2022 Forecast: AI, Fintiv Rule, Arthrex
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January 13, 2022

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 the third part of *WIPR*'s forecast series, leading lawyers offer their views on what lies ahead for artificial intelligence in the IP landscape, and the beleaguered Patent Trial and Appeal Board's (PTAB) likely future stance on the *NHK-Fintiv* rule and *Arthrex*-related requests for *inter partes* reviews of patents.

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

AI and IP: a 'hot button issue'

The role of artificial intelligence (AI) in the patent landscape has prompted controversy in recent years, and lawyers predict that this could be the year when the debate reaches a crucial juncture.
This year will see AI cropping up in issues throughout the IP community worldwide, anticipates Mark Simpson, partner at Saul Ewing Arnstein & Lehr.

"The number of patent applications being filed that are directed to AI innovations is exploding, and as a new technology that is driven by data and source code, the body of available prior art may be simultaneously huge and difficult to easily access, which will tax the search resources of patent office's everywhere," he notes.

Meanwhile, the murky issue of AI inventorship and the challenges this poses to traditional IP law will continue to loom large.

"AI raises the issue of inventorship and who the inventor actually is when AI is used to develop the invention. There have been varying decisions in this regard around the world," explains Simpson. "Expect this to be a hot-button issue the world over as AI continues to rear its head in IP disputes."

In April 2020, the USPTO confirmed that an AI can't be named as an inventor on a patent application, closing the door to appeals and prompting physicist Stephen Thaler to sue the office in a challenge to its rejection of patent applications for inventions created by 'creativity machine' "Dabus".

Thaler v Hirshfeld will come before the US Court of Appeals for the Federal Circuit, following a decision by a US District Court agreeing with the office's determination that AI cannot be listed as an inventor in a US Patent.

But last year, the Dabus team claimed victory when Thaler won rulings in South Africa and Australia that AI can be a named inventor.

As Lawrence DeMeo, counsel at Hunton Andrews Kurth, notes: "A split appears to be developing in world opinion, with nations such as the UK agreeing with the position taken by the USPTO, while countries such as Australia and South Africa have allowed AI to be an 'inventor'."

Elsewhere, the USPTO's October 2021 report, "Public Views on Artificial Intelligence and Intellectual Property Policy", he explains, presented some intriguing questions on this topic that could augur further upheaval.

“While survey commenters generally agreed that existing US IP laws could handle the evolution of AI, there was some openness to the possibility of new classes of IP rights to ensure a more robust IP system,” he explains. “This year, it will be interesting to see whether the consensus regarding the adequacy of our IP laws holds steady as AI technology develops.”

He predicts that the IP community will be kept on tenterhooks to see whether the year finally delivers a global consensus on the issue.

EIP partner David Brinck anticipates that the UK could play a critical role in this global debate, pointing to the pending results of the UK Intellectual Property Office consultations on “Artificial Intelligence and IP: copyright and patents” and “Standard Essential Patents and Innovation: Call for Views”.

“While these consultations are predominantly concerned with what is right for the UK and UK industry, they will be closely monitored in other countries and indeed, the UK may play a leading role in developing law regarding matters such as how to deal with AI inventors and possible frameworks for handling standard-essential patents better,” he says.

PTAB’s stance on *Fintiv* rule, *Arthrex*

In recent years, the US Patent Trial and Appeal Board has survived challenges to its legitimacy, weathering the storm posed by *US v Arthrex* alongside increasing opposition to its widespread application of the controversial *NHK-Fintiv* rule.

But these core issues continue to cast a shadow.

The *NHK- Fintiv* rule has drawn opposition from technology companies including generic drug makers, which argue that the rule unfairly restricts the ability to seek *inter partes* reviews (IPRs) of patents under the America Invents Act (AIA).

Established under former USPTO director Andrei Iancu, the rule derived from *NHK Spring v Intri-Plex* (2018) in which the PTAB held that the existence of a parallel district court lawsuit should preclude an IPR
In May 2020, *Apple v Fintiv* outlined six scenarios for PTAB to consider before instituting a review, including the trial date in the parallel case, whether the court has stalled its case for the PTAB review, and any overlap between the issues in both proceedings.

This prompted Apple, Google, Cisco, Intel and Edwards Lifesciences to file complaints against the USPTO, after the PTAB declared its 2018 decision in *NHK* and its March 2020 decision in *Fintiv* to be precedential.

But Brent Babcock, chair of Loeb & Loeb's PTAB Trials Practice Group, predicts a turning point in 2022, anticipating that the influence of the *Fintiv* rule could soon be on the wane.

PTAB filings will increase modestly from 2021, he explains, following the trend of increasing patent litigation prompting a rise in IPRs, adding that: “The institution rate of IPRs will level out at around 60%, a slight increase from 2021 as discretionary denials under *Fintiv* decrease slightly.”

“While analysis will continue to provide administrative patent judges with considerable discretion to deny petitions based on co-pending litigation, it will place less emphasis on the scheduled trial date and more emphasis on the petitioner’s alacrity in filing the petition,” he reflects.

If confirmed following her nomination, Kathi Vidal’s tenure could also exert a marked effect on discretionary denials, according to Babcock.

Under her leadership, the PTAB will “finally promulgate rules on discretionary denial considerations, such as *Fintiv*,” he anticipates.

In September, Senators Patrick Leahy and Republican Senator John Cornyn introduced a new bill, the Restoring the America Invents Act, arguing against the use of discretionary denials which they argued led to poor quality patents.

But Babcock forecast that neither the Leahy-Cornyn patent reform bill in the Senate nor the competing Massie patent reform bill in the House would gain traction in Congress, as legislators focus on other perceived priorities in 2022.

Nick Matich, a principal at McKool Smith and former acting general counsel of the USPTO, also predicts that *Fintiv* will remain in place, "but with individual panels giving less weight to district court proceedings than they have."

"Overall, the number of Fintiv denials seems likely to drop, but the shift will be gradual and modest," adds Matich.

One of the biggest issues facing the PTAB last year was the fallout from the landmark *US v Arthrex*. SCOTUS' judgment last year handed vastly increased powers to the USPTO director, giving rise to increased speculation about what this would mean for IPRs, and whether political motives could hold more sway.

If appointed, Vidal's stance in this controversial area will be watched closely, according to Matich. "The biggest outstanding question regarding *Arthrex* is how the new director, if she is confirmed, will exercise her authority, both substantively and procedurally. As the first Senate-confirmed director post-Arthrex, she'll have a clean slate to write on," he predicts

So far, acting director Drew Hirshfeld has rejected the majority of *Arthrex*-related requests for IPR reviews.

But in Babcock's view, petitions to the director under *Arthrex* will have little impact on PTAB practice, other than "to increase the pendency of the cases at the USPTO".

"Nearly all of the requests will be denied without the director substantively addressing the merits of the cases," he concluded.