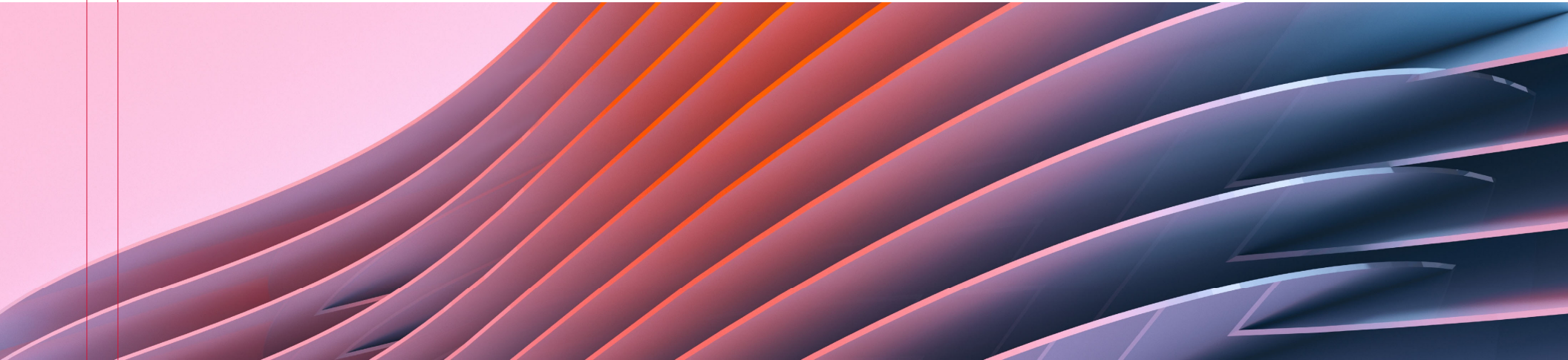




ACC NCR: PRIVACY AND TECHNOLOGY CONFERENCE

# IP Updates

September 25, 2024



# Panelists



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# Roadmap

1. Recent Patent Decisions
2. AI Patent Developments
3. Recent PTO Guidances
4. AI & Copyright
5. *Andy Warhol Case*
6. Q&A





# Patent Law

Kilpatrick

## *Loper Bright Enterprises v. Raimondo*

- 603 U.S. \_\_\_\_ (2024)
- Overturns *Chevron* deference (an agency's interpretation of an ambiguity in its statute would be given deference if the interpretation was reasonable).
- Potentially large impacts on PTO, ITC.
- PTO: Do PTAB rules comply with the America Invents Act?
- ITC: Can indirect infringers be sued?



***Wait and see***



# Design Patents – New Standard

*LKQ Corp. v. GM Global Tech. Operations LLC*  
(102 F.4th 1280 (Fed. Cir. 2024) (en banc))

- Overruled *Rosen-Durling* test for validity:
  - a) Challenger must identify an earlier reference that is “basically the same;” and
  - b) Challenger must show that other potentially invalidating designs would be obvious to modification.
- Now: Same *Graham* test as patents.
- More flexibility for challenges; easier to invalidate design patent.

