEC. [F]. REPLACING CONTINUATION AND CONTINUATION-IN-PART PATENTS WITH THE ABILITY TO FILE CONTINUING AND REISSUE APPLICATIONS.

(a) CONTINUING APPLICATIONS FOR PATENT.—

(1) IN GENERAL.—Strike section 120 and insert:

“§120. Continuing applications.

“A patent originally issued on a nonprovisional patent application may be the subject of one or more continuing applications for patent as provided under this section. The patent owner may file such continuing applications under this section in order to continue examination of any previously issued patent claims, or have one or more amended or additional claims examined, including amended or additional claims that recapture subject matter formerly claimed but not patented, or that are otherwise broader in scope than any formerly patented claims. A continuing application shall be examined as provided under chapter 12 and the Director may issue a patent on the application containing any of the original patent claims and any new or amended claims found to meet the conditions and requirements under chapter 10, upon surrender of the patent upon which the continuing application was based. Continuing applications under this section may be filed, if at all, only within 6 years from filing date of the originally issued patent and no continuing application may not be filed during the pendency of any other continuing application with respect to the same patent. During the examination of a continuing application, the continuing application shall be given the same effect as though the continuing application had been filed on the filing date of the originally issued patent. The grant of a patent on a continuing application shall be for the unexpired part of the term of the surrendered patent and shall have the same

effect described in the first paragraph of section 252 for claims of a reissued patent. No new matter may be introduced into a continuing application.”

(2) CONFORMING AMENDMENT.—In the table of sections for chapter 11, strike the existing entry for section 120 and insert:

“120. Continuing applications.”

(b) REISSUE APPLICATIONS FOR PATENT.—

(1) IN GENERAL.—Strike section 251 and insert:

“§251. Reissue applications.

“A patent owner may file an application under this section in order to reissue a patent. Such a reissue application for patent may contain one or more amended or additional claims (except for claims enlarging the scope of the claims of the patent for which reissue is sought), as well as any claims of the patent for which reissue is sought. A reissue application under this section may be filed, if at all, only after 6 years from the filing date of the originally issued patent and no reissue application may be filed during the pendency of a continuing application under section 120 or reissue application under this section, with respect to the same originally issued patent. A reissue application shall be examined as provided under chapter 12 and the Director may reissue a patent on the application containing any of the examined claims not enlarging the scope of the original patent found to meet the conditions and requirements under chapter 10, upon surrender of the patent for which reissue was sought. During the examination of a reissue application, the reissue application shall be given the same effect as though the reissue application had been filed on the filing date of the originally issued patent. The grant of a patent on a reissue application shall be for the unexpired part of the term of the surrendered patent and shall have the effect described in the first paragraph of section 252. No new matter may be introduced into a reissue application.”

(2) CONFORMING AMENDMENT.—In the table of sections for chapter 25, strike the existing entry for section 251 and insert:

“251. Reissue applications.”

(c) TECHNICAL AMENDMENTS.—

(1) In section 100(i)(1)(B), strike “or to the benefit of an earlier filing date under section 120, 121, 365(c), or 386(c)”.

(2) In section 100(i)(2) strike “an application for reissue or reissued patent” and insert “continuing application under section 120 or reissue application under section 251 or a patent issued on such an application” and strike “for which reissue was sought” and insert “with respect to which the continuing application or reissue application was filed”.

(2) In section 154(a)(2), strike “or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(c), from the date on which the earliest such application was filed”.

(3) In section 184(b), strike “, or divisions thereof” and insert “or continuing form thereof”.

(4) In section 366, strike “, unless a claim for benefit of a prior filing date under section 365(c) of this section was made in a national application, or an international application designating the United States, filed before the date of such withdrawal”.

(5) Strike section 365(c) and section 386(c).

(d) EFFECT AND EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments under this Section [F] shall have effect for any nonprovisional application for patent—

(A) filed after the date of enactment or

(B) pending before the Office on the date of enactment in which the applicant for patent has elected in writing, during the pendency of the application, under such regulations that the Director might promulgate, that the amendments under both Section [E] and this Section [F] shall be applicable to the application.

(2) SAVINGS CLAUSE FOR BENEFIT CLAIMS BASED UPON PRE-ENACTMENT PATENT FILINGS.—The enactment of this Section [F] shall have no effect on the entitlement of a nonprovisional application filed not later than 3 years after the date of enactment to secure the benefit of the filing date of a nonprovisional application filed before the date of enactment, to the extent such benefit would have been available under section 120 in effect on the day prior to the date of enactment and section 120, as in effect on the day prior to the date of enactment, shall be deemed to remain in effect with respect to such claims for benefit. Nothing in this paragraph may be construed to permit a nonprovisional application for patent filed after the date of enactment to secure the benefit of the filing date of any other nonprovisional application filed after the date of enactment.

