
The Problem with Finality: How I Think the Test Should be Applied

In the first two parts of this article, I outlined my view of the history of Finality, and related issues within the U.S. Patent & Trademark Office and why Finality does not work as intended. In this article, I will look at some of the consequences of Finality and consider alternative approaches to Finality.

The Examiner's Motivation

As described in the previous parts of this article, the Count System is used by the U.S. Patent & Trademark Office to track Examiner productivity. To recap, Examiners are awarded a count for the first Office Action and for the final disposition (abandonment or allowance) of the patent application (under the modified Count System started in 2010, Examiners also get a partial count when the Final Office Action is mailed). Note that Examiners do not get a count for any non-Final Office Actions after the first in a patent application. The intended objective of the Count System is to encourage compact prosecution, and complete examination as quickly and efficiently as possible.

But I think the Count System actually undermines (to some extent) the value of patents issued by the U.S. Patent & Trademark Office. Consider an Examiner who is contemplating the second Office Action in a patent application. Since the Examiner would get no count for the Office Action if the Office Action is not Final, Examiners are discouraged from issuing additional non-Final Office Actions. So on a second Office action, an Examiner has three possibilities:

- 1) The Examiner can find any reason to make the Office Action Final, either by insisting that the Applicant's amendment necessitates the new ground of rejection or by sticking with the old ground of rejection.
- 2) The Examiner can prepare the Office Action even though the Office Action might need to be made non-Final, and determine Finality accordingly.
- 3) The Examiner can ignore whether Finality is proper and make the Office Action Final regardless¹.

¹ I am not trying to suggest that Examiners do this. But it is certainly possible for an unscrupulous Examiner to force the Applicant to "prove" Finality is improper, rather than take the time to establish that Finality is proper.

In my opinion, the first possibility is the most common. Examiners generally look for any reason to make an Office Action Final. If the Applicant has amended the claims, the Examiner can assert that the amendment necessitated the new ground of rejection, and therefore Finality is proper. Alternatively, if the Applicant does not amend the claims, the Examiner could simply say that the Applicant's arguments were not persuasive, and the Examiner can maintain the original ground of rejections.

The problem with the first approach is that it does not necessarily result in good examination. If the Examiner maintains the existing grounds of rejection even though the Applicant might have a decent argument, the Examiner might miss other pertinent prior art by refusing to search.

The second possibility, in my opinion, likely results in the best examination, since the Examiner is acting honestly with respect to the Applicant's arguments. But as this approach might not award the Examiner any additional counts, the Examiner is not motivated to use this approach.

The third approach is the most dishonest, since the Examiner is indicating that an Office Action is Final even though the Examiner knows the Office Action might not properly be Final. But the Examiner has two reasons to use this approach. First, it guarantees the Examiner that fastest possible route toward abandonment or allowance, which gets the Examiner the counts he wants. Second, if the Applicant does not notice that the Office Action should not have been made Final, the Examiner might not even be challenged on Finality. And even if the Applicant challenges the Examiner on the Finality of the Office Action, all the Examiner has to do is withdraw the Finality².

Ambiguity in the Count

Another problem (at least, from my perspective) is what is supposed to happen under the Count System³ when Finality is withdrawn. As a reminder, the Count System awards an Examiner 0.25 counts for a Final Office Action. But how is the Count System supposed to work when the Examiner agrees to withdraw Finality? As I see it, there are three possibilities.

² Of course, if this hypothetical Examiner uses this strategy too frequently, the SPE might notice the frequent withdrawals of Finality and investigate.

³ In this section, I am talking about the Count System as modified in 2010 to provide the Examiner with a partial count for a Final Office Action.

- 1) The Examiner loses the awarded 0.25 counts. The problem with this approach is that the 0.25 counts might have been awarded in a tracking interval (termed a “biweek”) that has since been closed. For example, if counts are measured in two-week intervals, the withdrawal of Finality might happen in an interval after the 0.25 counts were awarded. Since Examiner bonuses are tied at least in part to the Count System, retroactively changing the Examiner’s count could require retroactively reducing the Examiner’s bonus, which does not seem reasonable.
- 2) The Examiner might get to keep the original 0.25 counts, but not be awarded 0.25 counts for the next Final Office Action. The problem with this approach is that it doesn’t follow the rules of the Count System—awarding the Examiner for Office Actions that are supposed to receive counts, and not awarding the Examiner for Office Actions that are not supposed to receive counts.
- 3) The Examiner might get to keep the original 0.25 counts and also receive an additional 0.25 counts for the next Final Office Action. The problem with this approach is that it lets the Examiner keep counts for an Office Action for which he was not supposed to receive any counts.

