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Insights From Leaders In IP Law

Training Academy Session # 38

Demystifying 35 U.S.C. § 101: Strategies for Navigating Patent Eligibility in the Age of Software and AI

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Session Overview

1. New USPTO Leadership
2. New Landmark Decision and USPTO Guidance
3. Federal Circuit Tension
4. PTAB Trends
5. Beyond AI
6. Congressional Outlook
7. Practical Drafting Strategies
8. Prosecution Tips

New USPTO Leadership & Policy Shift

- Acting Director Coke Morgan Stewart (Jan. 20 - Sept. 2025)

- Director John A. Squires - Confirmed Sept. 18, 2025 (51-47)
  - Former Chief IP Counsel, Goldman Sachs
  - Focus: AI, blockchain, cryptocurrency, fintech

- Squires' "Three Pillars of Patent Eligibility":
  - 1. Statutory Categories (process, machine, manufacture, composition)
  - 2. Technological Improvements (Enfish framework)
  - 3. "Something More" (Alice/Mayo - system architecture changes)
- First-Day Patent Signings: Crypto & Diagnostics

Landmark Decision: Ex parte Desjardins

- Appeal No. 2024-000567 (PTAB Sept. 26, 2025)
- Application: U.S. 16/319,040 (DeepMind/Google)
- Subject: ML model training; preventing "catastrophic forgetting"
- Procedural History:
  - Examiner: § 103 rejection only (no § 101)
  - PTAB: Affirmed § 103, added sua sponte § 101 rejection
  - ARP (Sept. 26, 2025): VACATED § 101 rejection
    - Panel: Dir. Squires, Acting Comm. Wallace, Vice Chief Judge Kim
    - Designated PRECEDENTIAL: November 4, 2025
    - Key: "Improvement to how the ML model itself operates"

Key USPTO Guidance Documents

- August 4, 2025 - Deputy Comm. Kim Memorandum:
  - Preponderance standard: >50% probability required for rejection
  - "Recites" vs. "Involves" distinction for judicial exceptions
  - AI operations not performable in human mind ≠ mental process
- December 4, 2025 - SMED Guidance (Two Memos):
  - Subject Matter Eligibility Declarations under Rule 132
  - Best practices for applicants; evaluation guidance for examiners
- December 5, 2025 - MPEP Update:
  - Desjardins incorporated into §§ 2106.04(d) and 2106.05
  - Applies to ALL computer-implemented technologies

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Federal Circuit Tension: Recentive Analytics

- 134 F.4th 1205 (Fed. Cir. April 18, 2025)
- First Impression: "Whether claims applying established ML methods
- to a new data environment are patent eligible"
- HOLDING: NOT ELIGIBLE under § 101
  - Key Points:
    - Generic ML to generate TV schedules = abstract idea
    - "Training" is incident to nature of ML—not improvement
    - Speed/efficiency gains alone insufficient
  - Critical Distinction:
    - Recentive: Apply generic ML to new data → INELIGIBLE
    - Desjardins: Improve how ML model operates → ELIGIBLE
- USPTO vs. CAFC: Divergent Approaches Creating Tension

PTAB Trends Under Director Squires

- Section 101 Reversal Rates (Patently-O Data):
  - 2024 - Early 2025: 8-12%
  - October 2025: 18%
  - November 2025: 29% (DOUBLED)
- Key Decisions:
  - Ex parte Mercer (Oct. 31, 2025): Requires evidentiary support for "well-understood, routine, conventional" findings
  - Ex parte Carmody (Dec. 30, 2025): AI business methods eligible under Desjardins framework
- Sua sponte § 101 new grounds dramatically reduced
- Implications: Appeals now more likely to succeed

Beyond AI: Diagnostics, Biotech, Fintech & Software

- Medical Diagnostics:
  - Mayo, Ariosa, Cleveland Clinic - "laws of nature" challenges
  - Strategy: Claim treatment steps, specific methodologies
- Biotechnology/Life Sciences:
  - Myriad limitations on naturally occurring DNA
  - PERA would restore isolated/modified natural materials
- Financial Technology:
  - Business methods remain vulnerable post-Alice
  - Squires' blockchain signing signals path forward
- Non-AI Software:
  - Enfish, McRO, Core Wireless provide favorable precedent
  - Desjardins framework applies broadly to ALL technologies