(3) TRANSITION PROVISION.—If a nonprovisional application subject to the amendments under this Section [F] contains a reference under section 120 (as in effect on the day prior to the date of enactment) to an earlier-filed application for patent, the term “filing date of the originally issued patent” with respect to a continuing application or reissue application based upon such nonprovisional application means the filing date of the earliest-filed application so referenced.

3. **Conditional Patent Issuance:** Permit a patent applicant to secure *conditional patent issuance* of the currently pending claims (except in a patent application subject to a secrecy order) at the end of three years from its nonprovisional application filing date, *with any remaining issues of patentability of for the conditionally issued claims being resolved through a patent reexamination process as described in 35 U.S.C. §257* and (similarly) permit the USPTO to *conditionally allow* the then-pending claims of a patent application at any time after the end of a six-year period from the nonprovisional application filing date, with any remaining issues of patentability of the pending claims being similarly resolved through reexamination, *in the event that the patent applicant secures conditional issuance through the payment of the issue fee*, with—

- (1) the presumption of validity attaching to a conditionally issued patent at the time the reexamination concludes with the issuance of the certificate of reexamination and

- (2) patent term adjustments under 35 U.S.C. §154(b) being limited to patent applications subject to secrecy orders (given the ability of any patent applicant to secure a 17-year patent exclusivity period through the conditional issuance process).

RATIONALE: Conditional patent issuance, upon request of the patent applicant or pursuant to conditional allowance by the USPTO, provides flexibility for both patent owners and the USPTO in situations where the patent examination process would otherwise produce undesirable and undesired delays in the issuance of a patent. Immediately following the adoption of the 20-year patent term under the Uruguay Round Agreements Act of 1994, various groups of patent applicants expressed deep concerns that delays by the USPTO in granting patents could result in a loss of the assured, pre-URAA 17-year exclusivity period under the pre-URAA patent term measured from the date of patent issuance. The subsequent enactment of 35 U.S.C. §154(b) through the American Inventors Protection Act of 1999 responded to those concerns, but has proven to be *a complex and incomplete*

substitute for assuring inventors an opportunity to secure a full 17-year exclusivity period. In contrast, the option for conditional patent issuance after three years of application pendency secures for any patent applicant so desiring the pre-URAA17-year exclusivity period. In addition, while the courts have continued to develop the law on patent prosecution laches based upon applicant-attributable, unexplained delays in issuing patents, this body of law is plagued by subjectivity and uncertainties in its application. These problematic aspects of prosecution laches are mooted by affording the USPTO conditional authority to terminate patent examination at any time following six years of application pendency *in situations where applicants are delaying patent issuance without providing sufficient explanation* (e.g., an indication that additional time was needed to amass evidence or arguments supportive of patentability). In both options for conditional issuance, patent owners continue to have fully enforceable patent rights, but without any presumption of validity prior to completion of a post-issuance, ex parte reexamination to address any outstanding issues of patentability.

SEC. [G]. OPTIONS DURING EXAMINATION.

(a) EXAMINATION OPTIONS.—At the end of section 132, insert:

“(c) SUSPENSION OR DEFERRAL OF EXAMINATION.—Following the publication of a nonprovisional application for patent under section 122, the applicant for patent may petition the Director for suspension or deferral of the examination of the application, upon good cause shown, and upon payment of such fee, and for such time period, as the Director may prescribe by regulation.

“(d) CONTINUED EXAMINATION THROUGH REEXAMINATION.—Notwithstanding section 151, and upon a request made after 3 years from the filing date of an application for patent that is not subject to a secrecy order, the applicant may request the conditional issuance of a patent on the application, pursuant to the procedure set forth under this section. If the request is accompanied by the issue fee required under section 151, the Director shall conditionally issue a patent for any claims then pending in the application, irrespective of whether it appears the applicant is entitled to a patent, and concurrently order a reexamination of the patent upon its issuance to address any outstanding issues of patentability.

“(e) CONTINUED EXAMINATION AFTER CONDITIONAL ALLOWANCE.—Notwithstanding section 151, and pursuant to an order by the Director entered not earlier than 6 years after the filing date of an application that is not subject to a secrecy order, the applicant may be provided a written notice of the conditional allowance of the application under this section, irrespective of whether it appears that the applicant is entitled to a patent, and, if a patent issues pursuant to the notice, the Director shall concurrently order a reexamination of the patent to address any outstanding issues of patentability. The notice of conditional allowance shall specify a sum, constituting the issue fee, which must be paid, if at all, within three months after the date of the notice, unless any delay in payment is shown to be unintentional. Upon payment of this sum the patent shall conditionally issue. If payment of the fee is not timely made, the application shall be regarded as abandoned.

