Bipartisan Push for Patent Law Reform

By Paul Keller and Mary LaFleur Miklusak

In a bipartisan show of support for American inventors and technological leadership, Senators Chris Coons (D-DE), Thom Tillis (R-NC), and Mazie Hirono (D-HI) and Representatives Kevin Kiley (R-CA) and Scott Peters (D-CA) held a press conference on Wednesday, May 1, 2025, to highlight growing momentum behind the Promoting and Respecting Economically Vital American Innovation Leadership Act (known as the PREVAIL Act) and the Patent Eligibility Restoration Act (known as the PERA Act).

The PREVAIL Act

The legislation, aimed at overhauling procedures at the Patent Trial and Appeal Board (PTAB), was the subject of renewed attention during a Senate Judiciary Subcommittee on Intellectual Property hearing earlier in the day. "Whether you have the backing of a huge company or are tinkering in your garage, you should be confident that your ideas and innovation will be protected," said Senator Coons during the event. "That's what the Patent Trial and Appeal Board was intended to do."

The PTAB, created under the 2011 America Invents Act, was designed to serve as a faster, more efficient venue for adjudicating patent validity disputes. However, lawmakers and former U.S. Patent and Trademark Office (USPTO) officials have voiced concern that the board has increasingly become a tool to invalidate legitimate patents – particularly those held by small businesses, independent inventors, and research institutions. According to USPTO data, over 80% of PTAB proceedings that reach a final written decision result in the invalidation of at least one claim, and 65% result in the invalidation of all challenged claims.

"The PREVAIL Act makes commonsense changes to our patent system that will increase transparency, safeguard patents, eliminate duplicative legal proceedings, and encourage American inventors to design and create," said Senator Tillis. The legislation proposes a suite of reforms intended to strengthen the integrity and predictability of PTAB proceedings. These include narrowing who may bring a PTAB challenge, restricting serial and coordinated filings, and aligning PTAB standards with those used in federal courts—such as adopting the "clear and convincing evidence" burden of proof and using the "plain and ordinary meaning" standard for claim interpretation.[1]

The PREVAIL Act responds by proposing several reforms. First, it limits who may initiate PTAB proceedings, requiring that challengers have a legitimate stake—such as being accused of infringement or having standing to file in district court. It also bars serial and duplicative challenges by codifying estoppel at the time of petition filing, rather than after a final decision. During the hearing, Senator Coons emphasized the importance of predictability in the patent system for all inventors, while Senator Tillis framed the legislation as a necessary safeguard against procedural abuse and waste. Senator Hirono highlighted the burden placed on universities and smaller entities by repetitive PTAB challenges.

The bill further aligns PTAB standards with those of Article III courts by requiring that claim construction follow the "plain and ordinary meaning" standard and that invalidity be proven by "clear and convincing evidence," rather than the PTAB's current lower threshold. This harmonization aims to reduce inconsistent rulings between courts and the PTAB. Efficiency and institutional coherence are also central to the bill. It requires the PTAB to give deference to prior district court rulings on patent validity and to decline challenges based on arguments or art already considered by the USPTO, absent exceptional circumstances. This reduces redundancy and strengthens the presumption of validity once a patent has withstood scrutiny.

Finally, the Act supports small businesses by mandating reports from the SBA on patent-related burdens and expanding access to USPTO resources. Senators noted during the hearing that

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a well-functioning patent system must be accessible and fair to those without extensive litigation budgets.

"The PREVAIL Act supports this crucial innovation by ensuring all patents are treated the same no matter where they are challenged," added Senator Hirono. "And by eliminating repetitive challenges, it lifts an undue burden off innovative startups, inventors, and universities." In addition to procedural changes, the bill directs the Small Business Administration to study the impact of abusive patent challenges and expands access to USPTO resources for small entities. It also requires the PTAB to give deference to district court decisions on patent validity and to avoid revisiting arguments or prior art previously considered by the USPTO—absent exceptional circumstances. The PREVAIL Act (S. 2220) cleared the Senate Judiciary Committee and was placed on the legislative calendar in late 2024. It now awaits full Senate consideration, though timing remains uncertain.

Stakeholders across the innovation ecosystem – especially universities and technology-driven businesses – are being urged to prepare for potential passage. Legal experts recommend reviewing patent portfolios, updating prosecution and enforcement strategies, and closely tracking legislative developments. "The time to plan is now," said one industry IP counsel attending the hearing. "This bill could dramatically reshape how patents are defended and enforced in the United States."[2]

What You Should Do Now

In anticipation of the Act's potential passage, innovators may consider taking the following proactive steps:

1. Reevaluate PTAB Risk Exposure

    - Patent Portfolios: Identify patents that are high-value or strategically important and assess their vulnerability to PTAB challenge under current and proposed rules.

