



The Use of Form Paragraph 7.06

In recent years, form paragraph 7.06 (hereinafter “¶ 7.06”) has been showing up in Office Actions. In interviews with Examiners I have been told that this paragraph is added automatically to Office Actions when printed by the Examiner’s systems. I am not entirely sure I believe that: if it were truly automatic, I would see ¶ 7.06 in **every** Office Action that issued a rejection under 35 U.S.C. §§ 102 or 103, and it would appear only once in any such Office Action¹. But sometimes I see Office Actions where ¶ 7.06 is not included even though there are rejections under 35 U.S.C. §§ 102 or 103, and sometimes I see Office Actions where ¶ 7.06 is included **twice** (preceding the first rejections under **each** of 35 U.S.C. §§ 102 and 103). But whether or not ¶ 7.06 is automatically included in the Office Action, I think its use is wrong. ¶ 7.06 is frequently used incorrectly and it permits Examiners to introduce new grounds of rejection without an amendment by the Applicant even in a Final Office Action².

What is ¶ 7.06?

Before we can delve into the proper uses (if any) of ¶ 7.06, it is important to understand the basics. Specifically, what does ¶ 7.06 say, and how is it supposed to be used?

The language of ¶ 7.06 is simple:

¶ 7.06 Notice re prior art available under both pre-AIA³ and AIA

In the event the determination of the status of the application as subject to AIA 35 U.S.C. 102 and 103 (or as subject to pre-AIA 35 U.S.C. 102 and 103) is incorrect, any correction of the statutory basis for the rejection will not be considered a new ground of rejection if the prior art relied upon, and the rationale supporting the rejection, would be the same under either status⁴.

Put simply, ¶ 7.06 says that if the gist of the rejection is the same, the Examiner can change between statutes without the rejection being a new ground of rejection.

¹ There are other elements that could easily be automated in Office Actions that are apparently **not** automated. For example, Examiners appear to have complete control over the shortened statutory response period for Office Actions, despite the fact that the shortened statutory period is almost always three months except for Restriction Requirements and *Ex parte Quayle* Office Actions (for which two-month response periods are established).

² Although I do not intend to get into the Constitutional issues, I question whether ¶ 7.06 might violate the Fifth Amendment to the U.S. Constitution. Changing the statutory basis for the rejection is akin to changing the charges against a defendant at trial: it violates the notice requirement of procedural due process. And forcing the Applicant to pay fees to have a Request for Continued Examination (RCE) considered after the Examiner issues a Final Office Action based on ¶ 7.06 should also be considered to deprive the Applicant of their property (money) without due process.

³ Leahy-Smith America Invents Act, Pub. L. No. 112-29 (2011) (codified in various sections of 35 U.S.C.).

⁴ See [M.P.E.P. § 706.02\(i\)](#).

The Examiner Note regarding the use of ¶ 7.06 is also straightforward. The Examiner Note says that:

1. This form paragraph must be used in all Office Actions when a prior art rejection is made in an application with an actual filing date on or after March 16, 2013⁵, that claims priority to, or the benefit of, an application filed before March 16, 2013.
2. This form paragraph should only be used ONCE in an Office action⁶.

In other words, ¶ 7.06 is supposed to be used only if the application was filed on or after March 16, 2013 but claims priority from an application filed before March 16, 2013, a factual basis that is required for the possibility that the Examiner might change the statutory basis of the rejection between pre-AIA and post-AIA statutes⁷.

Put together, the text of ¶ 7.06 and the Examiner Note imply that ¶ 7.06 is only supposed to be used to permit the Examiner to switch between pre-AIA 35 U.S.C. § 102 and post-AIA 35 U.S.C. § 102, or between pre-AIA 35 U.S.C. § 103 and post-AIA 35 U.S.C. § 103.

Why is ¶ 7.06?

So why did the U.S. Patent & Trademark Office add ¶ 7.06 in the first place? The answer appears to relate to the U.S. Patent & Trademark Office rules regarding Finality. According to the U.S. Patent & Trademark Office, “[s]econd 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...”⁸. The U.S. Patent & Trademark Office apparently recognized that switching between different statutory bases of rejection could be considered a “new ground of rejection” that would prevent an Examiner from issuing a Final Office Action. Since Examiner productivity analysis assumes that an Examiner only issues one non-Final Office

⁵ March 16, 2013 was the date when the U.S. Patent & Trademark Office started examining applications under the “first-inventor-to-file” system. Prior to March 16, 2013, patent applications were examined using the “first-to-invent” system. Thus, if a patent application was filed on or after March 16, 2013, the inventor that won the race to file the application could get the patent, even if the other party was actually the first person to invent the subject matter of the patent application.

⁶ Again, *see* M.P.E.P. § 706.02(i).

⁷ I suppose that by saying “must” in the Examiner Note, ¶ 7.06 only establishes a requirement that ¶ 7.06 be used in applications that meet the conditions described in the Examiner Note, but does not exclude its use in other applications. But given the language of ¶ 7.06, the implication is, as discussed above, that ¶ 7.06 permits an Examiner to switch between the pre-AIA and post-AIA versions of a statute, which cannot occur if the conditions in the Examiner Note are not met. That is, if the application does not claim priority from an application filed before March 16, 2013, only post-AIA statutes are applicable, and if the application was filed before March 16, 2013, only pre-AIA statutes are applicable.