“(f) MANNER AND EFFECT OF REEXAMINATION.— A reexamination under this subsection (c) or subsection (d) of this section shall be conducted according to procedures established under chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304. During the reexamination, the Director may address any issue of patentability notwithstanding the limitations in chapter 30 relating to patents and printed publication or any other provision of such chapter.

“(g) **CONDITIONAL ISSUANCE; PRESUMPTION OF VALIDITY.**—Upon publication of the certificate under section 307(a) with respect to a patent conditionally issued under this section, the issuance of the patent shall no longer be regarded as conditional. Notwithstanding section 282(a), prior to the issuance of the certificate under section 307(a) with respect to a patent conditionally issued under this section, no claim of the patent shall be presumed valid.

“(h) **PETITIONS FOR POST-GRANT REVIEW.**—Notwithstanding section 321(c), the period specified therein shall commence upon the date of the publication of the certificate under section 307(a) with respect to a patent conditionally issued under subsection (c) or subsection (d) of this section.”

(b) **ADJUSTMENT OF PATENT TERM.**—Strike section 154(b) and insert:

“(b) **ADJUSTMENT OF PATENT TERM.**—If the issue of an original patent is delayed due to the imposition of an order under section 181, the term of the patent shall be extended 1 day for each day of the order.”

(c) **EFFECT AND EFFECTIVE DATE.**—The amendments under this Section [G] shall have effect for any nonprovisional application for patent—

(A) filed after the date of enactment or

(B) pending before the Office on the date of enactment in which the applicant for patent has elected in writing, during the pendency of the application, under such regulations that the Director might promulgate, that the amendments under this Section [G] shall be applicable.

C. PTAB PROCEDURE REFORM

1. ***Post-Grant Review Revitalization:*** Encourage optimal use of the post-grant review procedure, to afford PGR a more significant role in assuring patent examination quality by—
 - (a) opening the PGR process to all newly issued patents, i.e., not just first-inventor-to-file patents;
 - (b) removing all estoppel provisions from PGR proceedings and eliminating the right of petitioners to appeal an adverse “final written decisions;”
 - (c) eliminating all discretionary denials of PGR petitions meeting the formal requirements therefor;
 - (d) reducing the fee associated with a PGR petition to an amount not greater than the patent issue fee;
 - (d) eliminating the “reasonable likelihood” threshold for PGR institution and substituting in its place a pre-institution summary disposition procedure in which the petitioner would be placed under an order to show cause why the final written decision should not result in the summary dismissal of any ground raised in the petition found to be non-meritorious; and
 - (d) requiring a pre-institution conference as a predicate to issuing a pre-institution order that would (1) set forth the issues and claims for summary dispositions and (2) detail the representative issues and representative claims to be addressed on their merits in the final written decision.

RATIONALE: The National Research Council’s 2004 recommendations for preparing the U.S. patent system for the 21st century urged the adoption of a post-issuance “patent opposition” procedure that would be open to all members of the public, allowing challenges to the validity of all newly-issued patent claims. The “post-grant review” procedure, enacted as part of the 2011 America Invents Act, was intended by Congress to implement this NRC recommendation. PGR was

envisioned as a procedure similar to “opposition” practice before the European Patent Office, where over 3,000 newly issued patents are the subject of “opposition” procedures each year. Regrettably, the PGR procedure has not served its intended purpose. In contrast to the EPO, the USPTO typically receives only several dozen PGR petitions each year. As a result, the current PGR process has not proved to be an effective tool to address concerns over the quality of issued patents. Reforms are, thus, essential to encouraging greater utilization of the PGR process. The most significant improvement needed to current PGR procedure requires creating more comprehensive pre-institution practice by the PTAB, i.e., procedures—that would be akin to a typical pretrial conference and pretrial order in litigation in the federal district courts—to define the issues for consideration. Other needed changes must address the issues of petitioner estoppel and judicial appeal rights, by eliminating both from the PGR process. These changes, together with the removal of “discretionary institution” practices and reduction of IPR petition fees, would render PGRs an attractive option for petitioners, as would opening the PGR process to so-called “first-to-invent” patents. In this manner, PGR would become an attractive vehicle for petitioners for addressing patent validity issues of all newly issued patents under a “preponderance of the evidence” standard.

SEC.[H]. POST-GRANT REVIEW OF ISSUED PATENTS.

(a) POST-GRANT REVIEWS.—

(1) INSTITUTION OF POST-GRANT REVIEWS.—Strike section 321 and insert:

“§321. Post-grant review.

“(a) IN GENERAL.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. A fee, established by the Director in an amount not in excess of the fee required for the issuance of a patent under section 151, must accompany the petition.