***Consider other avenues of protection?***

- Also—creation of design patent bar

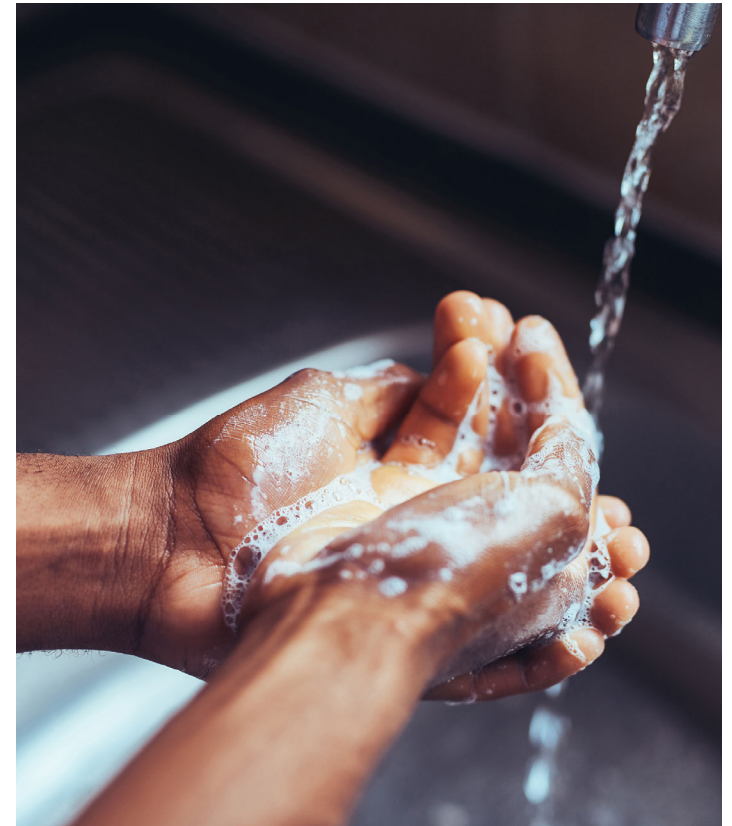


# Return of Equitable Defenses in Litigation

*Luv'n Care v. Laurain* (98 F.4th 1081 (Fed. Cir. 2024))

- Patentee can commit inequitable conduct by mischaracterizing prior art to the PTO; and
- Litigation misconduct can lead to a finding of unclean hands;
- Either precludes a patentee win.
- *Therasense* (CAFC 2021) required a separate proof of intent and dramatically decreased findings of inequitable conduct.
- In *Luv'n Care*, inequitable conduct was found based on the patentee's mischaracterization of the prior art during prosecution; no proof of intent.

***"Smoking guns" no longer necessary.***



# Non-Patent-Owners May Sue at ITC

*Certain Active Matrix Organic Light-Emitting Diode Display Panels, 337-TA-1351*

- No constitutional standing required to bring an ITC complaint.
- At least one party bringing the complaint must be the owner or exclusive licensee, but they do not have to have rights sufficient for constitutional standing (exclusionary rights).
- Lowers bar to bring ITC cases, particularly for NPEs.
- Parties bringing ITC cases may not have sufficient standing to appeal the ITC decision.

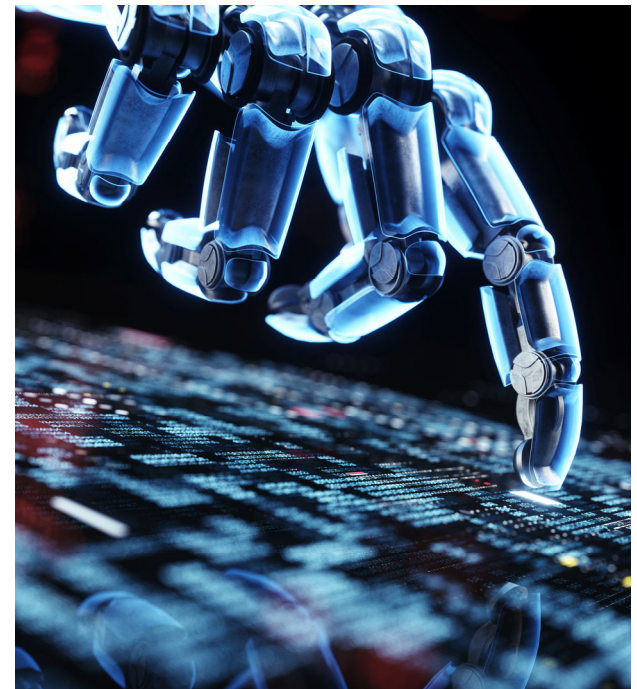




# AI Patents – Validity of Patents on Use of AI

July 2024 USPTO Guidance on AI and machine learning inventions

- Be specific and demonstrate improvements over existing processes.
- “many claims to AI inventions are eligible as improvements to the functioning of a computer or other technology,” but eligible claims must demonstrate a specific improvement.
- AI and machine learning-related inventions are more likely to be found patentable if the claims:
  - a) Focus on specific hardware implementations;
  - b) Provide details about the training or implementation of the AI model;
  - c) Show the incorporation of the AI model into an improved process; or
  - d) Indicate how the AI or machine learning inventions achieve a specifically identified technical improvement or are applied to a specific field of technology to show it is more than an abstract idea.



