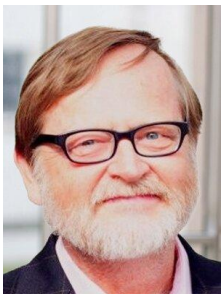
USPTO's New Patentability Focus Helps Emerging Tech

By **Bill Braunlin** (February 10, 2026)



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The U.S. Patent and Trademark Office under its new director, John Squires, has been working aggressively to restore balance to a patent system where emerging technologies, including artificial intelligence, have faced an uphill battle overcoming rejections during patent prosecution and invalidation at the Patent Trial and Appeal Board and in federal court.

This analysis examines the USPTO's efforts to reduce claims rejections and invalidations based on subject matter eligibility and return the focus of patentability to the traditional standards of novelty, obviousness and adequate disclosure.

These efforts provide hope — at least for the short term — for inventors in emerging technology areas. Lessons are drawn for patent drafting and prosecution. Longer term considerations are touched upon related to changing administrations and the need for congressional action.

The Judicial Muddle of Subject Matter Eligibility

Title 35 of the U.S. Code, Sections 102, 103 and 112, define, respectively, the core elements of inventiveness: novelty, obviousness and adequate disclosure. The language of Section 101 relates to the broad subject matter of invention:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Over the years, and particularly over the past score of years, courts have interpreted the seemingly straightforward language of Section 101 to provide implicit judicial exceptions to patentability, including abstract ideas, laws of nature and natural phenomena. The consequences of this judge-made law have been far-reaching.

U.S. Circuit Judge Pauline Newman, dissenting in the U.S. Court of Appeals for the Federal Circuit's 2013 decision in CLS Bank International v. Alice Corp., argued that these judicial exceptions are unnecessary.[1] According to Judge Newman:

Section 101 is not the appropriate vehicle for determining whether a particular technical advance is patentable; that determination is made in accordance with the rigorous legal criteria of patentability. Contrary to the diverse protocols offered by my colleagues, it is not necessary, or appropriate, to decide whether subject matter is patentable in order to decide whether it is eligible to be considered for patentability.

Irrespective of one's views on Judge Newman's pointed dissent, there is no doubt that the courts have failed to provide clear guidance on patentability under Section 101, and that this failure has impeded whole fields of human invention, including business methods, medical diagnostics, computer technology and, significantly, AI. Action is long overdue on remediating Section 101 jurisprudence.

A New Sheriff in Town

Squires was sworn into office as the new director of the USPTO on Sept. 23, 2025. On his first full day on the job, he signed the first two patents of his tenure: one directed to distributed ledger technologies and another to medical diagnostics — both areas frequently scrutinized for patent eligibility.[2]

At the accompanying signing ceremony, he explained, "I wanted to send a clear message with the first two patents issued on my watch: the U.S. Patent Office is open for business, especially for the technologies of tomorrow."

Squires issued the precedential Ex Parte Desjardins appeals review panel decision.[3] The decision overturned the PTAB's sua sponte claims rejections based on Step 2A — the second prong of the subject matter eligibility framework set forth in the Manual of Patent Examining Procedures.[4]

Referencing Enfish LLC v. Microsoft Corp., from 2016, as "among the Federal Circuit's leading cases on the eligibility of technological improvements," the panel rejected the PTAB's view that the elements of the disputed claims failed to integrate the judicial exception into a practical application.[5] Notably, the panel opined:

Under a charitable view, the overbroad reasoning of the original panel below is perhaps understandable given the confusing nature of existing § 101 jurisprudence, but troubling, because this case highlights what is at stake. Categorically excluding AI innovations from patent protection in the United States jeopardizes America's leadership in this critical emerging technology.

Importantly, the panel did not overturn the PTAB's obviousness claims rejections under Section 103, noting:

This case demonstrates that §§ 102, 103, and 112 are the traditional and appropriate tools to limit patent protection to its proper scope. These statutory provisions should be the focus of examination.