⁸ *See* [M.P.E.P. § 706.07\(a\)](#). Language relating to Finality that is not pertinent to the analysis was omitted.

Action before issuing a Final Office Action⁹, Examiner productivity rates could drop¹⁰ if Examiners would have to issue a second non-Final Office Action to change between pre-AIA and post-AIA statutory bases. ¶ 7.06 “neatly” solves this problem by permitting an Examiner to issue a Final Office Action even when changing between pre-AIA and post-AIA statutory bases.

But even if ¶ 7.06 could justify switching between pre-AIA and post-AIA statutory bases¹¹, why does ¶ 7.06 imply that it would be permissible to switch between 35 U.S.C. § 102 and 35 U.S.C. § 103 and still make a rejection Final? [M.P.E.P. § 706.07\(a\)](#)¹², which discusses when it is proper to make a second Action Final, refers to [M.P.E.P. § 1207.03](#), which provides a discussion about when a new ground of rejection is permissible in an Examiner’s Answer on Appeal. Therefore, the answer lies in the rules and regulations regarding Appeal.

37 C.F.R. 41.37(c)(2) states that “[an appeal] brief shall not include any new or non-admitted amendment, or any new or non-admitted affidavit or other Evidence”, which prohibits an Appellant from introducing a new argument during Appeal that was not presented to the Examiner during examination. Examiners, however, are not so tightly bound. While Examiners are supposed to present Applicants with all grounds of rejection during examination, Examiners **are** permitted to introduce new grounds of rejection after the Appeal has been filed¹³. The Examiner has two options for introducing new grounds of rejection: the Examiner may re-open examination with a new non-Final Office Action¹⁴, or the Examiner may designate a ground of rejection in the Examiner’s Answer as a new ground of rejection¹⁵. After the Examiner designates a new ground of rejection in the Examiner’s Answer, the Appellant has two months in

⁹ Examiners currently get 1.25 counts for the First Action On the Merits (FAOM), 0.25 counts for a Final Office Action, and 0.50 counts for an allowance or abandonment or other disposal of the application, with the counts for FAOM dropping after the first and second RCEs, and Examiners get no counts for a second or later non-Final Office Action in an application: *see* [Joint Labor And Management Count System Overview](#).

¹⁰ I would concede that the productivity drop would be non-zero. But the number of applications that are filed on or after March 16, 2013 but claim priority from an application filed before March 16, 2013 and therefore would be subject to the concerns of ¶ 7.06 should be relatively small: I would be surprised if the number of such applications would exceed even one or two percent of all filed applications (and the number of applications filed each year that could be subject to ¶ 7.06 should be decreasing over time).

¹¹ And I do not think it should: *see* [A New Approach to Finality: New Ground of Rejection](#). Since [pre-AIA 35 U.S.C. § 102](#) (and particularly pre-AIA 35 U.S.C. § 102(a) and (e)) offered response options not available under [post-AIA 35 U.S.C. § 102](#), changing between pre-AIA and post-AIA statutes should not justify a Final Office Action.

¹² As well as other sections, such as [M.P.E.P. §§ 706.07\(e\)](#) and [706.07\(h\)](#) VIII, both of which deal with various issues regarding Finality.

¹³ *See* [M.P.E.P. § 1207.03](#) *et seq.*

¹⁴ *See* [M.P.E.P. § 1207.04](#).

¹⁵ *See* M.P.E.P. § 1207.03 III.

which to respond by doing one of the following: filing a response under 37 C.F.R. § 1.111 requesting that prosecution be re-opened, or filing a Reply Brief under 37 C.F.R. § 41.37(c)(1)(iv)¹⁶.

Thus, the question underpinning ¶ 7.06 is: what is a “new ground of rejection”? [M.P.E.P. § 1207.03\(a\)](#) discusses whether a ground of rejection is considered new or not. Of particular interest are the sections relating to changing between 35 U.S.C. § 102 and 35 U.S.C. § 103. According to M.P.E.P. § 1207.03(a), changing a ground of rejection from 35 U.S.C. § 103 to 35 U.S.C. § 102, where the Examiner relies on the same teachings, **is not** a new ground of rejection, but changing a ground of rejection from 35 U.S.C. § 102 to 35 U.S.C. § 103, where the Examiner relies on the same teachings, **is** a new ground of rejection¹⁷.

Why the Discrepancy?

But what is the basis for these determinations regarding what constitutes a new ground of rejection? Each of these positions depends on prior case law: *Application of Hughes*¹⁸ holds that an Examiner may not substitute a rejection under 35 U.S.C. § 103 for an earlier rejection under 35 U.S.C. § 102, while *Application of May*¹⁹ is cited as permitting the substitution of a rejection under 35 U.S.C. § 102 for a rejection under 35 U.S.C. § 103.

In *Hughes*, the invention related to an electromagnetic induction apparatus²⁰. The Examiner relied upon Link²¹ in rejecting the claims. The Examiner did not specify the statutory grounds relied upon in rejecting the claims, but the court determined from the Examiner’s Answer upon Appeal that the Examiner was rejecting the claims as anticipated by Link²². But in sustaining the rejection of the claims on Appeal, the Board of Appeals²³ held that the claims

¹⁶ See M.P.E.P. § 1207.03 I.