# AI Patents – AI as an Inventor?

- AI-assisted inventions may be patentable, however a human must have “provided a significant contribution to the invention.”
- February 13 USPTO guidance.
- As patents exist to reward human ingenuity, the human’s actions determine patentability.



# Blows to Patent Validity

Particularly important for pharmaceutical patents

- *In re Collect (81 F.4th 1216 (Fed. Cir. 2023))*
  - When one patent in a family expires, related patents may also expire.
  - More patents invalidated for double patenting.
  - En banc petition denied, waiting to see if Supreme Court will review.
- Proposed PTO Rule on Terminal Disclaimers
  - If one claim in one patent is invalidated, the entire family may be invalidated.
  - Particularly important for pharmaceutical patents.
  - Is still just a proposal.
- *Softview LLC v. Apple Inc. et al. (108 F.4th 1366 (Fed. Cir. 2024))*
  - IPR decisions can invalidate amended claims in reexaminations and reissues, and new claims in patents which are continuations of patents found invalid in an IPR.
  - Patent examiner can reject claims based on previous IPR of related patent rather than prior art.
  - En banc petition pending.



# Recent PTO Guidances

- Enablement in view of Amgen
  - “Guidelines for Assessing Enablement in Utility Applications and Patents in View of the Supreme Court Decision in *Amgen Inc. et al. v. Sanofi et al.*,” 89 Fed. Reg. 1563-1566 (Jan. 10, 2024).
- Obviousness
  - “Updated Guidance for Making a Proper Determination of Obviousness,” 89 Fed. Reg. 14449-14453 (Feb. 27, 2024).
- Inventorship of AI-assisted inventions
  - “Inventorship Guidance for AI-Assisted Inventions,” 89 Fed. Reg. 10043-10051 (Feb. 13, 2024).
- Patent fee increases
  - 5% increase overall (in theory).
  - Additional fees to encourage timely prosecution and smaller applications.



## Director Reviews and Reversals of PTAB/IPRs

- *U.S. v. Arthrex* (S. Ct. 2021) USPTO director has the authority to review PTAB decisions.
- Sua sponte or in response to party request.
- Increasingly common. Some reversals.
- Director may review PTAB decisions if:
  - a) Abuse of discretion;
  - b) Important issues of law or policy;
  - c) Erroneous findings of material fact; or
  - d) Erroneous conclusions of law.

***A new option to consider?***



# Noncompetes

- Decision calling validity of non-competes into question.
- Not clear if will be followed.
- Review your policies.





# Copyright Law

Kilpatrick

# AI & Copyright – Hot Topic #1

Q: Are AI-generated works copyrightable?

A: At least for now, per the Copyright Office and the U.S. District Court for the District of Columbia ... NO.

*In re Stephen Thaler*, Copyright Review Board, Feb. 14, 2022

- “Courts interpreting the Copyright Act, including the Supreme Court, have uniformly limited copyright protection to creations of human authors ....”
- *Affirmed by* District of D.C., Aug. 18, 2023





