



THINK FORWARD

What To Expect in the Future with the STRONGER Patents Act of 2017

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In late June 2017, Sen. Chris Coons (D-DE), Sen. Tom Cotton (R-AR), Sen. Dick Durbin (D-IL) and Sen. Mazie Hirono (D-HI) co-sponsored and introduced in the U.S. Senate the Support Technology and Research for Our Nation's Growth and Economic Resilience Patents Act of 2017 ("STRONGER Patents Act")—an extended and updated version of the 2015 STRONG Patent Act. The STRONGER Patents Act is designed to strengthen the property rights of inventors and the United States economy and its position as it relates to maintaining or regaining dominance in global innovation. In short, it is a pro-patent bill.

Motivation for the STRONGER Patents Act can be tied to the consequences of recent Supreme Court decisions and new administrative proceedings at the United States Patent and Trademark Office ("USPTO") that have led, in the sponsors' view, to the weakening of the United States patent system. According to Senator Coons' website, the bill would "enact balanced reforms to restore the U.S. patent system to the world's gold standard." The STRONGER Patents Act seeks to achieve this by amending the *Inter Partes* Review (IPR) and Post Grant Review (PGR) procedures put in place by the America Invents Act (AIA), and to reverse or mitigate the effects of recent Supreme Court decisions.

Regarding IPR and PGR proceedings at the Patent Trials and Appeals Board (PTAB), the bill significantly reduces the number of challenges to a patent by limiting the standing to those petitioner(s) that have been sued or charged with infringement by the patent owner(s). The bill will conform the PTAB's claim construction standard to the standard used in the district courts, requiring construction under the "ordinary and customary meaning" of the claim instead of the "broadest reasonable interpretation." The patent office would be required to consider the claim construction previously determined by a district court. The burden of proof in the PTAB will be changed to that applicable in a district court action, i.e., "by clear and convincing evidence" in view of a presumption of validity.

The STRONGER Patents Act inserts statutory language that will affect proceedings at the PTAB and in district courts. The Act will eliminate multiple challenges to a claim that has previously been reviewed, in an effort to reduce work load and increase efficiency at the PTAB and district courts. Contrary to current practice, patent owners would be given the opportunity to appeal decisions to institute to the Federal Circuit. Petitioners would still not be permitted to appeal a denial of institution.

Under the STRONGER Patents Act, a real party in interest is defined as any person, whether directly or through an affiliate, that makes a financial contribution to the challenge. Also, judges on panels deciding the outcome of the petition will need to be different from those who institute IPR or PGR. The Act prevents a party from seeking *ex parte* reexamination of claims of an asserted patent, if the request is filed more than one year after that party or a real party in interest is accused of infringing the patent. The real party in interest must also be identified for *ex parte* reexamination requestors. The bill would

also change the injunctive relief analysis by restoring the presumption of irreparable injury upon a finding that a patent is both valid and infringed, as well as the presumption that remedies at law are inadequate.

The Act broadens the reach of estoppel in which the petitioner is prohibited from asserting invalidity of a claim based on 35 U.S.C. §§ 102, 103 in a civil action unless the invalidity argument is based on prior public use, prior sale or availability to the public before the effective filing date of the claimed invention. As a result, if the petitioner is unsuccessful in the PTAB proceedings, the petitioner will be estopped from asserting any prior art in any future civil proceedings.

A portion of the Act reintroduces provisions of the prior troll act, which states that bad faith demand letters are FTC violations, and preempts state laws regarding patent demand letters.

One topic not mentioned in the Act is patent subject matter eligibility under 35 U.S.C. § 101. Throughout the first half of 2017, major intellectual property organizations have developed proposed legislative revisions to patent subject matter eligibility. The Intellectual Property Owners (IPO), American Bar Association/ Intellectual Property Law Section (ABA/IPL), and the American Intellectual Property Law Association (AIPLA) have all released proposals for consideration by Congress. Those Section 101 reforms will have to be the topic of future bills.

This is only a short summary of some of the provisions of the bill, and there are others that will be interesting to patent owners and potential defendants alike. It does not seem likely that the STRONGER Patent Act will move quickly through the legislative process. However, it will be important to watch activity on this bill, along with other possible patent law reforms, such as proposals regarding laches as a defense in patent litigation.

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