And what if the Examiner refuses to designate a rejection in the Examiner’s Answer as a new ground of rejection? 37 C.F.R. § 41.40 and M.P.E.P. § 1207.03(b) permit the Appellant to petition for review of the Examiner’s decision not to designate a rejection as a new ground of rejection. Fortunately, the deadlines under Appeal are not statutory (as compared with the deadlines to respond to an Office Action): the M.P.E.P. holds the deadline for filing a Reply Brief in abeyance while the petition is pending, and grants the Appellant two months to respond after the petition is decided, whether favorably or not.

¹⁷ See M.P.E.P. § 1207.03(a) I.1 and II.2.

¹⁸ 345 F.2d 184, 145 U.S.P.Q. 467 (C.C.P.A. 1965).

¹⁹ 574 F.2d 1082 (C.C.P.A. 1978).

²⁰ The details of the invention are not provided in the court’s opinion, but are not relevant to the question of what constitutes a new ground of rejection.

²¹ U.S. Patent No. 2,927,366, issued March 8, 1960.

²² See *Hughes*, 345 F.2d at 185.

²³ A predecessor entity to today’s Patent Trial and Appeal Board.

were “unpatentable” over Link (“unpatentable” being a patent term of art that indicates the claims were considered obvious rather than anticipated)²⁴.

In arguing the case against the Appellant, the solicitor argued that the Board’s determination that the claims were obvious rather than anticipated did not constitute a new ground of rejection, as the grounds were the same and the Appellant was not deprived of any procedural rights²⁵. The court did not agree²⁶. The court felt that “if we were to consider, on this appeal, issues which arise under section 103, we would be doing so without affording appellant an opportunity to be heard in the administrative tribunal of the Patent Office”²⁷. The court went on to elaborate on the differences in evidence that may be used in analyzing rejections under 35 U.S.C. §§ 102 and 103, and concluded that “the issues arising under the two sections may be vastly different, and may call for the production and introduction of quite different types of evidence”²⁸. Thus, according to *Hughes*, replacing a rejection under 35 U.S.C. § 102 with a rejection under 35 U.S.C. § 103 is not proper²⁹.

In *May*, on the other hand, the invention related to a chemical compound³⁰. The Examiner rejected the claims over a combination of references, including *May* ’603³¹, and the Board of Appeals affirmed the rejection³². The court separated claims 1 and 6 from the rest of the claims on appeal, since their treatment was different³³.

²⁴ See *Hughes*, 345 F.2d at 184.

²⁵ See *Hughes*, 345 F.2d at 184-85.

²⁶ See *Hughes*, 345 F.2d at 185 (“[T]he board’s opinion did not provide adequate notice that a new statutory ground of rejection was being relied on.”).

²⁷ See *Hughes*, 345 F.2d at 185.

²⁸ See *Hughes*, 345 F.2d at 185-86.

²⁹ The court continued beyond this assertion, explaining why the claims in the Appellant’s patent application were not anticipated by Link, but declined to perform an obviousness analysis under 35 U.S.C. § 103. That the court performed a novelty analysis under 35 U.S.C. § 102 suggests that if the court had found the claims to be anticipated by Link, the Appeal would have been decided against the Appellant. Note that the court did **not** explicitly say that the claims were not obvious: the court refused to consider the question, based on the failure of the U.S. Patent & Trademark Office to provide notice to the Appellant of the obviousness rejection.

³⁰ The details of the chemical compound are not relevant to the question of what constitutes a new ground of rejection.

³¹ U.S. Patent No. 3,138,603, issued June 23, 1964. The court referred to this patent simply as “*May*”, seeing no confusion between the name of the prior art reference and the name of the Appellant (the same inventor in both applications). I will use “*May* ’603” to help differentiate between the two names.

³² See *May*, 574 F.2d at 1089.

³³ The court stated flatly that claims 2-5 and 7-13 were novel, and therefore were not anticipated by any reference (see *May*, 574 F.2d at 1090).

In analyzing claims 1 and 6, the court noted that the Appellants admitted *May* '603 disclosed a species³⁴ of the compound described in claims 1 and 6³⁵. Since a genus is considered anticipated if the prior art discloses a species of the genus³⁶, claims 1 and 6 were actually anticipated by *May* '603. The court went on to say that “this finding does not constitute a new ground of rejection; lack of novelty is the epitome of obviousness”³⁷.

My Analysis

The M.P.E.P. therefore treats replacing a rejection under 35 U.S.C. § 102 with a rejection under 35 U.S.C. § 103 very differently than the reverse situation. Does this make any sense? I do not think so. The M.P.E.P., in my opinion, is interpreting *May* more broadly than is justified by the court's opinion, and in a manner that contradicts *Hughes*³⁸.

Hughes held that “the issues arising under the two sections may be vastly different, and may call for the production and introduction of quite different types of evidence”³⁹. It makes no sense to suggest that the issues differ in one direction only. That is to say, it makes no sense to suggest that the issues differ when moving from a rejection under 35 U.S.C. § 102 to a rejection under 35 U.S.C. § 103, but there are no issue differences when moving from a rejection under 35 U.S.C. § 103 to a rejection under 35 U.S.C. § 102. That would be like arguing that a car is different from a bicycle, but a bicycle is the same as a car. But this is exactly the position the M.P.E.P. takes in interpreting *May* as permitting a change in the ground of rejections denied by *Hughes*.