Congressional Outlook: PERA 2025

- Patent Eligibility Restoration Act
  - S.1546 / House Companion - Introduced May 1, 2025
  - Sponsors: Sens. Tillis (R-NC), Coons (D-DE)
  - Reps. Kiley (R-CA), Peters (D-CA)
  - Key Provisions:
    - ELIMINATES judicial exceptions (Alice/Mayo framework)
    - Maintains statutory categories since 1793
  - Ineligible Under PERA:
    - Mathematical formulas not integrated into invention
    - Mental processes solely in human mind
    - Unmodified human genes/natural materials
    - Substantially economic/business/social processes
  - Critical Carve-out: Inventions requiring machine = ELIGIBLE

Practical Drafting Strategies

Specification Must Establish:

- **1. Technical Problem** Articulate specific technical problem in the art *Example: "Catastrophic forgetting in continual learning systems"*
- **2. Technical Solution** Describe how your invention solves that problem *Focus on the mechanism, not just the result*
- **3. Technical Improvements** Explicitly state improvements to technology *Performance, efficiency, accuracy, resource usage, etc.*
- **4. Logical Structures & Processes** Detail the specific logical implementation *Not just what happens, but how it happens*

Specification Drafting Techniques

- **Key Sections to Include:**
  - **Technical Field & Background**
    - Frame as computer/technology improvement
    - Identify deficiencies in prior art systems
    - Avoid purely business/abstract framing
  - **Summary of Invention**
    - Lead with technical improvements
    - "Improves computer functionality by..."
    - "Provides technical solution to..."
  - **Advantages/Benefits Section**
    - Reduced storage/memory requirements
    - Improved processing efficiency
    - Enhanced accuracy/performance
    - Reduced system complexity

Claim Drafting Strategy

- **Claim Structure Matters**
  - **Include Technical Implementation Details**
    - Specific data structures
    - Processing steps with technical details
    - Configuration/architecture details
  - **Show the "How" Not Just "What"**

    ❌ Bad: "optimizing performance"

    ✓ Good: "adjusting parameter values based on importance measures to protect prior task performance"
  - **Reflect the Ordered Combination**
    - WHERE + WHEN + HOW elements interact
  - **Avoid Pure Result Language**
    - Focus on mechanism achieving result

Claim Construction Example 1: Blockchain

❌ **Abstract Version (Likely Rejected)** "A method comprising: storing account information and rules; monitoring account activity; identifying triggering events; and taking action based on the rules."

✓ **Technical Version (More Defensible)** "A method comprising: storing, in a memory of a processing device, a user blockchain account profile including a user blockchain wallet with a private key and public key, user authentication preferences defining access to the blockchain account profile, and one or more smart contracts defining rules for transfer of authority of the blockchain wallet to designated third-parties; monitoring, by a processor, user blockchain account activity; identifying, by the processor, a blockchain account action that triggers at least one of the rules; and transferring, by the processor, authority of the user blockchain account to at least one designated third-party based on the triggered rule."

- **Key Improvements:**
- Specific data structures (blockchain wallet, smart contracts)
- Technical implementation (where: memory/processor; how: smart contracts)
- Solves technical problem (blockchain wallet authority transfer)

Claim Construction Example 2: Machine Learning

❌ **Abstract Version** "A method of training a model comprising: training on a first task, determining importance of parameters, and training on a second task while maintaining performance on the first task."

✓ **Technical Version (Desjardins)** "A method comprising: wherein a machine learning model has been trained on a first task using first training data to determine first values of parameters; determining, for each parameter, a measure of importance by: computing, based on first values, an approximation of a posterior distribution over possible values of the parameters, and assigning a value approximating a probability that the first value is correct given the training data; and training the model on a second task by adjusting the first values to optimize an objective function that depends on a penalty term based on the determined importance measures."

- **Key Improvements:**
  - Specific mathematical technique (posterior distribution)
  - Detailed mechanism (importance measures, penalty term)
  - Technical implementation solving catastrophic forgetting

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Responding to § 101 Rejections

- **Three-Part Response Strategy**
  - **Part 1: Challenge Step 2A Prong One**
    - Examiner over-generalized the claims
    - Abstracted away core technical limitations
    - Replaced specific "how" with generalized "what"
    - Character as a whole is technical, not abstract
  - **Part 2: Assert Practical Application (Step 2A Prong Two)**
    - Incorrect standard applied by Examiner
      - Must consider claim "as a whole"
    - Improvements to computer functionality
    - Cite Enfish, Desjardins principles
  - **Part 3: Assert Significantly More (Step 2B)**
    - Ordered combination analysis
    - Non-generic arrangement (BASCOM)
    - Specific technical solution

