



2022 Forecast: Patent Eligibility, COVID-19, NFTs

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As the dust settles following a turbulent year for IP, lawyers have cast their predictions for the pivotal issues and cases that will feature over the next 12 months.

In part one of a series, attorneys tell *WIPR* that this year could be when the thorny issue of [patent eligibility](#) is finally untangled, while the IP implications posed by the COVID-19 pandemic and the rise of the metaverse will continue to loom large.

Read on to discover the key issues to look out for...

Patent eligibility: 'something has got to give'

2022 will be the year when the murky issue of patent eligibility could finally be addressed and hopefully, demystified, according to lawyers.

The lack of clarity and consistency on patent eligibility has plagued the patent system since the advent of the two-part test mandated in *Alice Corp v CLS Bank Int'l* (2014), explains Thomas Daly, partner at [Lewis Roca Rothgerber Christie](#).

"Since the Supreme Court decision in *Alice*, the issue of what constitutes patentable eligible subject matter under section 101 has been a mess. Challenges to patentability have expanded from computer-controlled processes to microbiology to even the mechanical arts," he says.

This is because, he notes, at some level, every invention can be characterised as an abstract idea, and conflicting court cases that conflict with guidelines issued by the US Patent and Trademark Office (USPTO), have heightened the confusion.

"The evaluation of patent eligibility also seems to be swallowing up the obviousness determination, and this ongoing confusion is damaging confidence in the patent system," argues Daly.

Chiming in with this mood for resolution, the USPTO announced a new pilot project on January 6, entitled the "deferred subject matter eligibility response pilot program". This initiative will enable patent applicants to delay responding to office actions that include issues of subject matter eligibility.

Mark Simpson, partner at [Saul Ewing Arnstein & Lehr](#), anticipates that this step and the nomination and probable approval of Kathi Vidal as the next director of USPTO could herald a turning point.

2022 will provide opportunities for much-needed clarity in this area, he predicts, pointing out that Vidal was well known for litigating Section 101 cases during her career.

"When Vidal was asked about policies that she would address during her confirmation hearing, the issue she mentioned without hesitation was Section 101 patent eligibility and the current difficulty in understanding its contours," he says.

He also forecasts that the US Supreme Court will wade into the contentious issue, via one of the most closely watched patent cases in 2022, *American Axle & Manufacturing v Neapco Holdings*.

The case will ask what standard determines whether a patent claim is “directed to” a patent-ineligible concept under step one of the Supreme Court’s two-step framework for determining whether an invention is eligible for patenting under Section 101.

It is also expected to delve into whether patent eligibility (at each step of the Supreme Court’s two-step framework) is a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of art at the time of the patent.

Notes Simpson: “Since April 2021, at least 10 *amicus* briefs have been filed and in May the court invited the acting US attorney general to file a brief expressing the views of the US. So significant interest is being expressed, both by the public and by the court, in having patent eligibility clarified.”

The case could offer an unparalleled opportunity, agrees Aziz Burgy, partner at [Axinn](#).

“In this case, the Supreme Court has the opportunity to clarify one of the most hotly contested areas of patent jurisprudence in patent eligibility,” he says, cautioning: “Unless SCOTUS can provide clarity in the upcoming case, many stakeholders believe that legislation will be needed to properly address the issue.”

The trend towards increased pro-patent perspectives could also underscore the issue of patent eligibility. As Teague Donahey, partner at Holland & Hart notes: “After 2015, patent lawsuit filings dropped off precipitously in the US because, for numerous reasons, enforcing patents in US courts became more difficult.

“But this began to change during 2020 and 2021 when we saw an uptick in US patent litigation activity. I expect that trend to continue in 2022, and for US legislators, courts, and the USPTO to gradually embrace more pro-patent perspectives as the pendulum continues its swing,” he says.

COVID-19: IP disputes and policy pushbacks

While it is hoped that 2022 is the year in which the world finally escapes the pandemic’s adverse grip on our daily personal and professional lives, its ramifications for IP are likely to continue.

Jeffrey Morton, partner at [Snell & Wilmer](#), anticipates a significant uptick in IP disputes related to COVID-related therapeutics and diagnostics systems.

“Over the last two years, there have been astonishing technical developments in these two areas, oftentimes without adequate freedom-to-operate analysis being conducted in advance of such development,” he explains.

“It would not be surprising at all to see that some of these advances, particularly those that are becoming financially lucrative are challenged by the view that third-party IP rights have been infringed during the development phase.”

Nick Match, a principal at [McKool Smith](#) and former acting general counsel of the USPTO, predicts that 2022 could see further pushback on the Biden’s administration’s stance on the COVID-19 waiver.

“One of the bigger developments of 2021 was the administration’s agenda on IP matters, and the pushback it received. For example, the administration backed a proposed TRIPS waiver for IP rights related to COVID, but received substantial criticism for this departure from traditional US policy,” he says, adding that speculation over its next step is likely to keep the IP community on tenterhooks.

“Companies and practitioners will be watching closely how the Biden administration’s agenda shifts in 2022,” he reflects.

Rise of the metaverse: ‘the trend of 2022’

The concept of the metaverse no longer belongs to the realm of science fiction and fantasy literature, and this year will see it emerge as a mainstream reality.

Defined by the Oxford English Dictionary as a “virtual-reality space in which users can interact with a computer-generated environment and other users,” the metaverse is a network of three-dimensional virtual worlds focused on social connection encompassing communications, finances, game worlds, personal profiles, and non-fungible tokens (NFTs).

“The metaverse will be the trend of 2022 with mainstream IP owners playing catch up to make sure that their portfolios stay current with the zeitgeist,” predicts Dyan Finguerra-DuCharme, co-chair of [Pryor Cashman](#)’s trademark group.

“I expect we will see an influx of trademark applications seeking protection for metaverse goods and services including virtual goods, near field communication technology, digital designs and avatars, and online virtual environments,” she adds.

Part of the metaverse, NFTs are a digital property right in existing innovations and creations, allowing creators and authors to exploit digital commercialisation of existing goods.

IP issues surrounding NFTs will be a key trend in 2022, believes Theresa Conduah, a partner at Haynes Boone.

“From “cryptokicks” by Nike to the “McNFT” collection by McDonald’s, brands are joining the metaverse and releasing limited edition NFT collectables as part of their marketing initiatives, she explains. “And as brands and investors look for new ways to monetise digital assets, we can expect to see novel IP ownership issues to emerge, with first amendment rights colliding with trademark and copyright laws.”

Lewis Roca’s Daly agrees that the exploitation of these new rights is set to explode in 2022, accompanied by some [high profile lawsuits](#).

“With several recent examples of NFTs selling for multi-million dollar figures, influencers and others are being drawn to the opportunity to generate significant value. However, with big money comes big litigation,” he notes.

“Miramax recently sued film director Quentin Tarantino over his planned distribution of NFTs related to the movie Pulp Fiction. Buyers of NFTs looking to resell them are likely to encounter questions on who owns the IP in the content, and how that ownership might impact any resale.

This is an area, he warns, where IP law needs to keep pace with rapid change, predicting that 2022 could herald a raft of rulings aimed at better defining the IP parameters of NFTs.

Don’t miss our second instalment tomorrow, outlining lawyers’ views on the impending [Unified Patent Court](#) and its impact, what lies ahead for artificial intelligence in the IP landscape, and the likely effects of the [US Trademark Modernisation Act](#).