In my opinion, the way to resolve the disparity between *Hughes* and *May* is to understand *May* as standing for the proposition that if a claim is in fact anticipated by a prior art reference,

³⁴ Following the scientific models of genus and species, a species is a specific member of the group defined by the genus. For example, *Homo sapiens* is a species in the genus *Homo*, which includes (as examples of other species) *Homo erectus*, *Homo habilis*, and *Homo neanderthalensis*. Or to give a (perhaps) simpler example, think of “color” as a genus, with “red”, “blue”, and “green” being different species of “color”.

³⁵ See *May*, 574 F.2d at 1089.

³⁶ See [M.P.E.P. § 2131.02 I](#).

³⁷ See *May*, 574 F.2d at 1089 (citing *In re Pearson*, 494 F.2d 1399, 1402, 181 U.S.P.Q. 641, 644 (C.C.P.A. 1974)).

³⁸ *Hughes* was decided in 1965; *May* was decided in 1978. If *May* had intended to overrule *Hughes* even in part, one would expect the court in *May* to discuss *Hughes*, but *Hughes* is not mentioned in *May*.

³⁹ See *Hughes*, 345 F.2d at 185-86.

then the claim is also obvious over that reference. This interpretation would be entirely consistent with *May*'s statement that "lack of novelty is the epitome of obviousness"⁴⁰.

Think of a claim rejection like a wall between the claim and allowability. A wall without flaw—no cracks or missing bricks—is like an anticipation rejection. A wall that has some flaws—maybe some cracks or missing bricks—is like an obviousness rejection. If the flaws are relatively minor and can be patched, the wall still serves its purpose, and the claim is still rejected. But if the wall has too many flaws, or the flaws are too large, then the claim slips through the flaws in the wall and is allowable.

Saying a "lack of novelty is the epitome of obviousness" is simply recognizing that a wall that has no flaws is a wall that requires no patching. Whether the wall is considered to have no flaws or there are no patches needed to correct flaws in the wall does not matter: semantically these concepts are the same. In the same way, if a claim lacks novelty, the claim must also **by definition** be obvious.

In my view, the court in *May* was recognizing this same relationship between anticipation and obviousness. The court in *May* noted that the Appellants had admitted the claims in question were anticipated. The court therefore concluded that the claims were also obvious as a consequence. This means that *May* does **not** stand for the proposition that a rejection under 35 U.S.C. § 102 may be substituted for a rejection under 35 U.S.C. § 103 without the 35 U.S.C. § 102 rejection being a new ground of rejection. *May* simply says that if a claim is anticipated under 35 U.S.C. § 102, it must necessarily also be obvious under 35 U.S.C. § 103 over the same prior art: neither more nor less⁴¹.

*In re Pearson*⁴², cited by *May*⁴³, mostly supports this interpretation of *May*. According to *Pearson*, "this court has sanctioned the practice of nominally basing rejections on § 103 when, in fact, the actual ground of rejection is that the claims are anticipated by the prior art"⁴⁴.

⁴⁰ See *May*, 574 F.2d at 1089 (citing *In re Pearson*, 494 F.2d 1399, 1402, 181 U.S.P.Q. 641, 644 (C.C.P.A. 1974)); see also [Epitome | Definition of Epitome by Merriam-Webster](#) (which defines "epitome" to mean "a typical or ideal example").

⁴¹ Had the court in *May* been replacing the rejections under 35 U.S.C. § 103 with rejections under 35 U.S.C. § 102, the court could have said that the Examiner and Board reached the right conclusion but for the wrong reasons. The court did not make such a statement: the court said that the rejection of claims 1 and 6 was "affirmed" (see *May*, 574 F.2d at 1090, 1095).

⁴² 494 F.2d 1399 (C.C.P.A. 1974).

⁴³ See *May*, 574 F.2d at 1089.

⁴⁴ See *Pearson*, 494 F.2d at 1402.

Pearson dealt with a way to treat peanut foliage in an attempt to prevent “pops” or unsound kernels⁴⁵ from growing in the peanut crop. Calcium-containing compounds had been found to help reduce the occurrence of “pops” and unsound kernels⁴⁶. The claims in *Pearson* focused on the particle sizes of 20 microns or less, and preferably of submicron size, as being pertinent to helping reduce “pops” and unsound kernels⁴⁷.

The Examiner had rejected the claims as obvious under 35 U.S.C. § 103; the Board interpreted the Examiner’s rejection as setting forth that the claims were anticipated under 35 U.S.C. § 102, but affirmed the obviousness rejection⁴⁸. In his brief to the Board, the Appellant acknowledged that calcium-containing compounds had been “ground to particle sizes within the range of even his preferred peanut foliage preparation”⁴⁹. Based on this admission, the Board considered the claims to be fully met by the prior art⁵⁰.

The court, as discussed above, noted that there was ample history for sustaining an obviousness rejection even when there claims were considered anticipated⁵¹. Therefore, the court sustained some of the claim rejections⁵².

The Crack in the Wall

But *Pearson* also throws a wrench into the engine. *Pearson* says that “[t]he record establishes that appellant was fully aware of the **ground** of rejection being put forth regardless of its **statutory basis**”⁵³. This statement indirectly addresses *Hughes*⁵⁴ by suggesting that if an

⁴⁵ “Pops” refers to peanut shells in which no peanut has developed; “unsound kernels” refers to peanut shells that contain small and malformed peanuts (*see Pearson*, 494 F.2d at 1400).

⁴⁶ *See Pearson*, 494 F.2d at 1400.

⁴⁷ *See Pearson*, 494 F.2d at 1401.

⁴⁸ *See Pearson*, 494 F.2d at 1402.

