## THE PREVAIL ACT WILL HELP ENSURE U.S. GLOBAL TECHNOLOGY LEADERSHIP AND PROTECT ECONOMIC AND NATIONAL SECURITY

Patented inventions are critical for sustaining U.S. economic growth, protecting national security, and ensuring global technological leadership. Patents incentivize investments in research and development (R&D) and enable commercialization of emerging technologies that bolster the U.S. competitive edge in global innovation. The *Promoting and Respecting Economically Vital American Innovation Leadership Act* (PREVAIL Act) reforms rules and procedures at the Patent Trial and Appeal Board (PTAB) to better secure and advance U.S. technological leadership. The PTAB is the administrative body designed to provide a faster process for adjudicating patent validity than going to federal district court.

The United States is ceding technological supremacy to China. A recent State Department study found that the U.S. lags behind China in 37 out of 44 emerging technology areas—including defense, space, robotics, energy, biotechnology, artificial intelligence (AI), and advanced materials manufacturing. Former U.S. Patent and Trademark Office (USPTO) Directors from both Democratic and Republican administrations have explained that "China's extensive investments" in "strengthening its intellectual property" system has "enabled it to catch up to, and in some areas surpass, our capabilities in [AI] and other emerging technologies."

To compete globally, the U.S. must similarly invest in protecting intellectual property rights. However, the PTAB has become a forum where patent claims are consistently invalidated, weakening the United States' ability to compete on the global stage. According to USPTO data, about 80 percent of instituted PTAB proceedings that reach a final written decision result in the invalidation of at least one challenged patent claim, with about 65 percent of those proceedings resulting in the invalidation of all challenged patent claims.[1]

The PREVAIL Act makes commonsense reforms to the PTAB to promote fair treatment for inventors, improve efficiency, and ensure that the USPTO has the resources it needs to effectively administer a patent system that incentivizes American innovation and enables U.S. inventors to compete.

[1] USPTO, *PTAB Trial Statistics FY24 End of Year Outcome Roundup* 10, https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2024__roundup.pdf.



RavenWhite EX2006
Walmart v. RavenWhite
IPR2025-00809

**PREVAIL Restores Fairness to the PTAB to Promote Innovation and Competitiveness**

***Problem:*** Currently, anyone can challenge a patent in the PTAB, even if they do not have a real reason, or legal standing, to do so. Multiple parties can also work together to bring separate or repeated challenges against a single patent or patent owner—including small businesses or independent innovators with limited resources.
***Solution:*** Implement modified standing requirements to file PTAB challenges and limit repeated petitions. To file a petition, the PREVAIL Act requires that a petitioner certify that it is (1) is a nonprofit organization that (a) is tax exempt under 501(c)(3), (b) does not have any funder or member that could be potentially be accused of infringing the challenged patent, and (c) is not filing petitions as their principle business; (2) wants freedom to operate in the same space as the challenged patent; (3) has standing to bring a declaratory judgment action in district court; or (4) has been sued for infringement of the challenged patent. PREVAIL also limits multiple PTAB challenges against the same patent by prohibiting any entity financially contributing to a PTAB challenge from bringing its own challenge.

***Problem:*** Although a party must file a PTAB challenge within one year of being sued for infringement, a loophole allows a time-barred party to challenge patents after the PTAB filing deadline expires by joining a PTAB proceeding brought by another party.
***Solution:*** Close the loophole. The PREVAIL Act establishes a rebuttable presumption against joinder for a time-barred party and prohibits such a party from maintaining the proceeding after the original challenger settles.

***Problem:*** Currently, the same party can file multiple petitions against the same patent, allowing challengers to paper over weaknesses in their case and increasing costs for patent owners defending their rights.
***Solution:*** Require a party to raise all arguments in one challenge to protect a patent owner's right to "quiet title" over the invention. The PREVAIL Act limits serial petitions by applying estoppel at the time the challenge is filed, rather than after a PTAB final written decision.

***Problem:*** When validity of a patent is challenged in district court, "clear and convincing" evidence is needed to invalidate the patent. But at the PTAB, a petitioner need only show invalidity by a "preponderance of the evidence" standard. Further, until recently, the PTAB interpreted patent claims under a different standard than the district court. These differences often lead to inconsistent results between the two tribunals.
***Solution:*** Harmonize PTAB claim interpretation and burden of proof with federal district court. The PREVAIL Act requires the PTAB to find a patent invalid by "clear and convincing" evidence and requires the PTAB to interpret claims using the same "plain and ordinary meaning" standard used in federal district court.

## PREVAIL Improves PTAB Rules to Protect Inventors from Costly, Unnecessary Litigation

***Problem:*** Currently, at least 85% of PTAB proceedings have a co-pending proceeding in another forum, like federal district court. Challengers get several bites at the apple by raising the same or similar validity challenges at the PTAB and the other forum.
***Solution:*** End duplicative patent challenges. The PREVAIL Act requires a party to choose between making its validity challenges before the PTAB or in another forum, such as federal court. The bill also requires a party that is already involved in a separate proceeding to agree not to pursue the claims in their PTAB petition in that court, or any other forum.

***Problem:*** Often, another forum, such as a federal district court, reviews a challenger's validity challenge to a patent and enters a final judgment on validity before the PTAB completes its review. Instituting or maintaining a PTAB proceeding after the district court already has decided validity is duplicative, inefficient, and may lead to inconsistent decisions between both tribunals.
***Solution:*** Prioritize prior patent validity decisions. The PREVAIL Act requires the PTAB to deny a petition or dismiss a proceeding if another forum—such as a federal court—has already upheld the validity of the patent at issue.

***Problem:*** A PTAB challenge or a reexamination request often will assert the same prior art or arguments that the USPTO already considered during another Office proceeding. Multiple proceedings asserting the same prior art and arguments are costly and inefficient.
***Solution:*** Limit duplicative challenges to a patent within the USPTO. The PREVAIL Act requires the USPTO to reject a PTAB challenge or a request to reexamine a patent where the challenge or request includes arguments that were previously considered by the USPTO, absent exceptional circumstances.

## PREVAIL Ensures the USPTO Has the Resources It Needs to Administer a Patent System that Promotes Innovation

***Problem:*** Since 2010, approximately $409.8 million in user fees have been diverted from the USPTO.
***Solution:*** Eliminate fee diversion. The PREVAIL Act ends the practice of diverting fees collected by the USPTO to other unrelated federal agencies and programs by establishing a new revolving fund in the U.S. Treasury to ensure the USPTO has the funding necessary for timely and quality examination.

***Problem:*** Small businesses do not always have the resources they need to navigate the patent system.
***Solution:*** Support innovative small businesses. The PREVAIL Act supports small businesses by requiring the Small Business Administration to draft two reports examining the impact of patents and abusive demand letters on small businesses. The bill also expands access to patent-searching databases currently available only in-person at public search facilities.