    - Pending Proceedings: Review any ongoing PTAB cases to evaluate how the Act's revised standing and estoppel provisions could affect strategy or resolution.

    - Third-Party Risk: Consider the implications of PREVAIL's restrictions on coordinated challenges for joint ventures, licensees, or litigation funders with a stake in contested patents.

2. Adjust Prosecution Strategies

    - Claim Drafting: Ensure future applications use clear, litigation-ready language that anticipates potential estoppel at the time of petition filing.

    - Prior Art Disclosures: Prepare for heightened scrutiny of reexamination requests based on prior art already considered by the USPTO—robust IDS practices are more important than ever.

    - Small Entity Positioning: Universities and startups should seize the opportunity to strengthen initial filings, knowing challenges will become harder to bring if the bill becomes law.

3. Litigation Strategy and Contracts

    - Forum Selection & Coordination: Review and revise license, funding, and development agreements to reflect harmonized PTAB-district court standards and potential limits on challenge coordination.

    - Assertion Timing: Consider whether planned enforcement efforts should be accelerated or delayed in light of potential estoppel and procedural changes.

4. Engage in Policy and Stakeholder Briefings

    - Industry Advocacy: Align with professional organizations (e.g., BIO, AUTM, IPO, AIPLA) to express support or raise concerns during final negotiations.

    - Internal Communication: Brief legal, licensing, and research teams on the bill's likely impact on enforcement options and technology transfer frameworks.

5. Monitor the Legislative Process

   - Tracking: Designate an internal liaison (legal or government affairs) to stay informed of amendments or procedural developments as the PREVAIL Act advances through Congress.

   - Scenario Planning: Prepare internal memos or board updates outlining how the Act may affect current litigation, monetization strategy, and portfolio management.

The PERA Act

This legislation seeks to restore patent eligibility to inventions across many fields while also resolving concerns over the patenting of mere ideas, discovery of what already exists in nature, and social and cultural content beyond the scope of the patent system. "Unfortunately, a series of Supreme Court decisions have rendered patent eligibility law unclear, unreliable, and unpredictable, resulting in U.S. inventors being unable to obtain patents in areas where our economic peers offer patent protection. This is particularly concerning in the economically critical areas of biotechnology and artificial intelligence," said Senator Tillis. "Clear, reliable, and predictable patent rights are imperative to enable investments in the broad array of innovative technologies that are critical to the economic and global competitiveness of the United States."

The PERA Act maintains the existing statutory categories of patent eligible subject matter, while also addressing judicially created eligibility limitations by creating clear rules for what is eligible. "PERA restores clarity to the law on what can be patented and what cannot—guidance that federal courts have been requesting for years and that the Supreme Court has refused to provide," said Senator Coons. "When American innovators know their ideas are eligible for patent protection, they take the risks that push us into the future – whether that's the next medical test or the latest AI technology."

The PERA Act also aims to modernize the U.S. patent system. "Congress has not made substantive changes to what subject matter is patentable in the United States since the Patent Act of 1793, making it difficult for courts, inventors, and the public to understand how 21st-century technologies fit within an 18th Century patent statute," said Andrei Iancu, former USPTO Director from 2018 to 2021, while "commend[ing] Congress for advancing PERA in order to finally modernize our patent laws and promote U.S. global leadership in biotechnology, artificial intelligence, and other modern technologies."

The legislation proposes reforms directed to clarifying Supreme Court patent eligibility precedent. In a series of decisions beginning in 2010, the Supreme Court established a new test for patent eligibility meanwhile also expanding the judicially created exceptions to patent eligibility for abstract ideas, mathematical formulations, and products of nature.[3] Following these decisions, the Supreme Court's new test for patent eligibility proved to lead to inconsistent and unpredictable results, yet the Supreme Court declined to provide more guidance and rejected more than 100 cases that would have helped to clear the waters on patent eligibility. As a result, inventors' ability to obtain patents for inventions in key sectors, including software, artificial intelligence, and life sciences, has become increasingly difficult and less predictable.

The PERA Act, if enacted, would retain the existing statutory categories of patent-eligible subject matter – process, machine, manufacture, and composition of matter – but would replace the judicially created exceptions to patent eligibility with more clearly defined exceptions. These exceptions include "pure mathematical formulas, certain economic or social processes, processes that can be performed solely in the human mind, processes that can occur in nature independent of human activity, unmodified human genes, and unmodified natural material."[4]

Moreover, the PERA Act attempts to clarify the "narrow conditions under which otherwise unpatentable processes, genes, and materials may be eligible for a patent, subject to other statutory requirements (e.g., novelty and non-obviousness). For example, under PERA, a process that cannot be practically performed without the use of a machine or computer may be eligible for a patent. The bill also clarifies that human genes and natural materials that are "'isolated, purified, enriched, or otherwise altered by human activity' or 'employed in a useful invention or discovery' may be eligible for a patent."