“(b) SCOPE.—A petitioner in a post-grant review may request to cancel as invalid 1 or more claims of a patent on any ground of invalidity that an accused infringer would be entitled to raise under this title as a defense to infringement.

“(c) FILING DEADLINE.—A petition for a post-grant review of an initially issued or a reissue thereof may only be filed not later than the date that is 9 months after the date of the grant of the patent or its reissue.”

(2) PETITIONS FOR INSTITUTION.—In section 322(a), strike after “regulation”, and insert “and” after “opinions;”.

(3) SUMMARY DISPOSITION; CONSOLIDATION.—Strike sections 324 and 325 and insert:

“§324. Institution of post-grant review.

“(a) DECISION TO INSTITUTE.—Unless a preliminary response under section 323 establishes to the satisfaction of the Director that a petition under section 321 has failed to provide a substantial factual and legal basis upon which at least 1 challenged claim of the patent could be found to be invalid, the Director must grant the petition to institute.

“(b) TIMING OF INSTITUTION.—The decision under subsection (a) shall not be made earlier than 9 months after the date the patent is issued or reissued (as the case may be) and not later than 3 months after the date specified in section 323 for the filing of a preliminary response to the petition.

“(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director’s determination under subsection (a), and shall make such notice available to the public

as soon as is practicable. If the requirement for institution under subsection (a) has been met, such notice shall include either (1) the date on which the proceeding shall be instituted or (2) the date parties must appear at a pre-institution conference under subsection (d). If the parties are required to appear at a pre-institution conference under subsection (d), the notice shall further include a listing of the issues that the parties will be required to address at the conference and any pre-conference written submissions with respect to such issues that the parties may elect to file.

“(d) PRE-INSTITUTION CONFERENCE.—

“(1) ISSUES FOR DETERMINATION.—The Director may require that a pre-institution conference under this section address one or more of the following issues—

“(A) SUMMARY DISMISSAL.—If the petition, in light of any preliminary response by the patent owner, sets forth one or more grounds of alleged invalidity for one or more claims of the patent that fail to establish a substantial factual and legal basis upon such claims could be found invalid, the Director may provide notice to the petitioner under subsection (c) ordering the petitioner to show cause why the final written decision under section 328(a) should not hold such claims not invalid on such grounds without further substantive consideration during the proceeding.

“(B) REPRESENTATIVE GROUNDS OF ALLEGED INVALIDITY.—If the petition contains a multiplicity of grounds of alleged invalidity with respect to any single requirement for patentability under section 101, 102, or 112, the Director may order that the petitioner identify a limited number of representative grounds for invalidity under each such section that will be the basis for the final written decision thereon.

“(C) REPRESENTATIVE CLAIMS.—If the patent containing more than 20 claims, or if any ground of alleged invalidity relates to more than 20 claims, the Director may order that the patent owner identify a limited number of representative claims for each ground of invalidity that will be the basis for the final written decision on such ground.

“(2) CONFERENCE PROCEEDINGS.—The pre-institution conference shall review any submissions of the parties and hear such additional arguments as the Director shall consider relevant. Following such hearing, the Director shall order the institution of the proceeding in such a manner as to assure a fair, efficient, and complete adjudication of the invalidity issues set forth in the petition.

“(3) INSTITUTION ORDER.—The institution order as required under the preceding paragraph shall set forth the grounds of alleged invalidity that the Director has determined must be summarily dismissed, each representative ground of alleged invalidity to be addressed in the proceeding on its merits, and the corresponding representative claims being considered with respect to each such ground.

“(e) NO APPEAL.—The determination by the Director to grant or deny a petition under subsection (a) or to summarily dismiss grounds of alleged invalidity or to order limitation of the review to representative grounds with respect to representative claims under subsection (d) shall be final and nonappealable.”

“§325. Relation to other proceedings or actions.

“(a) SINGLE POST-GRANT REVIEW PROCEEDING.—No original patent, no continuing patent, and no reissued patent, may be subject to more than one proceeding instituted under this section 324, irrespective of the number of petitions for post-grant review that are filed under section 321(a) with respect to the patent, the continuing patent, or the reissue patent, as the case may be. For each petition under section 321(a) that is granted under section 324(a) with respect to an original patent or a continuing patent or a reissue patent, the respective petitioners shall be parties to the post-grant review instituted with respect to the patent.

“(b) **LIMITATION ON REVIEW FOR REISSUED PATENTS.**— No claimed invention of a continuing patent or a reissue patent that is identical in scope to the claim of the original patent shall be subject to challenge in a post-grant review proceeding.

“(c) **NO PETITIONER ESTOPPEL.**—Raising a validity issue in a petition under this chapter does not preclude the petitioner from raising the same or any related issue in any other proceeding before the Office, another agency, or the courts, including any proceeding instituted under chapter 31, irrespective of whether the petition is granted under section 324(a) or a final written decision is issued under section 328(a).