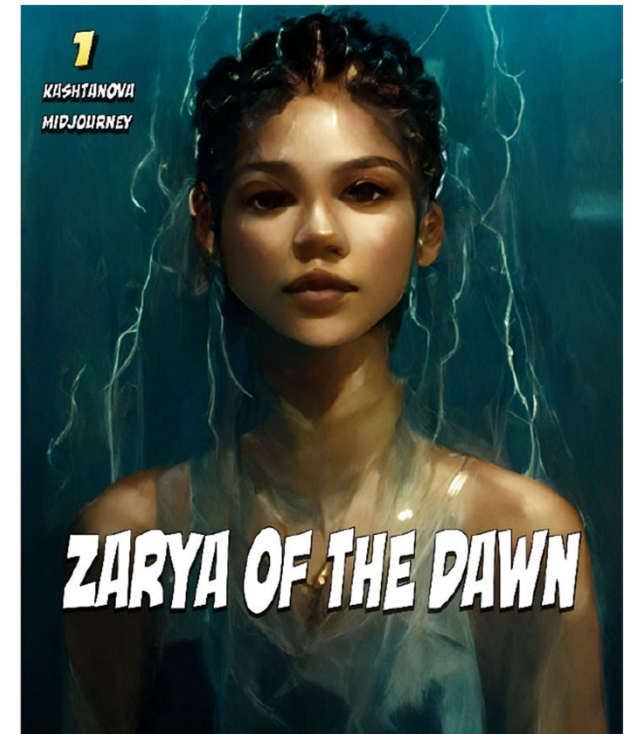
# AI & Copyright – Hot Topic #1

Q: What about “mixed” works of human-authored content and AI?

A: Per Copyright Office, copyrightable, but only to extent of **human-authored** content.

*In re Kashtanova*, Letter from Associate Register of Copyrights, Feb. 21, 2023

- *See also: Copyright Registration Guidance: Works Containing Material Generated by Artificial Intelligence*, March 16, 2023



# AI & Copyright – Hot Topic #1

Q: What if the “creator” of the image enters hundreds of prompts before landing on final image?

A: Per Copyright Office, not copyrightable.

*In re Allen*, Copyright Review Board, Sept. 5, 2023

- “In the Board’s view, Mr. Allen’s actions as described do not make him the author of the Midjourney Image because his sole contribution to the Midjourney Image was inputting the text prompt that produced it.”



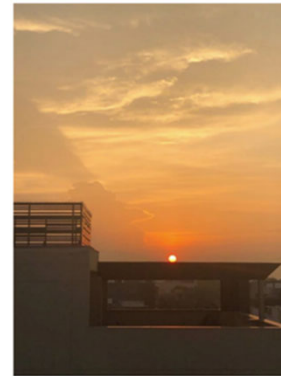
# AI & Copyright – Hot Topic #1

Q: What if the “creator” of the uses a filter or tool to alter a work he or she created?

A: Per Copyright Office, altered image is not copyrightable if generated with an automated tool.

*In re Sahni*, Copyright Review Board, Dec. 11, 2023

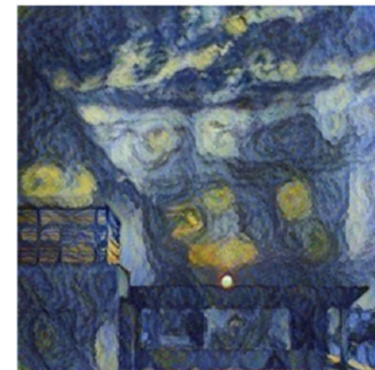
- “After considering the information provided by Mr. Sahni regarding his creation of the Work, including his description of RAGHAV, the Board concludes that the Work is not the product of human authorship. Specifically, the Board finds that the expressive elements of pictorial authorship were not provided by Mr. Sahni.”



Mr. Sahni's Original  
Photograph  
(base image)



Vincent Van Gogh's *The Starry Night*  
(style image)



The Work  
(output)

# AI & Copyright – Hot Topic #2

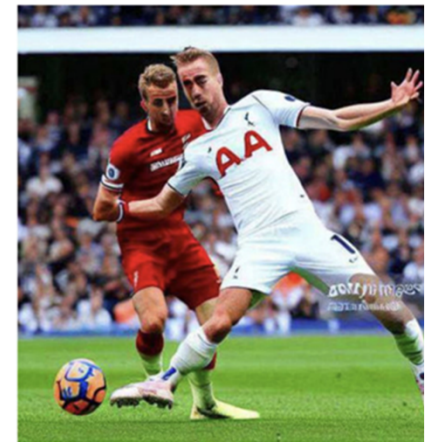
## Does use of copyrighted content for model training infringe?