⁴⁹ *See Pearson*, 494 F.2d at 1402.

⁵⁰ *See Pearson*, 494 F.2d at 1402.

⁵¹ *See Pearson*, 494 F.2d at 1402.

⁵² Some of the claims in *Pearson* recited using particles of submicron size (*see Pearson*, 494 F.2d at 1404). The Examiner argued, and the Board affirmed, that determining the optimum size would be obvious from the use of calcium-containing compounds (*see Pearson*, 494 F.2d at 1404). But the processes used in the prior art (called landplastering) were based on the belief that the calcium had to be taken through the soil. According to the court, “one skilled in the art would, if anything, go to a larger particle size in order to limit retention on the leaf during the landplastering operation” (*see Pearson*, 494 F.2d at 1404). Therefore, the prior art did not render obvious the benefits of submicron sized particles, and the rejections of the claims that were limited to submicron sized particles were reversed.

⁵³ *See Pearson*, 474 F.2d at 1402, footnote 2 (emphasis in original).

Pearson also contrasts its result with *Application of Echerd*, 471 F.2d 632 (C.C.P.A. 1973). In *Echerd*, during prosecution the Examiner rejected the claims under 35 U.S.C. § 103 as unpatentable over U.S. Patent No. 2,554,963 to Stafford, issued May 29, 1951 (*see Echerd*, 471 F.2d at 634). After the Applicant filed an Appeal, the

Applicant has notice of the substance of the rejection, then it might not matter if the statutory basis is changed from 35 U.S.C. § 103 to 35 U.S.C. § 102—and more importantly, from 35 U.S.C. § 102 to 35 U.S.C. § 103. Read broadly, *Pearson* could be interpreted as contradicting *Hughes* and permitting a change in the statutory basis of the rejection between 35 U.S.C. § 102 and 35 U.S.C. § 103 in either direction.

So, can the contrary statements of *Hughes* and *Pearson* be reconciled? There are a couple of possible resolutions. From the point of view of the U.S. Patent & Trademark Office, the solution likely should be that *Pearson* overrules *Hughes*. If *Pearson* says that the statutory basis is not relevant to whether an Applicant had notice of the grounds of rejection, and *Pearson* was decided after *Hughes*, then *Pearson*'s opinion should control. Such a conclusion would not only buttress how the U.S. Patent & Trademark Office interprets *May*, but would even justify an Examiner replacing a rejection under 35 U.S.C. § 102 with a rejection under 35 U.S.C. § 103 without requiring a new ground of rejection.

But I think there are indicators that caution against reading *Pearson* in that manner. First, *Pearson*, like *May*, was decided after *Hughes*⁵⁵. Yet *Pearson* does not even cite to *Hughes*, let alone state that *Pearson* was overruling *Hughes* in whole or in part. In my opinion, where one case is overruling another, that fact should be highlighted to leave no doubt about what the new opinion is. Consider, for example, *In re Bilski*⁵⁶: there the Federal Circuit explicitly identified *In re Alappat*⁵⁷ and explained why “we also conclude that the ‘useful, concrete and tangible result’ inquiry [described in *Alappat*] is inadequate”⁵⁸. *Pearson* provides no such comparison with

Examiner modified the rejection to include U.S. Patent No. 3,009,829 to Gouveia, issued November 21, 1961 (*see Echerd*, 471 F.2d at 634). But the Board of Appeals, in deciding the Appeal, held that the claims were anticipated under 35 U.S.C. § 102 by Gouveia (*see Echerd*, 471 F.2d at 634), a rejection that the Applicant had not been given an opportunity to address before. *Echerd* therefore held that the Board of Appeals had introduced a new ground of rejection (anticipation over Gouveia) that had not been presented to the Appellant before, and the Appellant should be given an opportunity to respond to this new ground of rejection before the U.S. Patent & Trademark Office (*see Echerd*, 471 F.2d at 635).

⁵⁴ Recall that one of the concerns of the court in *Hughes* was that the Appellant was not given adequate notice that the claims might have been rejected under 35 U.S.C. § 103: *see supra* footnote 29.

⁵⁵ *Pearson* was decided in 1974: as noted above, *Hughes* was decided in 1965 (*see supra* footnote 38).

⁵⁶ 545 F.3d 943, 88 U.S.P.Q.2d 1385 (Fed. Cir. 2008).

⁵⁷ 33 F.3d 1526, 1543-44 (Fed. Cir. 1994) (en banc).

⁵⁸ *See Bilski*, 545 F.3d at 959-60.

The U.S. Patent & Trademark Office appears to treat *Alappat* inconsistently. On the one hand, *Alappat* is considered superseded both as applying the outdated “useful, concrete and tangible result” test and as suggesting that merely adding a generic computer to an otherwise patent-ineligible algorithm might make a claim statutory (*see M.P.E.P. § 2106* I). But I think the central point of *Alappat*—that there should be no difference under 35 U.S.C. § 101 between a special purpose machine designed to do one thing only and a general purpose computer with

Hughes: without an explanation as to why *Hughes* should no longer be considered good case law, it is hard to read *Pearson* as overruling *Hughes*.

Second, the statement in *Pearson* is found in a **footnote**. It is hardly reasonable to think that an important legal holding like this would be made in such a capricious manner that could be easily overlooked or ignored.