Which approach is actually used? I don’t know. But none of the three approaches seem optimal.

After the Final

Even if the Applicant thinks that the Office Action was not properly Final, the Applicant has to keep in mind the consequences of Finality. These consequences include the courses the Applicant can follow and how some of the choices are, in my opinion, false choices.

The first (and often the most useful) choice the Applicant has is to try and persuade the Examiner (or his Supervisory Patent Examiner, or SPE) that Finality should be withdrawn. This approach often works in situations where the Examiner has made an error that the Patent Trial and Appeal Board would clearly send back to the Examiner. For example, if the Examiner rejects a claim in a Final Office Action based on language not found in the claim, or if the

Examiner rejects a claim as anticipated where the Examiner is having to interpret the reference to make the rejection, the Examiner will likely agree to withdraw Finality to correct the error⁴.

In general, Examiners are willing to grant an interview to discuss the question of Finality, even if the Applicant has already held an interview with the Examiner on the substantive matters (after all, Finality could not have been discussed before the Examiner issued the Final Office Action), but not always⁵. And even if an Applicant succeeds in scheduling an interview on Finality, that fact does not guarantee that the interview will have a favorable result. As noted in the previous articles, SPEs also use the shorthand test for Finality, and are just as reluctant to acknowledge an error in the test they have been taught to use.

If an Applicant is able to persuade an Examiner to withdraw Finality, sometimes the Examiner will propose an Examiner's Amendment to move allowable subject matter from one or more dependent claims into the independent claims. My theory is that, since the Examiner now finds himself unable to maintain Finality, the Examiner would prefer to allow the patent application (which would generate some counts for the Examiner) rather than issue a second non-Final Office Action (which would not generate any counts). Sometimes, an Examiner will even indicate there is allowable subject matter in some dependent claims that the Examiner has rejected multiple times, even after finding the Applicant's arguments non-persuasive. In my opinion, allowing some subject matter just to ensure that an Examiner receives some counts is not good examination.

The other option available to Applicants is to file a petition. But I consider this to be a false choice, for a number of reasons⁶. First, petitioning to reverse a decision on Finality is not free: the petition (filed under [37 C.F.R. § 1.183](#)) requires the fee specified in [37 C.F.R. § 1.17\(f\)](#): \$100-\$400, depending on the Applicant's status as a micro, small, or large entity. Second, the Applicant must file the petition within two months of the mailing date of the Final Office Action, or the petition will be dismissed as untimely⁷. Third, and worst of all, the U.S. Patent &

⁴ I have had Examiners agree to withdraw Finality in Office Actions in these exact situations, among others.

⁵ I recall one instance where I had two cases pending with the same Examiner, both under Final. After I successfully persuaded the SPE to withdraw Finality in the first case, the Examiner refused to grant an interview on the Finality of the second case, insisting Finality was proper. (My guess is that the Examiner was concerned he would look bad if he was forced to withdraw Finality on two cases in a short span.) I had to call the SPE directly to schedule a conversation about Finality in the second case.

⁶ In my career, I have yet to file a single petition to reverse a decision on Finality.

⁷ See [Manual of Patent Examining Procedure \(M.P.E.P.\) § 1002](#).

Trademark Office has no deadline to decide on the petition to reverse the decision on Finality, and filing a petition does not toll the statutory period⁸ for response to the Final Office Action⁹. This means that the U.S. Patent & Trademark Office can sit on the petition, forcing the Applicant to discard the petition in favor of more certain courses¹⁰. So I, for one, do not consider a petition to reverse the decision on Finality to be a reasonable option.

So What Can We Do?