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Step 2A Prong One Arguments

- **Key Arguments:**
  - **1. Over-Generalization**
    - "The Examiner has overgeneralized the claim and mischaracterized what is 'recited.' This characterization abstracts away the core recited technical limitations..." *List the specific technical limitations ignored*
  - **2. Enfish Standard**
    - "Under Enfish, the 'directed to' inquiry does more than simply ask whether the claims involve a patent-ineligible concept, and requires examining 'the character of the claims as a whole.'" *Cite Ex parte Desjardins: "Examiners and panels should not evaluate claims at such a high level of generality"*
  - **3. Character as a Whole**
    - "The claim's character as a whole is not [abstract concept], rather it is a specific, computer-network-implemented [technical architecture/solution] for [solving technical problem]."

Step 2A Prong Two Arguments

- **Practical Application Arguments:**
  - **a. Incorrect Standard Applied**
    - "The Examiner has applied an incorrect standard... Under prong two of step 2A, the examiner must determine whether the claim **as a whole** integrates the recited judicial exception into a practical application." *Point out that Examiner only considered "additional elements" rather than entire claim*
  - **b. Cite Enfish, Desjardins, USPTO Memo**
    - "Enfish recognized that 'much of the advancement made in computer technology consists of improvements to software that... may not be defined by particular physical features but rather by logical structures and processes.'"
    - "The December 5, 2025 USPTO Memo explains that examiners should not dismiss additional elements as mere 'generic computer components' without considering whether such elements confer a technological improvement"

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Articulating Technical Improvements

- **Connect Claims to Improvements:**
  - **Template Structure:**
    - **1. Identify Problem:** "The present claims provide a technological improvement in [area] for [technical problem]"
    - **2. Describe Solution:** "...achieved by a concrete architecture that: (1) [first step], (2) [second step], (3) [third step]"
    - **3. State Benefits:** "These improvements include: reduced storage requirements, improved efficiency, enhanced performance..."
    - **4. Map to Claims:** "Claim 1 recites this improvement in the following limitations: [quote specific claim language]"
    - **5. Distinguish from Abstract:** "This is not 'using a computer as a tool;' rather, claim 1 recites a specific improvement to how [system] operates"

BASCOM-Style Arguments (Step 2B)

- **Ordered Combination Analysis:**
  - **Key Principle -** "An inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces" — BASCOM, 827 F.3d at 1350
  - **Argument Structure:**
    - Acknowledge individual elements may be known
    - Emphasize the specific **arrangement and interaction**
    - Show WHERE, WHEN, and HOW: "particular networked control flow"
    - Demonstrate non-generic, non-routine arrangement
    - Show technical effects from the combination
  - **Example Language:** "These steps define **where** (processing server), **when** (upon certain actions), and **how** (smart contracts) the [function] occurs"

McRO-Style Arguments

- **Specific Way vs. Idea of Solution:**
  - **Core McRO Principle** "Courts have found that improvements in technology **beyond computer functionality** may demonstrate patent eligibility" *Claims must describe a specific way to solve a problem, not merely the idea of a solution*
  - **Argument Template:**
    - "The present claims recite a specific way to solve the known issue of [technical problem]."
    - "The claims recite a series of specific steps for [solution], including: [list detailed steps from claims]."
    - "The claims do more than just recite an idea of a solution or outcome; rather, the claims recite specific steps/limitations for accomplishing the solution."
    - "This is analogous to McRO, where the Federal Circuit found claims patent eligible because they incorporated particular claimed rules that 'improved existing technological process.'"

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General Prosecution Tips

- **1. Review Specification with § 101 Lens**
  - Does it frame invention as technical solution?
  - Are technical improvements explicitly stated?
  - Is the "how" sufficiently detailed?
  - Are logical structures and processes described?
- **2. Include "Advantages" Section**
  - Reduced storage/memory
  - Improved processing efficiency
  - Enhanced accuracy/performance
  - Reduced system complexity
  - Solving specific technical problem
- **3. Draft Claims with Technical Detail**
  - Balance breadth with sufficient technical implementation details

General Prosecution Tips

- **4. Respond Comprehensively to § 101**
  - Address all three parts: Prong One, Prong Two, Step 2B
  - Don't concede abstract idea too quickly
  - Use current case law (Desjardins, Enfish, McRO, BASCOM)
  - Cite December 2025 USPTO Memo
- **5. Request Examiner Interview**
  - Discuss technical merits of invention
  - Educate examiner on technical improvements
  - Find common ground on claim amendments
- **6. Consider Strategic Amendments**
  - Add technical details from specification to claims if needed