Finally, the PERA Act seeks to restore a clear test for patent eligibility determinations by eliminating

vague factors such as whether portions of a claim include elements that are "conventional" or "routine" in favor of a test that would "require[] a patent claim to be read as a whole and prohibit[] the consideration of other patentability factors (e.g., novelty and non-obviousness), ensuring Section 101 focuses solely on subject-matter eligibility."[5]

What You Should Do Now

In anticipation of the Act's potential passage, innovators may consider taking the following proactive steps:

1. Reevaluate Patent vs. Trade Secret Portfolio

    - Patent Portfolios: Identify innovations where patent protection was previously not pursued due to patent eligibility concerns and reevaluate whether patent protection could be pursued under the proposed rules.

    - Trade Secrets: Identify innovations where trade secret strategies would be better suited under the proposed rules.

2. Adjust Prosecution Strategies

    - Claim Drafting: Ensure future applications avoid the newly defined exceptions to patent eligibility, and for biotechnology or artificial intelligence technology in particular, consider the newly defined boundaries for patentable subject matter.

    - Prosecution Preparation: Be prepared to face scrutiny from examiners on innovations that previously would have been deemed patent ineligible subject matter and consider prosecution strategy in advance to ensure success under the newly defined boundaries for patentable subject matter.

3. Update Litigation Strategy

    - Assertion Timing: Consider whether planned enforcement efforts should be accelerated or delayed in light of potential patent eligibility changes.

    - Challenge Timing: Reconsider whether planned patent eligibility challenges should still be pursued in light of potential patent eligibility changes.

4. Engage in Policy and Stakeholder Briefings

    - Industry Advocacy: Align with professional organizations (e.g., BIO, AUTM, IPO, AIPLA) to express support or raise concerns during final negotiations.

    - Internal Communication: Brief legal, licensing, and research teams on the bill's likely impact on enforcement options and technology transfer frameworks.

5. Monitor the Legislative Process

    - Tracking: Designate an internal liaison (legal or government affairs) to stay informed of amendments or procedural developments as the PERA Act advances through Congress.

    - Scenario Planning: Prepare internal memos or board updates outlining how the Act may affect current litigation, monetization strategy, and portfolio management.

Conclusion

The PREVAIL Act and PERA Act signal a potential shift toward a more inventor-friendly patent landscape. Institutions that act now to assess exposure and realign strategy will be better positioned to capitalize on the bill's reforms and avoid disruption.

Key Takeaways

- The PREVAIL Act aims to restore balance and predictability to PTAB proceedings by limiting who can file challenges, harmonizing PTAB standards with federal courts.

- The PERA Act aims to restore patent eligibility across many fields while resolving legitimate concerns over the patenting of content that is beyond the scope of the patent system.

- Both pieces of legislation have strong bipartisan support and are currently advancing through Congress.

- Companies and universities should proactively review patent portfolios, prosecution and litigation strategies, and monitor legislative developments.

Notes

1. See the PREVAIL Act Fact Sheet for more information regarding the various "solutions" that the legislation seeks to accomplish, https://www.coons.senate.gov/imo/media/doc/prevail_act_fact_sheet.pdf.
2. The full text of the bill is available here: https://urldefense.com/v3/__https:/www.coons.senate.gov/imo/media/doc/prevail_act_bill_text1.pdf__;!!LB4zUoiJ9F1unGg!rtjHqGlSQbOgEEak0Dzf-Ux03eE6-eHS47wS8Jpwhdsye-hye5VQwDT5ZTEE5Ooq_Y0UqXZMxTisPk5_l0VzZQ75TAMJUqRc0xp3LuRk$.
3. See Bilski v. Kappos, 561 U.S. 593 (2010); Mayo Collaborative Services v. Prometheus Laboratories, 566 U.S. 66 (2012); Association for Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. 576 (2013); Alice Corp. v. CLS Bank International, 573 U.S. 208 (2014).
4. See the PERA Act Fact Sheet, https://d12t4t5x3vyizu.cloudfront.net/kiley.house.gov/uploads/2024/08/PERA-Fact-Sheet.pdf.
5. The full text of the bill is available here: https://urldefense.com/v3/__https:/www.tillis.senate.gov/services/files/66582271-634A-4102-9658-5E4A98E4D206__;!!Bg5easoyC-OII2vlEqY8mTBrtW-N4OJKAQ!I9kV9h5l-gUDLaVRwZfp3QwF8HNqXhwk80QA1eYDwb-hg8HQ7yNctm8yvYgeIDppNGIwl2hb32KRoLGz-nUKxOnLDHUdtgYodzCIoaYWCIxGw$.