As a reminder, the test for Finality, as stated in the M.P.E.P., is: “Second or any subsequent actions on the merits shall be final, except where the examiner introduces a new ground of rejection that is [not] necessitated by applicant’s amendment of the claims...”. Examiners tend to use a shorthand test, which says that any amendment necessitates a new ground of rejection. But as we have seen, this shorthand test can lead to inconsistent results regarding Finality, where the only variable is whether the Applicant amends a claim or adds a

⁸ In layman’s terms, “stop the clock”. The Applicant has six months to respond to an Office Action, after which (if no response has been filed) the patent application will be considered abandoned.

⁹ The Applicant could file a petition to expedite the decision on the Finality petition. The U.S. Patent & Trademark Office is supposed to decide expedited petitions within two months from requesting expedited treatment. But this is a separate petition, with its own fee, there is no guarantee that the U.S. Patent & Trademark Office will agree to expedite the earlier petition, and there is no guarantee that the U.S. Patent & Trademark Office will, in fact, meet the established deadline, or that there are any consequences if the deadline is missed.

¹⁰ The only actions the Applicant can take that toll the statutory period for response after a Final Office Action are to file a Notice of Appeal or a Request for Continued Examination (RCE). But as noted in footnote 8 *supra*, if the Applicant does not take some action that tolls the statutory period, the patent application will be considered abandoned at the end of the statutory period. An RCE can only be filed after a Final Office Action: therefore, filing an RCE is tantamount to acknowledging that the Office Action was properly Final. A Notice of Appeal can be filed after the second rejection of the claims, even if that rejection is not part of a Final Office Action. But while examination is still ongoing, examination is faster, less expensive, and more likely to be successful than an appeal to the Patent Trial and Appeal Board.

Even if the petition were favorably decided after the Applicant files a Notice of Appeal or an RCE, that decision would likely not change anything (e.g., a grant of the petition would not withdraw the Notice of Appeal or the RCE). A favorable decision on the petition would certainly not result in any fees paid by the Applicant being returned.

Is it likely that a decision on the petition would be delayed until after the end of the statutory period? That is hard to say. In December 2016, the Office of Petitions was taking approximately five months to decide on petitions. There is no protocol to expedite petitions when the Applicant is facing a statutory deadline (aside from petitioning to expedite the earlier petition). Hopefully, the Office of Petitions will reduce their backlog to a much more manageable turnaround time, but there are no guarantees. I had a case where a very similar problem occurred: I was waiting for an Examiner to act on an Amendment After Final, but the Examiner never acted, and I was forced to file a Notice of Appeal to prevent the patent application from going abandoned.

To add insult to injury, if an Applicant waits for a decision on the petition before taking any further action and the decision on the petition is not reached before the end of the third month since the Office Action was mailed, the Applicant is likely to need to pay fees to extend the time to respond (normally, fees begin to incur three months into the statutory period).

new dependent claim—a variable that shouldn’t matter, in my opinion. So if the shorthand test is flawed, the question becomes whether there is a better test that can be used.

I suggest that the language “[not] necessitated by” is a “but for” test: but for the Applicant’s amendment, would the Examiner have been able to maintain the original rejection? Or, to use more plain language, would the Examiner have been able to maintain the original rejection if the Applicant had not amended the claim? If the answer to this question is “yes”, then Finality is proper; if the answer to this question is “no”, then Finality is not proper.

So as I see it, to carry out a “but for” test for Finality requires three steps:

- 1) Look at the claims as they stood prior to the amendment (that is, ignore any amendments the Applicant made after the previous Office Action).
- 2) Consider the Applicant’s arguments (even those that ostensibly relate to the amendments)¹¹.
- 3) Decide if there is even one argument the Applicant made that relates to the unamended claims that is persuasive. If the Applicant has even one valid argument relating to any claim the Examiner wants to reject again, Finality is not proper¹².

This sequence doesn’t seem that complicated on its face. The problem stems from the fact that the Examiner bears the burden of proof¹³ in rejecting a claim. This burden of proof should extend to all aspects of an Office Action, including whether Finality is proper. Therefore, in preparing the Office Action, the Examiner would either need to concede the Office Action will not be made Final, or the Examiner would need to respond to *each and every* argument the Applicant made, explaining why the Examiner did not find the arguments to be persuasive. If the Examiner fails to respond to even one argument the Applicant made, the Examiner has failed to satisfy the burden of proof, and the presumption should fall in favor of the Applicant (*i.e.*, no Finality).