Third, in *Pearson* the rejections by the Examiner did not cite the specific statutory basis for the rejection: the court drew inferences from the rejections themselves and the opinion of the Board. Computers were not in vogue back when *Pearson* was decided: the U.S. Patent & Trademark Office issued typewritten actions. With each added word having the potential to introduce a typographical error, it made sense that Examiners would want to be as brief as possible, and omitting the statutory basis for the rejection (particularly where the statutory basis was considered self-evident) helped in that regard. But today it is very rare to see an action that does not include the statutory basis for a rejection. Computers permit the automatic insertion of boilerplate text, such as the statutory basis for the rejection⁵⁹. Since nothing prevents an Examiner from issuing multiple rejections of a claim⁶⁰ (particularly where the grounds are the same), it would be a simple matter for an Examiner to issue both anticipation and obviousness rejections if the Examiner so chooses. Therefore, if the Examiner specifically identifies particular statutory bases for claim rejections, the Applicant should be entitled to assume that no other statutory bases exist⁶¹.

That the Applicant should be entitled to assume the only statutory bases for rejection are those indicated by the Examiner is particularly true with respect to rejections made solely under 35 U.S.C. § 103. Examiners frequently interpret the instruction that “[p]rior art rejections should ordinarily be confined strictly to the best available art”⁶² to mean that if a claim can be rejected as anticipated under 35 U.S.C. § 102 it should be so rejected, and there is no point in issuing an

software that implements the functionality of the special purpose machine—is still valid, and there are reasons to think the U.S. Patent & Trademark Office agrees (see [M.P.E.P. § 2181](#) II.B).

⁵⁹ Unlike the insertion of ¶ 7.06, I cannot recall seeing an Office Action mailed in the past 20 years that **ever** omits the statutory basis for the rejection.

⁶⁰ I have seen a few Office Actions where Examiners have issued alternative rejections of individual claims. It is an occasional occurrence at best, but it does happen.

⁶¹ This is a natural outgrowth from the “vague language” aspect of *Hughes*. If “vague language” might lead an Applicant to conclude that a particular statutory basis was being applied, clear and unambiguous language regarding the statutory basis for the rejection should leave even less room for a change in the statutory basis to be permitted without giving the Applicant an opportunity to respond to the new statutory basis.

⁶² See [M.P.E.P. § 706.02](#) I.

obviousness rejection under 35 U.S.C. § 103. Therefore, if the Examiner issues an obviousness rejection under 35 U.S.C. § 103, the reasonable conclusion is that the claim is not considered to be anticipated under 35 U.S.C. § 102 by any prior art reference⁶³.

Fourth, all *Pearson* says is that the Appellant was aware of the ground of rejection irrespective of the statutory basis. *Pearson* was stating a fact of the case, not a holding of law. Taking this statement out of context does not justify an assertion that the statutory basis may be arbitrarily changed without giving an Applicant notice of the change or an opportunity to respond before the U.S. Patent & Trademark Office.

There is yet another reason why *Pearson* should not be read as sanctioning the exchange of statutory bases between 35 U.S.C. §§ 102 and 103: Examiner practice. Consider the situation where an application has two claims: claim 1 is independent and claim 2 depends from claim 1. An Examiner rejects claim 1 under 35 U.S.C. § 103 as obvious over reference A in view of reference B, but rejects claim 2 under 35 U.S.C. § 102 as anticipated by reference A⁶⁴. When this situation occurs and is pointed out to Examiners, **every Examiner**⁶⁵ acknowledges that a new ground of rejection would be needed for claim 2. But the “ground of rejection” (as *Pearson* uses that term) is unchanged: the Examiner continues to rely on reference A as teaching the exact same features of claim 2. All that is actually changing is the statutory basis for the rejection⁶⁶.

⁶³ To some extent, the converse is not true: if the claim is rejected as anticipated under 35 U.S.C. § 102, there might also be reasons to reject the claim as obvious under 35 U.S.C. § 103 that the Examiner chose not to present, again based on the instruction to make the best rejection. But if the Examiner has reason to think a claim ought to be rejected **for any reason** and the Examiner fails to make that rejection, it is unreasonable to let the Applicant guess what the Examiner might have done. Applicants should not be held to a mind-reading standard. After all, the statutes state that “[a] person shall be entitled to a patent unless...” (see [35 U.S.C. § 102](#)), which places the burden of proof on the Examiner to properly reject the claim. The Applicant does **not** bear the burden of establishing that the Applicant is entitled to the patent.

⁶⁴ I have encountered more Office Actions than I count that have this pattern or ones like it.

⁶⁵ To the best of my memory, I cannot recall even one time when an Examiner has not acquiesced that a new ground of rejection is required in these types of situations (at least provided the claims are not amended, thereby “necessitating” a new ground of rejection of claim 2).

⁶⁶ I am aware that the Examiner also would be “introducing” reference B to the rejection of claim 2, in the sense that reference B was not listed in the first Office Action. But since reference B is not even mentioned in the body of the rejection, it does not become part of the “ground of rejection” (as *Pearson* uses that term) or the “teachings” (as [M.P.E.P. § 1207.03\(a\)](#) uses that term) simply by virtue of being listed as a relied-upon reference. After all, the specific citations to reference A are unchanged between the first and second rejections of claim 2. Further, M.P.E.P. § 1207.03(a) II.3 permits an Examiner to rely on fewer references than in the earlier rejection of the claims, provided that the same “teachings” are used: so why should the Examiner be prohibited from “relying on” additional references if the same “teachings” are used?