General Prosecution Tips

- **7. Build a Strong Record**
  - Thorough arguments at each stage
  - Preserve arguments for appeal
  - Document technical improvements clearly
- **8. Consider Appeal Strategy**
  - Post-Desjardins, PTAB may be more receptive
  - Build record with Desjardins principles
  - Consider requesting ARP review for important cases
- **9. Know When to Shift Focus**
  - As Desjardins noted: §§ 102, 103, 112 are "traditional and appropriate tools" If § 101 persists, strengthen §§ 102/103 positions

Red Flags to Avoid

❌ **Purely Result-Based Claims** "A method of improving computer performance" *Must show HOW performance is improved*
❌ **Generic Computer Language** "Using a computer to..." *Specify particular computer implementation*
❌ **Overly Broad Abstract Claims** "A method of organizing data" *Add technical implementation details*
❌ **Specification Without Technical Detail** Business-focused description without technical architecture *Must establish technical foundation*

AI/ML-Specific Considerations

- **Focus on System Improvements**
  - Model training efficiency
  - Reduced computational requirements
  - Improved accuracy/performance
  - Memory/storage optimization
  - System complexity reduction
- **Address Known AI/ML Problems**
  - Catastrophic forgetting (Desjardins)
  - Overfitting/underfitting
  - Training instability
  - Computational bottlenecks
  - Data efficiency
- **Describe Novel Architectures**
  - Specific neural network structures, training procedures, parameter adjustment mechanisms

Example Response Template

I. Introduction Summary of why claims are patent eligible

II. Step 2A - Prong One Analysis

- Examiner over-generalized claims
- Character as a whole is technical
- Cite Enfish, Desjardins

III. Step 2A - Prong Two Analysis

- Incorrect Standard Applied
- Enfish, Ex Parte Desjardins, USPTO Memo
- Technical improvements to computer/technology
- McRO - specific way to solve problem e. Claims integrate exception into practical application

IV. Step 2B Analysis

- BASCOM - ordered combination
- Non-generic arrangement
- Significantly more

V. Conclusion Request withdrawal of § 101 rejection

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Examiner Interview Strategy

1. Set the Stage
- Send agenda before interview
- Include claim charts showing technical features
- Cite Desjardins and December 2025 Memo

2. Focus on Technical Merits
- Explain technical problem being solved
- Walk through how invention solves it
- Emphasize improvements to computer/system

3. Be Collaborative
- Understand examiner's concerns
- Discuss potential claim amendments
- Find path forward together

4. Follow Up
- Submit interview summary with agreed-upon amendments and arguments

Case Study: Before vs. After Desjardins

- **Pre-Desjardins Approach**
  - Examiners quick to label as "algorithm"
  - Dismissed as "generic components"
  - High rejection rate for AI/ML
  - Limited consideration of improvements
  - Cursory analysis acceptable
- **Post-Desjardins Approach**
  - Must consider logical structures/processes
  - Cannot dismiss without detailed analysis
  - More receptive to AI/ML eligibility
  - Focus on technological improvements
  - "As a whole" analysis required
- **Key Takeaway** The landscape has shifted in favor of software/AI patents when properly presented with technical improvements and detailed claim language

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Future Outlook & Trends

Where Are We Headed?

- **Positive Developments**
  - Desjardins signals policy shift
  - USPTO memo provides clear guidance
  - Recognition of AI/ML strategic importance
  - More examiners trained in Desjardins principles
- **Challenges Remain**
  - § 101 jurisprudence still evolving
  - Not all examiners equally receptive
  - Supreme Court hasn't revisited Alice
  - Some TCs more restrictive than others
- **Best Practices Going Forward**
  - Draft with § 101 in mind from start
  - Leverage Desjardins precedent
  - Build strong technical foundation
  - Consider appeal for important cases

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Key Takeaways

✓ Software and AI inventions CAN be patent eligible
✓ Focus on technological improvements and technical solutions
✓ Ex parte Desjardins is a game-changer for AI/ML patents
✓ Draft specifications and claims with § 101 in mind
✓ Respond comprehensively to § 101 rejections using current guidance
✓ Emphasize "as a whole" analysis and ordered combinations
✓ Build strong prosecution records for potential appeals

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