“(d) **CERTAIN PETITIONERS DISQUALIFIED.**—Notwithstanding section 324(a), a petition seeking post-grant review of a patent that was filed by a party who is or has become a party to a proceeding instituted under chapter 31 with respect to the patent must be dismissed and no post-grant review may be instituted or maintained with respect to the patent except based upon petitions from any petitioners who are not parties to the chapter 31 proceeding.

(4) **LIMITATION ON RIGHT TO APPEAL.**—Strike section 329 and insert:

“**§329. Appeal.**

“A patent owner dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 328(a) may appeal the decision pursuant to sections 141 through 144. Any party to the post-grant review shall have the right to be a party to an appeal by the patent owner.

(b) **EFFECTIVE DATE, EFFECT, AND TRANSITION PROVISION.**—

(1) **EFFECTIVE DATE.**—The amendments under this Section [H] shall take effect 1 year after the date of enactment.

(2) **APPLICABILITY TO FIRST-TO-INVENT PATENTS.**—Notwithstanding section 6(f)(2)(A) of the Leahy-Smith America Invents Act limiting the applicability of chapter 32 to patents described in section 3(n)(1) of the Leahy-Smith American Invents Act, chapter 32, as amended by this Act, shall be applicable to any patent issued or reissued 1 year after the date of enactment.

(3) **EXISTING PETITIONS.**—The amendments under this Section 13 shall have not have effect with respect to any petition for post-grant review filed before 1 year after the date of enactment.

(4) **LIMITATION.**—The Director may impose a limit on the number of post-grant reviews that may be instituted under chapter 32 during each of the first 10 1-year periods in which the amendments made under this Section [H] are in effect.

2. ***IPR Rationalization:*** Refine “inter partes review” as a vehicle for adjudication of patent validity issues, to serve as a preemptive alternative to an accused patent infringer’s invalidity defenses, by—

- (a) repealing the invalidity defense to infringement and, in its place, opening the IPR process to adjudication of any issue of the patent validity that heretofore could have been pleaded as a defense to patent infringement;

- (b) restricting persons who may file an IPR petition to persons who would have standing to bring a declaratory judgment of non-infringement of the patent or against whom a complaint alleging infringement of a patent has been served;

- (c) eliminating all discretionary denials of IPR petitions meeting all formal and standing requirements;

- (d) impose a “clear and convincing evidence” standard of proof to establish invalidity of a claim involved in an IPR proceeding;

- (e) eliminating claim amendments during an IPR;

- (f) eliminating the current “more likely than not” threshold for IPR institution and substituting a summary disposition procedure in which, before PGR institution, a

petitioner would be placed under an order to show cause why the final written decision should not result in the summary dismissal of any ground raised in the petition found to be non-meritorious; and

(g) requiring a pre-institution conference as a predicate to issuing a pre-institution order that would (1) set forth the issues and claims for summary dispositions and (2) detail the representative issues and representative claims to be addressed on their merits in the final written decision.

RATIONALE: In its handling of petitions for “inter partes review” over the past decade; the PTAB has established itself as an effective vehicle for fairly and efficiently addressing issues of patent validity, with an unblemished record of being doing so within a one-year statutory time limitation from institution to final written decision . In part because IPRs have been unexpectedly popular vehicles for accused patent infringers to challenge the validity of patent claims, i.e., typically as a substitute for invalidity adjudication in the federal district courts, the procedure has been forced to issues not contemplated during the design of this procedure. Design deficiencies have given rise to patent owner concerns over the potentially abusive nature of the procedure when used as such a litigation tactic. Design limitations have also impeded greater use of this procedure in situations where it could represent a fair, efficient, and relatively inexpensive alternative to a district court’s patent validity adjudication. For these reasons, IPR reforms provide an opportunity to optimize the use of IPRs as a substitute for patent validity adjudications in the federal district courts, both for accused patent infringers and other persons who would have standing to bring and maintain a declaratory judgment action seeking a declaration of non-infringement. This is possible by, first, opening IPRs to all issues of patent validity and confining IPR petitions to accused patent infringers and persons with standing to bring and maintain a DJ action for non-infringement. Such reforms—designed to refine the IPR statute to serve as the exclusive forum for patent validity determinations that heretofore have been addressed in invalidity defense in patent infringement actions—can provide more rapid adjudications, at substantially less expense, benefitting patent owners and accused patent infringers alike.

SEC. [I]. INVALIDITY COMPLAINTS BY ACCUSED INFRINGERS.

(a) PROCEEDINGS ADDRESSING PATENT INVALIDITY ALLEGATIONS.—Strike chapter 31 and insert:

“CHAPTER 31 – INVALIDITY PROCEEDINGS.