¹¹ I say this because there are times when an Applicant might amend a claim to clarify a point, but the argument might apply even to the original (unamended) claim language. For example, in the fact pattern used in the [previous part of this article](#), the Applicant might have thought that Reference A did not even teach a widget, but wanted to narrow the claim to recite “red widget” because a red widget better represented the invention.

¹² The Examiner could indicate that those claims are allowed or would be allowable if rewritten in independent form (dependent claims that include allowable subject matter but that depend from rejected independent claims cannot be allowed without removing the dependency from the rejected claims) and still make the Office Action Final, since those claims would not be subject to “new grounds of rejection”.

¹³ That the Examiner bears the initial burden of proof is a consequence of the language of [35 U.S.C. § 102](#), which begins “A person shall be entitled to a patent unless...”.

I would even go a little further, and require that the Examiner's response to the Applicant's arguments actually address the Applicant's arguments. And the Examiner's response to the Applicant's arguments should be specific. Some Examiners today respond to the Applicant's arguments by simply repeating the language of their original rejection. Such a response, in my opinion, is not an adequate response, since it does not address the arguments the Applicant made. When an Applicant responds to an Office Action, the Applicant must "distinctly and specifically point[] out the supposed errors in the examiner's action and must reply to every ground of objection and rejection in the prior Office action"¹⁴. An equal burden should be placed on the Examiner in responding to the Applicant's arguments¹⁵, with the consequence for failing to make an adequate response being that Finality is automatically unavailable to the Examiner (or should be automatically withdrawn, if the Office Action is marked as Final).

This is where the most resistance to my proposed test would lie: in Examiner implementation. Responding to *each and every* argument made by the Applicant can take a significant amount of time—often more time that it takes to explain the rejections themselves. And if the Examiner is going to rely on new prior art to reject the claims anyway, the Examiner would consider the Applicant's arguments to be moot in view of the new grounds of rejection¹⁶. To have to actually respond to arguments that the Examiner does not consider relevant in the next Office Action would seem a waste of time.

There is also a procedural difficulty, in determining what the Applicant considers to be an argument. An Applicant might have several reasons why the Applicant thinks the claimed invention should be allowed, but the Examiner might see a smaller set of arguments. Therefore, the Examiner might not respond to one or more of the Applicant's arguments, thinking it is not

¹⁴ See [37 C.F.R. § 1.111\(b\)](#); see also [M.P.E.P. § 714.02](#).

¹⁵ While [M.P.E.P. § 707.07\(f\)](#) does state that "the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it", an Applicant would have difficulty enforcing such a requirement, firstly because the language is not mandatory ("should" instead of "must"), and secondly because the Examiner does not bear any direct consequences for failing to respond (the consequences only matter if the Applicant seeks redress from the courts, by which time the Examiner is likely no longer involved in the application).

¹⁶ The U.S. Patent & Trademark Office has boilerplate language (form paragraph ¶ 7.38, found in [M.P.E.P. § 707](#)) that says that an Applicant's arguments are moot in view of the new ground of rejection, which gives an Examiner a way to avoid responding to the Applicant's arguments, and is used almost every time an Examiner changes the grounds of rejection in an Office Action. Some Examiners will use this boilerplate even when they continue to rely on one or more of the same references as teaching the same features, without bothering to respond to arguments that the Applicant will (usually) immediately repeat without modification, and disregarding the cautionary note of the form paragraph. It should be noted, though, that other Examiners acknowledge that it is appropriate to respond to arguments that remain relevant despite the change in the ground of rejection.

an argument (or not a distinct argument from some other argument). The solution to this problem is simple: have the Applicant identify the arguments with clear headings within the Response, or even perhaps providing a summary page that briefly identifies the argument, the claims to which the argument relates, and where in the Response the details of the argument can be found. But this solution addresses only a side problem, and does not address the fact that Examiners will be reluctant to take the time to respond to the Applicant's arguments.

So Is There an Alternative?

Given the difficulty inherent in the current test for Finality and the inaccuracies rife in the shorthand test Examiners use, is there an alternative? I think so. But that idea will have to wait for another set of articles.

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