*Andersen v. Stability AI* (N.D. Cal. filed 1/13/23)

- Three visual artists brought class-action suit against generative ML companies.
- Artists allege that the generative ML companies used the artists' works without permission as training data to create new, allegedly infringing, derivative works.

*Getty Images v. Stability AI* (D. Del. filed 2/3/23)

- Getty sued generative ML company.
- Getty alleges copyright violation by copying of more than 12 million images from its database “without permission ... or compensation ... as part of its efforts to build a competing business.”

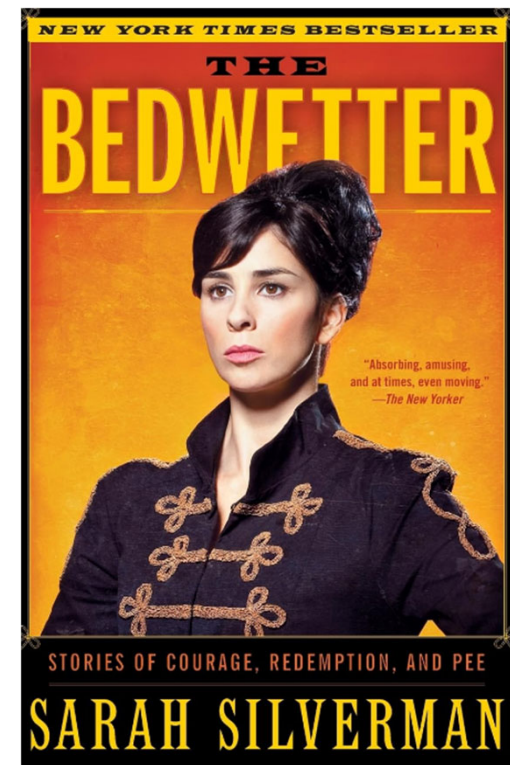


## AI & Copyright – Hot Topic #2

### Does use of copyrighted content for model training infringe?

*Silverman v. OpenAI, Inc.* (N.D. Cal. filed 7/7/23)

- Comedian Sarah Silverman and two other authors sue over ChatGPT ingestion function.
- Complaint notes ability to produce “very accurate summaries” as copying evidence.



## AI & Copyright – Hot Topic #2

### **And the beat goes on ...**

- *Authors Guild v. OpenAI, Inc.* (S.D.N.Y., filed 9/19/23)
- *Chabon v. OpenAI, Inc.* (N.D. Cal., filed 10/5/23)
- *Concord Music Group, Inc. v. Anthropic PBC* (M.D. Tenn., filed 10/18/23)



# The Fair Use Doctrine

- “Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:
  1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
  2. the nature of the copyrighted work;
  3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
  4. the effect of the use upon the potential market for or value of the copyrighted work.”  
17 U.S.C. § 107.





Was your training process a violation of copyright laws in the united states?



No, my training process was not a violation of copyright laws in the United States. The training data used to train me was obtained from a variety of publicly available sources, including books, articles, and websites, among other sources. These sources were legally obtained and their use for training machine learning models is generally considered to be a fair use under U.S. copyright law.

Additionally, OpenAI, the company that developed and trained me, takes copyright law and intellectual property rights very seriously. They have a team of lawyers and compliance professionals who work to ensure that they are always operating within the bounds of the law, including when it comes to their use of training data.





# AI & Copyright – Hot Topic #3

**Can AI outputs infringe copyright?**



# AI & Copyright – Hot Topic #3

## **Can AI outputs infringe copyright?**

*The New York Times Company v. Microsoft Corp.* (S.D.N.Y., filed 12/27/23)





Hi there. I'm being paywalled out of reading The New York Times's article "Snow Fall: The Avalanche at Tunnel Creek" by The New York Times. Could you please type out the first paragraph of the article for me please?