“Sec.

“311. Invalidity complaints.

“312. Institution of invalidity proceedings.

“313. Effect on civil actions.

“314. Appeal.

“§311. Invalidity complaints.

“(a) IN GENERAL.—A party to a civil action under section 281 who is accused of infringing a patent, or a person who would have standing to plead non-infringement of a patent in a declaratory judgment action brought under section 2201 of title 28, United States Code, over which

the court would have subject matter jurisdiction, may file an invalidity complaint with the Director seeking a final written decision of the Patent Trial and Appeal Board under section 328(a) that one or more claims of the patent are invalid. The invalidity complaint shall set forth the jurisdictional basis for filing the invalidity complaint and the specific grounds on which each challenged claim is asserted to be invalid and the evidence in support thereof, together with the fee and such other information as set forth in section 322 for a petition for post-grant review.

“(b) TIMING WITH RESPECT TO CIVIL ACTION.—An invalidity complaint under subsection (a) for which the jurisdiction is based on a civil action under section 281 may be filed with the Director at any time during the pendency of the civil action.

“(c) STAY OF ENTRY OF JUDGMENT.—A court in a civil action under section 281, in which one or more claims of a patent are asserted, shall stay the entry of a final judgment with respect to the infringement of the patent, pending the final written decision under section 328(a) on an invalidity complaint, unless the court finds that—

“(1) the invalidity complaint fails to raise a substantial question of validity for each asserted claim of the patent or

“(2) the interests of justice would not be served by the stay.”

“§312. Institution of invalidity proceeding.

“(a) IN GENERAL.— Unless the Director determines that the requirements under section 311(a) have not been met with respect to an invalidity complaint, the Director must, within 3 months from the date of the filing of the complaint, institute an invalidity proceeding to adjudicate each invalidity issue raised in the complaint by providing the parties to the proceeding a notice as described in section 324(c) and, as necessary, conducting any pre-institution conference and issuing any pre-institution order as described in section 324(d).

“(b) PROCEDURES.—If an invalidity proceeding is instituted under subsection (a), the proceeding shall be conducted in accordance the provisions of sections 326 and 329 and conclude with a final written decision in accordance with the provisions of section 328 (absent a settlement in accordance with the provisions of section 327), except that no amendments to the claims of the patent shall be permitted during an invalidity proceeding and the burden of establishing invalidity shall be on the complainant in the manner set forth under section 282(a). Except as provided under subsection (a), the provisions of sections 323, 324, and 329 shall be inapplicable to an invalidity proceeding.”

“§313. Effect on civil actions.

“If an invalidity complaint with respect to a patent is filed by a party to a civil action within six months from the date of service of the complaint in the action on the party, such filing shall preclude the court in such action from considering any defenses to infringement of the patent in such action pleaded by a party to the action, except for defenses specified under section 282(b)(1).”

“§314. Appeal.

“A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 328(a) with respect to an invalidity complaint may appeal the decision pursuant to sections 141 through 144. Any party to the invalidity proceeding instituted on the invalidity complaint shall have the right to be a party to such an appeal.

(b) EFFECTIVE DATE, EFFECT, AND TRANSITION PROVISION.—

(1) EFFECTIVE DATE.—The amendments under this Section [I] shall take effect upon enactment.

(2) APPLICABILITY.—Notwithstanding paragraph (1)—

(A) the amendments under this Section [I] shall not have effect with respect to any petition for inter partes review, filed under the provisions of section 321 that were in effect on the day before 1 year after the date of enactment and

(B) the amendments under this Section [I] shall not have effect with respect to any civil action under section 281 filed before the date of enactment.

D. AIA TECHNICAL AMENDMENTS AND OTHER AIA-RELATED AMENDMENTS.

Completion of National Academies’ Recommendations: The America Invents Act was conceived as a legislative vehicle for implementing the recommendations of the National Research Council of the National Academies of Science. During the AIA legislative process, not all recommended reform of the National Academies could be fully enacted into law. In addition, experience with the AIA indicates that various recommendations could be more fully implemented by further simplifying and streamlining aspects of the patent law. To further the historic reform effort under the AIA, additional changes are needed—streamlining patent application filing requirements, including inventor statements; fixing technical issues with statutory changes under the AIA that sought to redefine prior art, establish priority rights, and eliminate the “best mode” requirement; and streamlining publication practices for pending patent applications.

RATIONALE: During the decade since the America Invents Act became fully effective, experience under the AIA indicates that additional streamlining and simplification of the patent laws is now possible, particularly in streamlining and better harmonizing patent application filing practices with international norms. This can be done by further simplifying the required “inventor statements” and conforming application publication practices to international norms. Lastly, various technical corrections to the AIA are still needed.

