



Comparison of the PREVAIL Act and the USPTO's ANPRM on Discretionary Denials

| PREVAIL Act | USPTO ANPRM ¹ |
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| Inter Partes Reviews (IPRs) | |
| Director must establish a code of conduct for PTAB judges; provisions provide for PTAB judge independence | N/A |
| Institution panel must be separate from the reviewing panel | N/A |
| Director may review any decision of the Board, must be on the public record | N/A — but this is current Office practice |
| <i>Standing requirement</i> — person/RPI/privy sued for infringement or charged with infringement may bring a petition; RPI includes anyone who made a contribution to the filing or conduct of the IPR | Similar requirement would bar “non-market competitors” from filing IPRs, but non-profits are exempted; Similarly expands estoppel at the PTAB to those who contribute to membership organizations that file IPRs |
| 45-day time limit on Director reconsideration of institution decisions, with good cause extension possible for an additional 30 days | N/A |
| Rebuttable presumption against joinder after 1 year; any party joining after 1 year may not be the lead petitioner | Patent owner may raise <i>Fintiv</i> as a reason to deny petition where party seeking joinder would have been time-barred from filing the petition it seeks to join |
| <i>Parallel litigation</i> — no district court or ITC action on §§ 102/103 prior art/printed publication grounds if IPR is instituted by the same party/RPI/privy, denial of institution may not be predicated on district court/ITC cases | This is presented as one of several alternative options for handling parallel district court and IPR proceedings in the form of a mandatory <i>Sotera</i> stipulation; unlike the PTAB Reform Bill, the Board potentially retains the ability to deny institution despite the filing of such a stipulation; Also proposes no discretionary denial if parallel litigation is stayed; Parallel ITC proceedings are proposed not to be a basis for discretionarily denying an IPR; Many additional proposals discussed as well |
| Director must address how to handle multiple proceedings before the Office on the same patent w/in 30 days | N/A |

¹ USPTO, *Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board*, 88 FR 24503 (April 21, 2023), <https://www.govinfo.gov/content/pkg/FR-2023-04-21/pdf/2023-08239.pdf>

PREVAIL Act

USPTO ANPRM¹*Inter Partes Reviews (IPRs)*

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| Director must reject a petition presenting the same art or arguments that were previously before the Office unless there are exceptional circumstances | Proposes to deny petitions only where the Office directly considered art/arguments (a citation in an IDS would not be sufficient); If the Office previously considered the art, denial will occur unless the petitioner shows material error; Suggests the possibility of expanding the scope of § 325(d) to related patent applications |
| Serial petitions are not allowed on <i>any</i> claims of the patent unless the petitioner/RPI/privy a) could not reasonably have raised the ground in the prior petition or IPR proceeding, or b) is charged with infringement of additional claims, which if instituted would be joined to the earlier petition | Proposes denying serial petitions by petitioners/RPIs/privies & those with a “substantial relationship” (which could include co-defendants, parties who had joined earlier petitions on the same patent, and those who are in a membership organization that has filed a petition) unless there are exceptional circumstances or the prior petition was not resolved on the merits (e.g., it was discretionarily denied); Also proposes requiring petitioner to file a stipulation against filing multiple petitions unless there are exceptional circumstances; Also proposes alternative rule whereby the Board denies all serial petitions filed by any party unless the petition meets the “compelling merits” test |
| Joinder creates an identical estoppel in the PTAB, district courts, and the ITC on the joined party/RPI/privy as the lead petitioner | This is part of the proposed definition of a “substantial relationship,” which would result in similar estoppels before the PTAB |
| <i>Final judgement</i> — petitioner/RPI/privy may not institute/maintain an IPR if they are parties in a district court or ITC case that has entered a final judgement under §§ 102/103 on prior art or printed publication grounds | Same limitation on petitioner/RPI/privy not being able to institute an IPR if there is a prior district court/ITC decision, silent as to already-instituted cases, which are subject to serial petition proposals; Goes further by also extending discretionary denial to prior final adjudications in IPR, PGR, and potentially ex parte reexamination proceedings; Also goes further by including prior validity determinations outside the scope of 102/103 prior art and printed publications (i.e., could apply to a prior § 101 or § 112 decision); Also goes further by providing that prior district court/ITC decisions bar additional parties (who are not RPIs or privies) if the claims substantially overlap, unless the petitioner has standing and the petition meets the “compelling merits” test |
| <i>Discovery</i> — additionally expressly provides for discovery of RPI information | Proposes potentially allowing discovery of related parties to the petitioner to determine if certain discretionary denials are warranted |
| <i>Amendments</i> — allows for resubmission of proposed substitute claims after initial guidance from the Board | N/A — but this is similar to current Office practice under a pilot program promulgated in the Federal Register, and for which the Office is currently seeking feedback on making permanent under a different request for comments |

