

Senators' Patent Reform Bills Offer a Strong Way Forward for the U.S. Patent System



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Last week, Senators Chris Coons (D-DE) and Thom Tillis (R-NC) launched the long-awaited legislative campaign to revive the faltering U.S. innovation system, jointly introducing [one bill to restore patent eligibility](#) and another to [boost patent reliability at the Patent Trial](#)

[and Appeal Board \(PTAB\)](#). As the chair and ranking member of the Senate subcommittee on Intellectual Property, they are well-positioned to move these bipartisan bills forward. They got assists from Senators Dick Durbin (D-IL) and Mazie Hirono (D-HI), who joined as original co-sponsors on the PREVAIL Act.

While Coons and Tillis are well-placed, Durbin is even more so as he chairs the Judiciary Committee and serves as the number two leader of the majority party.

Restoring Patent Eligibility

The eligibility bill broadens the scope of inventions eligible for patenting and thus patentable if other requirements of patent law are met. It also clarifies the law, which was enormously confused as well as sharply narrowed by the Supreme Court's decisions a decade ago in *Mayo*, *Myriad* and *Alice*. The effect will almost certainly be to increase investment in R&D in advanced technologies, the very ones in which Strategic arch-rival China has been rapidly overtaking the prior U.S. lead.

According to a recent study by an Australian think tank, China has already surpassed us in 37 of the 44 technologies. This represents a crisis for our national security—and our economic security as well, for they are so intertwined.

Correcting PTAB Abuses

The PTAB reforms correct numerous design flaws Congress unintentionally included when passing the 2011 America Invents Act. These errors caused abnormally high invalidation rates at the PTAB compared to courts. Most importantly, the bill conforms standards at the PTAB to those applied in the courts. Thus, future America Invents

Act (AIA) reviews would require standing and clear and convincing evidence, while blocking repetitive challenges.

The decade of experience with PTAB defied nearly all of Congress' expectations when it omitted such protections for patent owners. A few examples: Congress was told challenges would be limited in number, made only in clear cases, be based on documents, and provide "an alternative to expensive court litigation." In fact, the number of challenges proved many times greater than expected, they were not limited to clear cases, relied on expert testimony, not just documents, and became not an alternative to, but a toll booth blocking access to court, with 88% brought in cases already pending in court.

But there were many others, too. Congress assumed that the PTAB could not be employed for "harassment" of patent owners. But with many repeat petitions, each costing the owner an average of half a million dollars, they were.

The primary beneficiaries of the ill-designed procedures were its leading proponents, the big tech giants which have filed the most review petitions. Often, they filed many, many petitions against the same patent, both simultaneously and sequentially. In addition to overwhelming many smaller competitors of lesser means, the accused infringers were nearly always able to delay the day of reckoning at trial for several years as PTAB proceedings ground on and appeals were taken. For efficiency reasons, district judges usually stayed the infringement cases during PTAB proceedings. This was yet another instance where Congress guessed wrong. But the facts are now unmistakably clear after a decade of many thousands of AIA proceedings.

Congress cannot fairly be faulted for not correctly predicting such results, for many stakeholders encouraged such faulty assumptions. They are the very ones who have been advantaged by the erroneous predictions they helped propagate. The PTAB proceedings became the accused infringers' dream opportunity, an extra shot at invalidity.

The Right Approach to Reform is Through Congress

The boldness of the new bills is stunning, especially after years of futile efforts by patent owners to get more modest reforms adopted by U.S. Patent and Trademark Office (USPTO) leaders. Just [compare](#) the strong corrections of the two bills to the confused and ineffectual changes described in the USPTO's Advanced Notice of Proposed Rulemaking (ANPRM) issued in April. The comment period closed just two days before the Senators acted. But the bills' provisions are strong, realistic, and comprehensive, where the potential agency reforms look inconsistent, incomplete, ineffectual and in many instances unauthorized.

Eligibility is statutory, governed by section 101 of the Patent Act. Because the Supreme Court had substantially rewritten its terms, Congress has every right to overrule the case law to comport with congressional intent. Correcting unexpected flaws in the AIA is indisputably the business of Congress.

Not enough praise can be ascribed to the Senate leaders, who mastered complex areas of law, business, investment, and innovation economics. They studied the actual experience of deleterious impacts on innovation and investment from the High Court's errant case law and PTAB excesses.

For the future of our nation, let's hope their colleagues will help promptly pass these bills. Meanwhile, everyone who cares about retaining U.S. technology leadership, competing successfully with

commercial rivals, and staying safely ahead of China should speak up, making your voices heard in Congress!