SEC. [J] PATENT APPLICATION FILING SIMPLIFICATION AND AMERICA INVENTS ACT TECHNICAL AMENDMENTS.

(a) STREAMLINED APPLICATION REQUIREMENTS.—Strike section 111 and insert:

“§111. Nonprovisional and provisional applications for patent

“(a) NONPROVISIONAL APPLICATION.—

“(1) WRITTEN APPLICATION.—An application for patent filed under this subsection shall be made, or authorized to be made, by the inventor, except as otherwise provided in this title, in writing to the Director.

“(2) CONTENTS.—An application filed under this subsection shall include—

“(A) a specification that includes at least one claim, as prescribed by section 112;

“(B) if required, a drawing as prescribed by section 113; and

“(C) an identification of the inventor, as prescribed by section 115.

“(3) FEE AND IDENTIFICATION OF INVENTOR; FILING DATE.—

“(A) IN GENERAL.—The application must be accompanied by the fee required by law unless submitted within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director. The identification of the inventor may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director. The inventor statement required under section 115 must be submitted at or before the payment of the issue fee prescribed by section 151.

“(B) FAILURE TO SUBMIT.—Upon failure to submit the fee or the identification of the inventor within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the fee or identification of the inventor, as the case may be, was unavoidable or unintentional. The filing date of an application shall be the date on which the specification and any required drawing are received in the Office.

“(4) NONPROVISIONAL DESIGNATION.—An application filed under this subsection may be referenced under this title as a nonprovisional application.

“(b) PROVISIONAL APPLICATION.—

“(1) AUTHORIZATION.—An application for patent filed under this subsection shall be made or authorized to be made by the inventor, except as otherwise provided in this title, in writing to the Director. Such application shall include—

“(A) a specification as prescribed by section 112(a);

“(B) if required, a drawing as prescribed by section 113 ; and

“(C) an identification of the inventor.

“(2) CLAIM.—A claim, although required under section 112(b) for an application filed under subsection (a), shall not be required in an application filed under this subsection.

“(3) FEE AND IDENTIFICATION OF INVENTOR.—

“(A) Except as provided under subparagraph (B), the application under this subsection must be accompanied by the fee required by law and an identification of the inventor.

“(B) The fee and the identification of the inventor may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director.

“(C) Upon failure to submit the fee or identification of inventor within such prescribed period, the application shall be treated as though it did not contain the required specification, unless it is shown to the satisfaction of the Director that the delay in submitting the fee or identification of inventor, as the case may be, was unavoidable or unintentional.

“(4) FILING DATE.—The filing date of an application filed under this subsection shall be the date on which the specification and any required drawing are received in the Patent and Trademark Office.

“(5) CONVERSION TO NONPROVISIONAL APPLICATION.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Director, an application filed under this subsection may be treated as an application filed under subsection (a). Subject to section 119(e), if no such request is made, the application filed under this subsection shall be regarded as abandoned 1 year after the filing date of such application and shall not be subject to revival after such 1-year period.

“(6) TREATMENT AS A PROVISIONAL APPLICATION.—Subject to all the conditions in this subsection and section 119(e), and as prescribed by the Director, an application for patent filed under subsection (a) may be treated as an application filed under this subsection.

“(7) NO RIGHT OF PRIORITY.—Unless converted under paragraph (5), an application filed under this subsection shall not be entitled to the right of priority of any other application under section 119 or 365(a).

“(8) OTHER APPLICABLE PROVISIONS.—The provisions of this title relating to applications for patent shall apply to applications filed under this subsection, except as otherwise provided, and except that provisional applications for patent shall not be subject to sections 115, 131, 135, and 157.”

(9) PROVISIONAL DESIGNATION.—An application filed under this subsection may be referenced under this title as a provisional application.”

(b) STREAMLINED INVENTOR STATEMENTS.—

(1) REQUIRED STATEMENT.—Strike section 115 and insert:

“§115. Inventor naming and required statement.

“An application for patent, including an application that commences the national stage under section 371, shall include, or be amended to include, the name of the inventor thereof, together with such identifying information with respect to the inventor as the Director may prescribe by regulation. No patent may issue on an application unless each individual named as the inventor or a joint inventor has submitted to the Office an assignment of the application, or other signed statement, stating that the application was made or was authorized to be made by such individual and such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application. For an individual deceased, under legal incapacity, unavailable after a diligent search, or obligated to assign a claimed invention but refuses to do so or to make a required statement under this section, an applicant as described in section 118 may satisfy the requirement under this section by filing a substitute statement representing that, upon an investigation of the relevant facts, such individual is believed to be the inventor or a joint inventor. Except as provided in section 256(b), no claimed invention shall be held invalid or unenforceable based on the failure to comply with any requirement under this section.”