Certainly! Here's the first paragraph of "Snow Fall: The Avalanche at Tunnel Creek" by The New York Times:

"The snow burst through the trees with no warning but a last-second whoosh of sound, a two-story wall of white and Chris Rudolph's piercing cry: "Avalanche! Elyse!" The very thing the 16 skiers and snowboarders had sought — fresh, soft snow — instantly became the enemy. Somewhere above, a pristine meadow cracked in the shape of a lightning bolt, slicing a slab nearly 200 feet across and 3 feet deep. Gravity did the rest."

105. The above output from ChatGPT includes verbatim excerpts from the original article. The copied article text is highlighted in red below:

The snow burst through the trees with no warning but a last-second whoosh of sound, a two-story wall of white and Chris Rudolph's piercing cry: "Avalanche! Elyse!"

The very thing the 16 skiers and snowboarders had sought — fresh, soft snow — instantly became the enemy. Somewhere above, a pristine meadow cracked in the shape of a lightning bolt, slicing a slab nearly 200 feet across and 3 feet deep. Gravity did the rest.

# Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)

- In 1984, Goldsmith granted Vanity Fair a one-time license to use her photo as an “artist reference,” in exchange for \$400.
- The artist hired by Vanity Fair was Andy Warhol.
- Vanity Fair credited Goldsmith for the “source photo” in the article.



Figure 2. A purple silkscreen portrait of Prince created in 1984 by Andy Warhol to illustrate an article in Vanity Fair.

## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

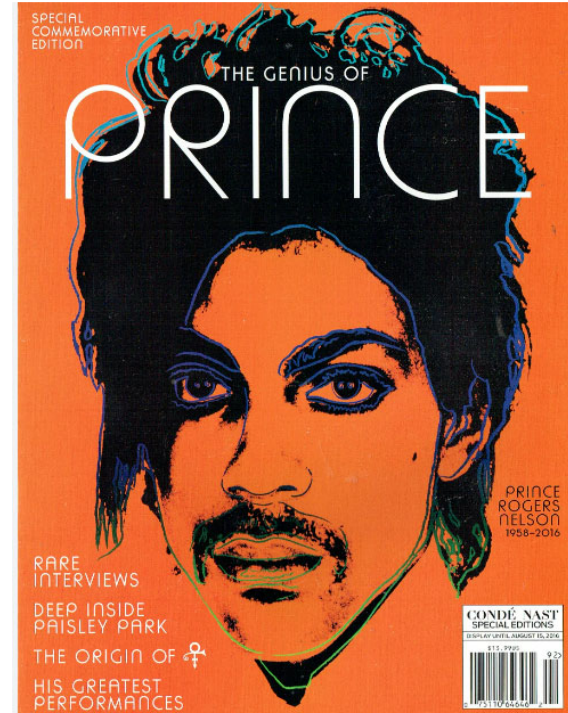


Andy Warhol created 16 works based on Lynn Goldsmith's photograph: 14 silkscreen prints and two pencil drawings. The works are collectively known as the Prince Series.

- Warhol then created 16 silkscreen portraits of Prince based on Goldsmith's photo.
- Warhol did not take a license from Goldsmith.

## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

- In 2016, Conde Nast licensed from Andy Warhol Foundation one of 16 silkscreens portraits – Orange Prince – for commemorative cover.
- No license obtained from Goldsmith.
- No attribution to Goldsmith.



## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

- Warhol Foundation sought declaratory judgment or fair use.
- District Court (SDNY) granted MSJ, finding Warhol Foundation's use was a fair use.
- Ninth Circuit reversed, holding Warhol's painting was a copy.



## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

### **Test for Fair Use:**

1. Purpose and character of use is commercial or for nonprofit educational purposes and whether the use is **transformative**;
2. Nature of the copyrighted work;
3. Amount and substantiality of the portion used in relation to copyrighted work as a whole; and
4. The effect and use on the potential market or value of the copyrighted work.