In a memo on Dec. 4, 2025, Squires **reminded** applicants and practitioners of the availability of subject matter eligibility declarations, or SMEDs, under Rule 132 and outlined best practices for submitting them.[6]

In a related memo on SMEDs to the Patent Examining Corps, Squires cautioned examiners to heed the warning of Desjardins against "overbroad Section 101 rejections because '[c]ategorically excluding AI innovations from patent protection in the United States jeopardized America's leadership in [ ] critical emerging technolog[ies].'"[7]

No time has been wasted in integrating the lessons of Desjardins into a revised ninth edition of the MPEP. In a memo to the Patent Examining Corps dated Dec. 5, 2025, Deputy Director Charles Kim provided notice that, effective immediately, the MPEP is revised to include reference to Desjardins and reiterated the importance of Enfish as "among the Federal Circuit's leading cases on the eligibility of technological improvements."[8]

Good News for Inventors and Other Stakeholders in Emerging Technology Areas

For stakeholders in emerging technology areas, including AI, the good news is that efforts to tame the beast of Section 101 rejections appear to be succeeding. The PTAB has already doubled its rate of reversing Section 101 rejections.[9]

With the new guidance now incorporated into the MPEP, examiners are likely to follow suit with a reduction in SME rejections and focus more on rejections based on the traditional criteria of anticipation, obviousness, clarity and enablement.

Practical Takeaways for Patent Drafting and Prosecution

The USPTO under Squires has instituted a policy shift focused on U.S. leadership in emerging technology areas, including AI. But in order to remain within the boundaries set by the courts, strategic drafting of patent applications remains crucial.

In drafting these applications, the lesson of Desjardins and of Enfish should be heeded — AI and software innovations are patent-eligible when they show a clear technical improvement in how computer systems or machine learning models function.

More generally, to avoid overstepping the boundaries of SME jurisprudence, AI claims should be clearly directed to practical applications that improve technology to avoid rejection as merely algorithms on a generic computer. And — if at all possible — these claims should be supported by data that demonstrates measurable improvements in performance, efficiency or capability.

The encouraging news of the SMEDs memos is that patent prosecutors, when facing AI rejections, have a potentially effective tool in SMEDs to overcome these rejections. Patent practitioners should adhere to the guidelines for submitting these SMEDs, as set forth in the recent memos to the examining corps and to applicants and practitioners.

Specifically, best practice is to submit these SMEDs separately from other declarations to avoid confusion with obviousness and other statutory issues. And, to be relevant, these declarations should provide "a nexus between the invention as claimed and the evidence provided in the declaration," according to Squires' memo.

Longer Term Considerations

The general lesson from the recent activities of the USPTO under Squires is that the proper focus of patentability determinations should be the traditional statutory provisions of novelty, obviousness and adequate description.

While this policy shift is encouraging and provides at least a glimmer of hope for embattled emerging technology inventors, over the longer term, caution is warranted.

While the USPTO can change examination guidelines and exercise executive control over Article I judges at the PTAB, and may even have a modicum of persuasive authority over judges in the federal court system, it has no constitutional authority over Article III judges.

On the other hand, even in the short term, the USPTO must tread carefully within the boundaries set by Section 101 jurisprudence, regardless of whether it is confusing or misguided, as articulated by Judge Newman's dissent in CLS Bank v. Alice.

While executive agencies such as the USPTO can shift policy rapidly to reflect changing priorities, policy can, and generally does shift with each new administration, fostering uncertainty and inhibiting investments helping to drive innovation.

To preserve current and future American leadership in AI and other high-technology areas on the line, the best long-term solution is for Congress to provide statutory clarity in the face of the muddle of Section 101 jurisprudence.

Efforts to provide clarity at the legislative level so far have failed. Inventors, other stakeholders and the American public need to apply pressure on their legislators to support sensible patent reform legislation. That is a topic for another day.

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[1] CLS Bank Int'l v. Alice Corp. Pty , 717 F.3d 1269 (Fed. Cir. 2013).

[2] USPTO Director John A. Squires issues first patents of tenure. Press release 25-11 from the USPTO, issued September 24, 2025.

[3] PTAB designates as precedential an Appeals Review Panel decision | USPTO; see also Ex Parte Desjardins, Appeal No. 2024-000567 (PTAB September 26, 2025, Appeals Review Panel Decision) (precedential).

[4] See the framework as set forth in MPEP §§ 2106.06(d)(1) and 2106.05(a).

[5] Enfish LLC v. Microsoft Corp. 822 F.3d 1327, 1339 (Fed.. Cir. 2016).

[6] John A. Squires, "Best Practices for Submission of Rule 132 Subject Matter Eligibility Declarations (SMEDs)." Memo dated December 4, 2025, to All Patent Applicants and Patent Practitioners.

[7] John A. Squires, "Subject Matter Eligibility Declarations." Memo to patent Examining Corps dated December 4, 2025 (referencing Ex Parte Desjardins).

[8] Charles Kim, "Advance notice of change to the MPEP in light of Ex Parte Desjardins." Memo to the Patent Examining Corps dated December 5, 2025.

[9] Dennis Crouch, "PTAB double section 101 reversal rate under Director Squires." PatentlyO blog, January 2, 2026.