PREVAIL Act

USPTO ANPRM¹*Inter Partes Reviews (IPRs)*

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| N/A — but Consolidated Trial Practice Guide addresses parallel petitions | Proposes codifying handling of parallel petitions consistent with Consolidated Trial Practice Guide; Also proposes possibility of permitting petitioners to pay additional fees for larger page-count limits |
| Presumption of validity attaches in IPRs; clear and convincing evidence needed for invalidating issued claims; preponderance of evidence needed to prove the unpatentability of proposed substitute claims | N/A — but the Office already uses the preponderance standard for proposed substitute claims |
| District court claim construction standard | N/A — but this is already codified in regulations |
| <i>Settlement</i> — if a case is settled, petitioner/RPI/privy may be estopped from filing future petitions | N/A |
| 90-day time limit for Director to reconsider any final written decision | N/A |
| Remands from the Federal Circuit must be decided within 120 days, with good cause extension possible for an additional 60 days | N/A |
| Proposes “exceptional circumstances” as an exception only for previously-considered prior art or arguments by the Office; the Director is given rulemaking authority to define “exceptional circumstances” | Suggests “exceptional circumstances” as an exception to the proposed certification that a petitioner/RPI/privy has not filed a post-grant proceeding in the past on the patent; Also suggests “exceptional circumstances” as a possible exception to the denial of serial petitions; Proposes that, if a petition presents “compelling merits” of unpatentability, this could provide an exception to any or some of the proposed bases for discretionary denials; Defines “compelling merits” as being higher than the institution standards for PGRs and IPRs and the “preponderance” standard for final written decisions |
| N/A | “Substantial relationship” proposed to also include co-defendants following <i>Valve I</i> , which could have a broader estoppel impact on serial petitions and elsewhere |
| N/A | Discretionary denial would be required for small and microentities who are under-resourced, unless the petition meets the “compelling merits” test and the patent owner: <ol style="list-style-type: none"> (1) claimed micro/small entity status and timely requested discretionary denial; (2) did not exceed 8x the micro entity gross income during the previous year; and (3) was commercializing the subject matter of a challenged claim |

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| <i>Inter Partes Reviews (IPRs)</i> | |
| N/A | Proposes requiring disclosure of patent ownership and third-party litigation funding as a prerequisite for the patent owner seeking a discretionary denial, or possibly as part of the mandatory patent-owner disclosures |
| N/A | Proposes separate briefing for discretionary denials |
| N/A | Proposes that all pre- and post-institution settlement agreements would need to be filed |
| <i>Post-Grant Reviews (PGRs)</i> | |
| <i>PREVAIL makes the same changes to PGRs as for IPRs, except that the following two issues are treated differently</i> | <i>The ANPRM also generally suggests the same changes to PGRs as IPRs, except for the proposal described below to exempt PGRs from being denied on the basis of parallel litigation; the Office solicits comments on whether there are other reasons to treat the proceedings differently</i> |
| No standing requirement | Proposes the same “non-market competitor” basis for standing for PGRs as IPRs |
| Prior district court/ITC determinations on any validity grounds (not just 102/103) bars that party/RPI/privy from filing or maintaining a PGR | Proposes to exempt any parallel litigation as a basis for discretionarily denying a PGR |
| <i>Additional Issues Addressed by PREVAIL</i> | |
| <i>Ex parte reexaminations</i> — bars filing by party/RPI/privy charged with infringement over 1 year ago; also bars if presenting the same art/arguments, unless there are exceptional circumstances; also bars if using prior Office decisions as a guide to craft the new petition | N/A |
| Creates a revolving fund for USPTO User Fees (to eliminate fee diversion) | N/A |
| Clarifies the definition of “microentities” to include institutions of higher education, or their proxies. | N/A |
| Directs USPTO and SBA to conduct a study on the impact of patent assertions against small businesses | N/A |
| Provides for free online availability of search materials that are available at Office public search facilities | N/A |