If that argument does not persuade you, then what if reference B were not present at all: what if claim 1 had been rejected under 35 U.S.C. § 103 as obvious over reference A alone? Would the change in the statutory basis of the rejection of claim 2 be considered a new ground of rejection?

The logical conclusion therefore is that the statutory basis for the rejection is part of the ground of rejection.

Putting all of this together, I suggest that *Pearson* was merely stating a fact rather than a holding; at most, *Pearson* was stating an opinion of the court. *Pearson* was not attempting to establish a legal precedent that should apply to all other cases⁶⁷.

Hughes recognized that “the issues arising under the two sections may be vastly different, and may call for the production and introduction of quite different types of evidence”⁶⁸. In my opinion, *Hughes* was 100% correct about the potential differences in evidentiary response to anticipation vs. obviousness rejections⁶⁹, a fact not changed prior to *Pearson*. Given that the factual basis for the statement in *Hughes* was still valid at the time of *Pearson*, to interpret *Pearson* as even implying a change in the law without an explanation why is suspicious.

So, if *Pearson* was not overruling *Hughes* and *May* simply reaffirmed the holding in *Pearson* that a claim that is in fact anticipated under 35 U.S.C. § 102 is also necessarily obvious under 35 U.S.C. § 103, then what is the solution? The answer is that the U.S. Patent & Trademark Office has it wrong to state that a rejection under 35 U.S.C. § 103 may be replaced with a rejection under 35 U.S.C. § 102 without triggering a new ground of rejection, regardless of the teachings (or ground of rejection) being applied in the reference. Put another way, the statutory basis for the rejection is part of the ground of rejection, and may not be overlooked. M.P.E.P. § 1207.03 II.2 has it wrong⁷⁰.

⁶⁷ I acknowledge that this same fact—that the Applicant is aware of the **ground** of the rejection regardless of the statutory basis—would likely be true in almost every application. But it is significant leap to change a factual observation made by the court into a holding that would limit every Applicant thereafter.

⁶⁸ See *Hughes*, 345 F.2d at 185-86.

⁶⁹ Prior to the implementation of the AIA, one avenue of response available to an Applicant to overcome anticipation rejections under 35 U.S.C. § 102(a) and (e) was to submit an affidavit of prior invention under 37 C.F.R. § 1.131(a) (see [M.P.E.P. § 706.02\(b\)\(2\)](#)). Showing prior invention would not help overcome an obviousness rejection (absent demonstrating that a reference is not prior art).

⁷⁰ An argument could be made that *Pearson* and *May* might be limited to their facts: if everything in the Examiner’s reasoning is the same except for the statutory basis being changed from 35 U.S.C. § 103 to 35 U.S.C. § 102, then the Applicant has had adequate notice about the ground of rejection and the change in statutory basis does not rise to the level of a new ground of rejection. My problem with this “solution” is that it is inconsistent with *Hughes*’s statement that “the issues arising under the two sections may be vastly different, and may call for the production and introduction of quite different types of evidence”: if an Applicant must receive adequate notice of the statutory basis in order to be able to respond to the rejection, then *Pearson* and *May* fail that test. On the other hand, if a claim that is anticipated by a reference is also necessarily obvious over that reference, then interpreting *Pearson* and *May* as I suggest is entirely consistent with *Hughes*: even if the only change in the rejection is the statutory basis, the rejection is a new ground of rejection.

Circling Back

Having slogged through *Hughes*, *Pearson*, and *May*, and concluding that M.P.E.P. § 1207.03 II.2 is wrong, we can return to ¶ 7.06. I think ¶ 7.06 is wrong for the same reasons that I have concluded M.P.E.P. § 1207.03 II.2 is wrong: if the statutory basis for the rejection is part of the rejection, then changing between 35 U.S.C. §§ 102 and 103, or even between the pre-AIA and post-AIA versions of the same statute is a new ground of rejection, requires a new ground of rejection and does not justify Finality.

There are reasonable parallels between this approach and the existing rules of Finality. If an Examiner is entitled to issue a Final Office Action after the Applicant amends the claims, then the Applicant should be entitled to an opportunity to respond where the Examiner changes any part of the rejection but the Applicant does not amend the claims. Note that under the Finality rules the question of whether a ground of rejection is new is relevant only if the Applicant does not amend the claims (at least how most Examiners interpret the test for Finality): if the Applicant amends the claims, most Examiners would consider such an amendment as necessitating any new ground of rejection, and therefore justifying making the Office Action Final⁷¹. But if **any** amendment “necessitates” a new ground of rejection, then **any** change in the rejection should be considered a new ground of rejection if the Applicant did not amend the claims. ¶ 7.06 establishes an unfair precedent for the Examiner to move even more quickly to Finality.

I acknowledge that there are some differences between a new ground of rejection in a Final Office Action and a new ground of rejection on Appeal. It is certainly true that the Applicant has the **opportunity** to continue examination after the Final Office Action: the Applicant can file a response after the Final Office Action, and can even submit amendments. But that opportunity is **not without cost**. The Applicant does not have an unrestricted right to have amendments entered into the record after a Final Office Action⁷². Unless the amendment clearly puts the application in condition for allowance (for example, the Applicant moves features from an allowable dependent claim into the independent claim), Examiners will usually issue an Advisory Action, refusing entry of the amendment. In that case, the Applicant must file

⁷¹ I do not agree with this analysis either. I think there are times when an Applicant can and should be permitted to amend a claim without that amendment necessitating a new ground of rejection. See, e.g., [The Problem with Finality: Inconsistent Analysis](#).