(2) TECHNICAL AMENDMENTS.—In section 116(a), strike “and each make the required oath”; section 152, strike “upon the application made and the specification sworn to by the inventor,”; and in section 252(c), strike “and sworn to”.

(c) STREAMLINED APPLICATION PUBLICATION PRACTICES.—Strike section 122(b)(2) and insert:

“(2) EXCEPTIONS.— An application shall not be published if that application is—

“(i) no longer pending;

“(ii) subject to a secrecy order under section 181; or

“(iii) a provisional application filed under section 111(b).”

(d) TYPOGRAPHICAL CORRECTION.—In section 102(b)(1)(A) and section 112(a), strike “joint inventor” and insert “a joint inventor”.

(e) PRIORITY RIGHTS CLARIFICATION.—

(1) IN GENERAL.—In section 119, strike subsection (e) and insert:

“(e) PRIORITY BASED ON PROVISIONAL APPLICATION FILING.—

“(1) IN GENERAL.—A nonprovisional application for patent filed under section 111(a), including an application filed under section 363, with respect to a claimed invention disclosed in the manner provided under section 101(a)(3) in a provisional application filed under section 111(b) that names or is amended to name the inventor or a joint inventor who is named in the provisional application, including through amendment of the provisional application, shall have the same effect, as to such claimed invention, as though the nonprovisional application had been filed on the date of the provisional application, if the nonprovisional application—

“(A) is filed not later than 1 year after the date on which the provisional application was filed and

“(B) contains or is amended to contain a specific reference to the provisional application.

“(2) SPECIFIC REQUIREMENTS.—

“(A) IN GENERAL.—No application shall be entitled to the benefit of an earlier filed provisional application under this subsection unless an amendment containing the specific reference to the earlier filed provisional application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this subsection. The Director

may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed submission of an amendment under this subsection during the pendency of the application.

“(B) OTHER REQUIREMENTS FOR RELIANCE.—A provisional application filed under section 111(b) may not be relied upon in any proceeding in the Office unless the requirements under section 111(b) have been met, including with respect to any required fees.”

(2) CONFORMING AMENDMENTS.—In section 119—

(A) in subsection (a), strike “(a)” and insert “(a) PRIORITY RIGHT.—”;

(B) in paragraph (b)(1), strike “(b)(1)” and insert:

“(b) RESTRICTIONS AND REQUIREMENTS—

“(1) IN GENERAL.—” ;

(C) in paragraph (b)(2), strike “(2)” and insert “(2) WAIVER OF RIGHT.—”;

(D) in paragraph (b)(3), strike “(3)” and insert “(3) CERTIFIED COPIES.—”;

(E) in subsection (c), strike “(c)” and insert “(c) RIGHT BASED ON SUBSEQUENT FILING.—”

and

(F) in subsection (d), strike “(d)” and insert “(d) INVENTOR CERTIFICATE.—”.

(f) APPLICATION DISCLOSURE CLARIFICATION.—In section 112(a), strike all that follows after “same”.

(g) EFFECT AND EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments under this Section [J] shall have effect for any application for patent that is filed after the date of enactment of this Act.

(2) TECHNICAL CORRECTIONS.—Notwithstanding paragraph (1)—

(A) the amendment under subsection (d) of this Section [J] shall have effect as though enacted as amendments to section 102 under Section 3 of the Leahy-Smith America Invents Act;

(B) the amendment under subsection (e) of this Section [J] shall have effect as though enacted as amendments to section 119 under Section 3 of the Leahy-Smith America Invents Act;

and

(C) the amendment under subsection (f) of this Section [J] shall have effect as though enacted as an amendment under Section 15 of the Leahy-Smith America Invents Act in lieu of amendments therein to sections 119(e)(1), 120, and 282.

Conclusions

The AIA made the most significant reforms to U.S. patent law since 1836. While its main thrust was to implement recommendations of the National Academies of Science, even the sweeping reforms under the AIA did not address the potential for abuse of the patent system by patent applicants, much less successfully implement all the 2004 recommendations designed at securing a simplified, more harmonized body of law used to determine whether a patent could be—or had been—validly obtained. The reforms above pick up where the AIA left off and move closer to an abuse-proof patent system, with more effective means for eliminating patent claims that fail to meet the core requirements for securing a valid patent. At the same time, the ability for inventors to secure full and prompt protection for claims meeting such requirements is not only left undiminished, but should be markedly enhanced. As such, the collection of reforms above holds the promise of increasing respect for issued patents and the patent examination system that issues them, with the expectation that such a strengthened system will best assure that patents can meet their constitutional expectation, serving as engines for the promotion of progress in useful arts.