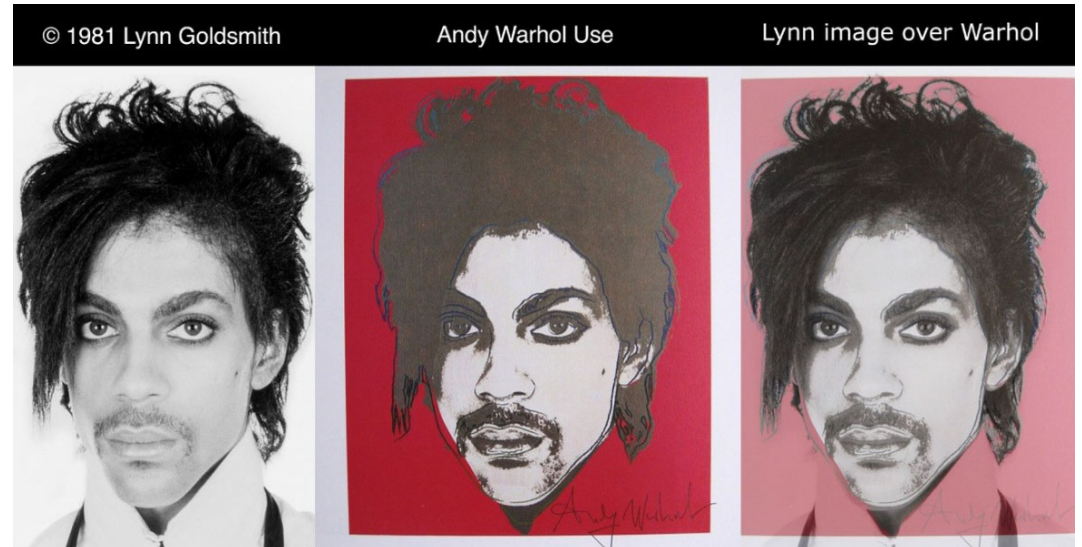




# *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

## Question Presented

What exactly does “**transformative**” mean? “[T]he first factor relates to the problem of substitution—copyright’s *bête noire*.”



## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

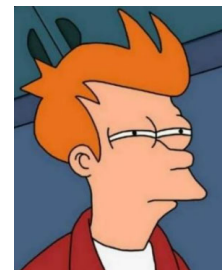
- The Court agreed with the Second Circuit: “***The first factor favors Goldsmith, not AWF.***”
  - Copyright owners have the ***exclusive right to create derivative works.***
  - “[T]he ***degree of transformation*** required to make ‘transformative’ use of an original must go beyond that required to qualify as a derivative.”



## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

- First, “[t]he **commercial nature** of the use is not dispositive. But it is relevant.”
- Second, consider the “**justification for the use.**” A use with a “**distinct [i.e., different] purpose** is justified” because it advances copyright goals “without diminishing the incentive to create.”
- **Examples?** A book review. Parody. Search technologies. Google’s use of Sun Microsystems’ code in *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1163 (2021).

**rule  
matter of  
degree**



## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

“Rule”: “If an original work and a secondary use share **the same or highly similar purposes**, and the secondary use is of a **commercial** nature, **the first factor is likely to weigh against fair use**, absent some other justification for copying.”



Figure 6. Warhol's orange silkscreen portrait of Prince superimposed on Goldsmith's portrait photograph.

## *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith, 143 S. Ct. 1258 (2023)*

- Goldsmith licensed her works to magazines as artist references or to illustrate stories about the musicians she photographed.
- In 1984, Vanity Fair made a licensed use of the photo as an artist reference for the creation of a work illustrating a story about Prince.
- In 2016, AWF made an unlicensed use of the photo to illustrate a story about Prince.
- “Both are portraits of Prince used in magazines to illustrate stories about Prince.” *Easy peasy.*





Questions?

Kilpatrick

# More Questions?



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[Full bio](#)



## Addendum

- Amended Complaint in the *Getty Images v. Stability AI* case
- Complaint in the *New York Times v. Microsoft* case
- District Court for the District of Columbia's decision in the *Thaler v. Perlmutter* case
- Copyright Office letter rejecting registration of the work *Théâtre D'opéra Spatial*
- Copyright Office letter limiting the scope of registration for *Zarya of the Dawn*
- Copyright Office letter rejecting registration of the work *SURYAST*







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