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PERSPECTIVE

## Australia is actually not ready for AI inventors

By David V. Sanker  
and Jianbai “Jenn” Wang

In our three earlier articles about AI inventors we (1) pointed out that current patent laws do not permit AI inventors (Artificial Inventors) and (2) suggested how to amend patent laws to handle the increasing use of AI inventors. See “Can the US Patent and Trademark Office handle ‘artificial inventors?’”, *Daily Journal* (September 30, 2019); “USPTO cannot handle ‘artificial inventors.’ Now what?”, *Daily Journal* (June 25, 2020); and “Have South Africa and Australia Jumped The Gun on Artificial Inventors?”, *IP Magazine* (September 27, 2021). In the third article, we pointed out that the original decision in Australia appeared to “jump the gun” to permit AI inventors without adequate consideration of the consequences.

### Australia reverses its earlier decision

The Federal Court of Australia agreed with our assessment, and reversed the earlier ruling, holding that “[o]nly a natural person can be an inventor.” See *Commission of Patents v. Thaler* [2022] FCAFC 62 (April 13, 2022).

An extensive written opinion by the Federal Court of Australia confirmed that it reached the same outcome as the Court of Appeal in the United Kingdom, although the outcome is derived based on Australian patent law, “which in material respects differs from that in the

equivalent patent legislation in the United Kingdom.” The Australian court reviewed this issue from the statutory language, structure and history of its patent law, and policy objectives underlying Australia’s own legislative scheme. Specifically, the Australian court confirmed that “Regulation 3.2C(2)(aa) [of the Patents Regulations 1991 (Cth)] requires the applicant to ‘provide the name of the inventor of the invention’ and that the scheme of the patent law concerning Section 32(2) of the Patents Act 1903 requires ‘the inventor’s role in conceiving of the invention must be able to be demonstrated.’” Based on these and other factors, the court clarified that “only a person with a legal personality could be the ‘actual inventor’ under the legislative scheme.” Additionally, the Australian court held that the term “inventor” in s 15(1) of the Patents Act bears its ordinary English meaning: “the person who makes or devises the process or product.” The Australian court also reasoned that this definition is justified by its legal context (i.e., relating to the entitlement of a person to the grant of a patent).

Based on this analysis, Australia is now aligned with the patent offices and courts in both the United States and the United Kingdom (“only a natural person can be an inventor”). This leaves South Africa as the only jurisdiction that might accept AI inventors. However, South Africa’s “acceptance” of AI inventors is based solely on compliance with minimal formal requirements

(e.g., whether the documents filed are legible and capable of reproduction). By giving the AI system the name “DABUS,” the patent application satisfied the formal requirement of having an inventor name, and the South Africa Patent Office rubber stamped the patent grant. It seems likely that the South Africa Patent Office would have reached the same conclusion if the applicant had listed the name of a pet cat or the name of a stuffed animal. The granted South African patent is valid until proven otherwise and is subject to revocation based on third party objections. Until there is a judicial decision regarding the merit of AI inventors, the current acceptance of an artificial inventor in South Africa carries little weight.

### The future of AI inventors

Jurisdictions are substantially consistent that current patent laws allow only natural persons as inventors. However, no jurisdiction has stated that AI inventors are forever banned. Current patent laws are not ready for artificial inventors because there are many legal issues to address, including assignments, declarations, fraud, and misrepresentation. An AI system cannot sign an assignment or declaration, and it is unclear how to prevent fraud or misrepresentation by an AI system. Artificial intelligence inventors already exist, and will continue to expand. This reality will push for adoption of patent laws that allow artificial inventors. As a Federal

Court in the United States pointed out, “that time has not yet arrived, and, if it does, it will be up to Congress to decide how, if at all, it wants to expand the scope of patent law.”

The Australian court decision asked a series of useful questions concerning the future of artificial inventorship, including how to redefine the term “inventor” and whether to recalibrate the standard for inventive step (i.e., “obviousness” under US law). These questions echo what we asked in our first article on this subject in 2019. We proposed a requirement that each AI inventor have a human surrogate who signs the declaration and assignment and that the human surrogate is subject to criminal penalties for perjury. This surrogate will provide information of circumstances surrounding conception of the invention to clarify entitlement to the patent and a right to assign the ownership. Regarding the standard for inventive step, we proposed to expand the definition of “a person having ordinary skill in the art [PHOSITA] to which the claimed invention pertains” to consider both human inventors and non-human inventors (perhaps “IHOSITA”, replacing “person” with “inventor” as the first word in the acronym).

### Conclusion

AI inventors exist now, and the increase in AI inventors is inevitable as artificial intelligence becomes necessary to be competitive in business. Furthermore, business trans-

actions favor clear vesting of patent rights. The United States and the United Kingdom have denied inventorship for artificial intelligence because patent rights of artificial inventors cannot be clearly defined under existing patent laws. Australia's court is aligned with the

United States and the United Kingdom based on thorough legal analysis, backing away from its earlier decision that rushed to vest patent rights for AI inventors. Other than South Africa, which has a formality focused patent grant policy, jurisdictions across the world have

reached a consensus that current patent laws have to be modified before AI systems can be designated as inventors. Although there will be increased pressure to accommodate AI inventors, legislative bodies are generally slow, so it may be ten years before patent

laws change. In the meantime, the advice to patentees is simple: make sure your development process has at least one human inventor!

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**David V. Sanker** is a partner and **Jianbai "Jenn" Wang** is an associate at Morgan, Lewis & Bockius LLP.

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