



## ARE Patent Law Alert: Federal Circuit Clarifies That USPTO Can Only Consider Prior Art Found to Raise a Substantial New Question of Patentability in *Inter Partes* Reexamination Proceedings

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Author(s): Charles R. Macedo, David P. Goldberg, Michael J. Kasdan

Although under the America Invents Act, as of September 16, 2012, the U.S. Patent and Trademark Office ("USPTO") ceased accepting new petitions for *inter partes* reexaminations, there are still many that are pending. In *Belkin International, Inc. v. Kappos*, No. 2012-1090 (Fed. Cir. Oct. 2, 2012), the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit"), considered some important procedural questions concerning legacy *inter partes* reexaminations.

Specifically, the Federal Circuit held that:

1. In an *inter partes* reexamination, the USPTO could not consider prior art references that the Director had found did not raise a substantial new question of patentability for the challenged claims; and
2. The Director's finding that a particular prior art reference does not present a new question of patentability cannot be appealed.

Notably, *Belkin* did not reach the issue of what prior art references the USPTO could consider in circumstances where the claims are amended or substituted during the reexamination proceedings. (*Belkin*, slip. op. at 10 n.2).

### I. *Inter Partes* Reexaminations, Generally

*Inter partes* reexamination is a process whereby a third party can challenge the validity of patent claims before the USPTO. The process begins when a third party submits a petition describing the prior art references and arguing that the cited prior art raises a substantial new question of patentability as to the challenged claims. The USPTO Director then reviews the petition to ascertain whether it meets this standard. If it does, the Director orders the reexamination to proceed. A patent examiner then reexamines the patent. Once reexamination is concluded, a reexamination certificate making any necessary alterations to the patent is issued. If all of the claims are found to be unpatentable, the patent is nullified.



As of September 16, 2012, *inter partes* reexamination has been replaced by a new proceeding under the Leahy-Smith America Invents Act (“AIA”), *inter partes* review. See [ARE Patent Law Alert: USPTO Issues Final Rules for Implementing New Post-Issuance Patent Validity Proceedings Effective on September 16, 2012](#) (Sept. 4, 2012). However, *inter partes* reexaminations filed before September 16, 2012 continue to remain pending and are evaluated under the prior law until completed.

## **II. The *Belkin* Case**

In *Belkin International, Inc. v. Kappos*, No. 2012-1090 (Fed. Cir. Oct. 2, 2012), the Federal Circuit considered an appeal from the Board of Patent Appeals and Interferences (“BPAI”) from a Decision holding the USPTO lacked jurisdiction to consider invalidity arguments based on three prior art references submitted in the original request for reexamination, which the USPTO Director found did not raise a substantial new question of patentability. The panel in *Belkin*, affirmed the BPAI’s decision.

### **A. Procedural Background**

Belkin had filed a request for *inter partes* reexamination of OptimumPath, LLC’s U.S. Patent No. 7,035,281 (“‘281 Patent”), which relates to a type of wireless router. In the request, Belkin argued that four prior art references rendered all of the ‘281 Patent’s thirty-two claims unpatentable. In response, the Director determined that three of the four references did not raise substantial new questions of patentability, but ordered reexamination of certain claims based on the remaining fourth prior art reference. Belkin did not file a petition challenging the determination that the other three prior art references did not raise substantial new questions of patentability. The *inter partes* reexamination proceedings then began.

During the proceedings, Belkin made obviousness arguments involving all four prior art references, as well as independent invalidity arguments based on the fourth reference alone. Ultimately, the Examiner concluded that the fourth reference did not invalidate the claims at issue. Belkin appealed this ruling to the BPAI. In its appeal, Belkin argued that the Examiner improperly had failed to make rejections involving the other three prior art references.

### **B. The BPAI Decision**

The BPAI disagreed with Belkin. Specifically, the BPAI determined that the USPTO lacked jurisdiction to decide whether any of the three prior art references raised a substantial new question of patentability under 35 USC § 312(c), since a “determination by the Director [regarding a request for *inter partes* reexamination] shall be final and non-appealable.” The BPAI also affirmed the Examiner’s findings with regard to the fourth and final prior art reference.

### **C. The Federal Circuit Decision**



On appeal, the Federal Circuit affirmed the BPAI's reading of 35 USC § 312(c). In an opinion authored by Judge Lourie, the Court noted that under 35 USC §§ 311-13 "an *inter partes* reexamination is a two-step process" where first, "the Director must make a determination 'whether a substantial new question of patentability . . . is raised by the request'" and then, afterwards, "an *inter partes* reexamination is ordered 'for resolution of the question.'" (*Belkin*, slip op. at 6.) Thus, the question to be resolved by reexamination is limited to the substantial new question of patentability as determined by the Director.

*Belkin* found that the statute does not give patent examiners or the Board authority to subsequently consider prior art references that the Director determined do not raise new questions of patentability. In so ruling, the court also rejected *Belkin*'s argument that both the CFR and MPEP require examiners to consider "available prior art" and "all prior art" under these circumstances, noting that a "casual reference [to such phrases] in the MPEP or the regulations cannot be interpreted to trump the statutory command." (*Id.* at 10-11.) The decision also noted that there is a procedural manner to seek review of the Director's determination: petitioning the Director. "37 C.F.R. § 1.927 permits the requester . . . to file a petition to the Director for review of that decision." (*Id.* at 7.)

*Belkin* had argued that this result was inconsistent with the appeals statutes, which grant a party that requests reexamination the right to appeal any "final decision . . . favorable to the patentability of any . . . claim." 35 U.S.C. §§ 134(c), 315(b). The Federal Circuit rejected this argument, noting there had been no favorable final decision on patentability regarding the three references. To find otherwise, the court wrote, "would impermissibly circumvent the statutory bar on appeals." (*Id.* at 9.)

Notably, the Federal Circuit specifically limited this decision to *inter partes* reexaminations commenced prior to the date of enactment of the AIA. (*Id.* at 2 n.1.)

### III. Conclusion

Although new *inter partes* reexaminations may no longer be filed, the impact of decisions like *Belkin* on pending reexaminations, and as precedent for the new post-issuance procedures may still be significant. We will continue to monitor developments in this area to determine whether future Federal Circuit panels apply the *Belkin* court's logic to the *inter partes* review or post-grant review proceedings under the AIA, which contain similar statutory language (see 35 USC §§ 314(d) and 324(e)).

Please feel free to contact us to learn more about this decision and its impact on the law and/or other post grant procedure options.

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\* Charles R. Macedo is a partner, Michael J. Kasdan was a Partner and David P. Goldberg is a Law Clerk at Amster, Rothstein and Ebenstein LLP. Their practice specializes in intellectual property issues including



litigating patent, trademark and other intellectual property disputes.

They may be reached at [cmacedo@arelaw.com](mailto:cmacedo@arelaw.com) and [dgoldberg@arelaw.com](mailto:dgoldberg@arelaw.com).