⁷² See [M.P.E.P. § 714.12](#).

a Request for Continued Examination (RCE), which costs money, to have the amendment entered into the record and considered.

In my opinion, it is not fair to require the Applicant to pay money to have an amendment considered where the Examiner changes the statutory basis for the rejection. Consider, for example, a situation where the Examiner issues a rejection under pre-AIA 35 U.S.C. § 102(a) or (e), and the Applicant responds by submitting an affidavit of prior inventorship under 37 C.F.R. § 1.131(a). If the affidavit is correct, then the Applicant has provided a sufficient response to the rejection without amending the claims⁷³. If the Examiner then changes the rejection to post-AIA 35 U.S.C. § 102, the Examiner has taken the affidavit out of play and forced the Applicant to choose a different avenue of response. For the Examiner to then require that the Applicant pay money to make an amendment at that point is rubbing salt in an Examiner-inflicted wound.

The Applicant, of course, could amend the claims in response to the pre-AIA 35 U.S.C. § 102 rejection, rather than (or in addition to) submitting the affidavit of prior inventorship under 37 C.F.R. § 1.131(a). But if the affidavit would be successful and the Examiner does **not** switch to the post-AIA statute, then the Applicant would have amended the claims unnecessarily, resulting in claims with a narrower scope. Since Applicants want the broadest scope possible⁷⁴, Applicants would prefer to avoid amendments that are not necessary, and therefore would likely rely on the affidavit of prior inventorship under 37 C.F.R. § 1.131(a) first without amending the claims. There are too many situations already existing where the Applicant has to pay money to fix errors made by the Examiner: to require the Applicant to pay the fee to file an RCE (currently \$1300 for a first RCE by a large entity and \$1900 for a second or later RCE by a large entity)⁷⁵ to address the Examiner's voluntarily chosen new ground of rejection is unfair.

⁷³ That the Applicant is “aware of the ground of rejection being put forth regardless of its statutory basis” (see *Pearson*, 474 F.2d at 1402, footnote 2) is beside the point: no amendment is **necessary** to overcome the rejection.

⁷⁴ Usually!

⁷⁵ These fees are current as of this article's date of publication: see USPTO Fee Schedule | USPTO, <https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule>. Fees are halved for small entities and quartered for micro entities.

Note that the fee for a second RCE is higher than the cost to file a new application (the filing cost for a new application is \$300 for the basic filing fee, \$660 for the utility search fee, and \$760 for the utility examination fee, totaling \$1720; while the filing fees and RCE fees are halved for small entities and quartered for micro entities, the fee to file a second RCE is still higher than the fee to file a new application). With RCEs placed in the same queue as continuation applications, the number of reasons to file an RCE vs. a continuation application are reduced, and the cost becomes the predominant factor. Unless the application includes a large number of pages or claims (such that the fees for the added pages or claims offsets the added cost for the RCE), I am of the opinion that there is almost no reason to file a second RCE anymore. (I have, however, spoken with some Examiners who say that they

In Conclusion

As discussed above, ¶ 7.06 appears to be based on the analysis in M.P.E.P. Chapter 1200 regarding what is considered a new ground of rejection. But ¶ 7.06 goes beyond even what M.P.E.P. Chapter 1200 authorizes: ¶ 7.06 implies that an Examiner can even switch from a rejection under 35 U.S.C. § 102 to a rejection under 35 U.S.C. § 103, contrary to the case law the U.S. Patent & Trademark Office acknowledges as prohibiting such a change. Therefore, ¶ 7.06 is overly broad in its permissions. Further, if, as I have argued, the interpretation of the case law found in M.P.E.P. § 1207.03 is wrong, then so is the basis for ¶ 7.06. Given its overly broad reach, its reliance on a misinterpretation of the case law, and its limited applicability⁷⁶, ¶ 7.06 simply should not be used. At best, ¶ 7.06 should permit Examiners to switch between pre-AIA and post-AIA 35 U.S.C. § 102, or between pre-AIA and post-AIA 35 U.S.C. § 103, and nothing more⁷⁷.

Ariel Rogson is the owner of the Law Office of Ariel S. Rogson, P.C. A former software developer (and continuing part-time programmer), he serves clients in software and high tech industries. He can be reached at 971-254-8967 or Ariel.Rogson@RogsonIPLaw.com. The above article is general information, not legal advice. Regarding a specific situation, seek competent intellectual property legal counsel.

make an effort to pick up RCEs on the order of a few months, which would likely be much quicker than a continuation application.)

⁷⁶ As discussed above, the Examiner Note suggests that ¶ 7.06 applies only when the application is filed on or after March 16, 2013, but claims priority to an application filed before March 16, 2013: *see supra* footnote 7.

⁷⁷ As discussed above, in my opinion even switching between pre-AIA and post-AIA versions of the same statute should trigger a new ground of rejection, as the Applicant may have different response options depending on the statutory language applied: *see supra* footnote 11. Given that 35 U.S.C. §§ 102 and 103 “may call for the production and introduction of quite different types of evidence” (*see Hughes* 345 F.2d at 185-86), *Hughes*, at the very least, suggests my assertion is correct. The procedural due process implications also suggest that changing the statutory basis of the rejection should be treated as a new ground of rejection.