Artificial Intelligence: Ethical and IP Implications

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Perkins Coie

TROY SMITH
Infleqtion

JANUARY 8, 2026

ACC Association of Corporate Counsel CHICAGO

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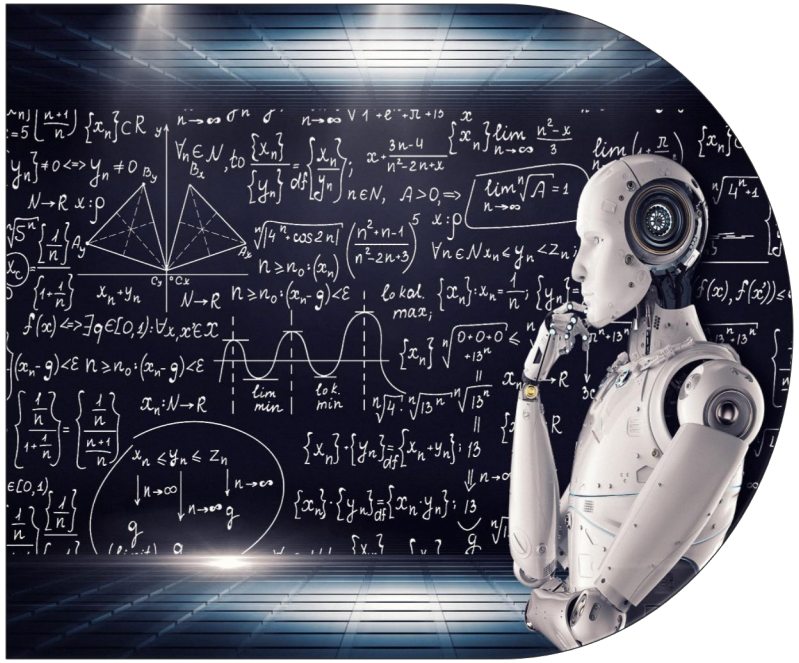
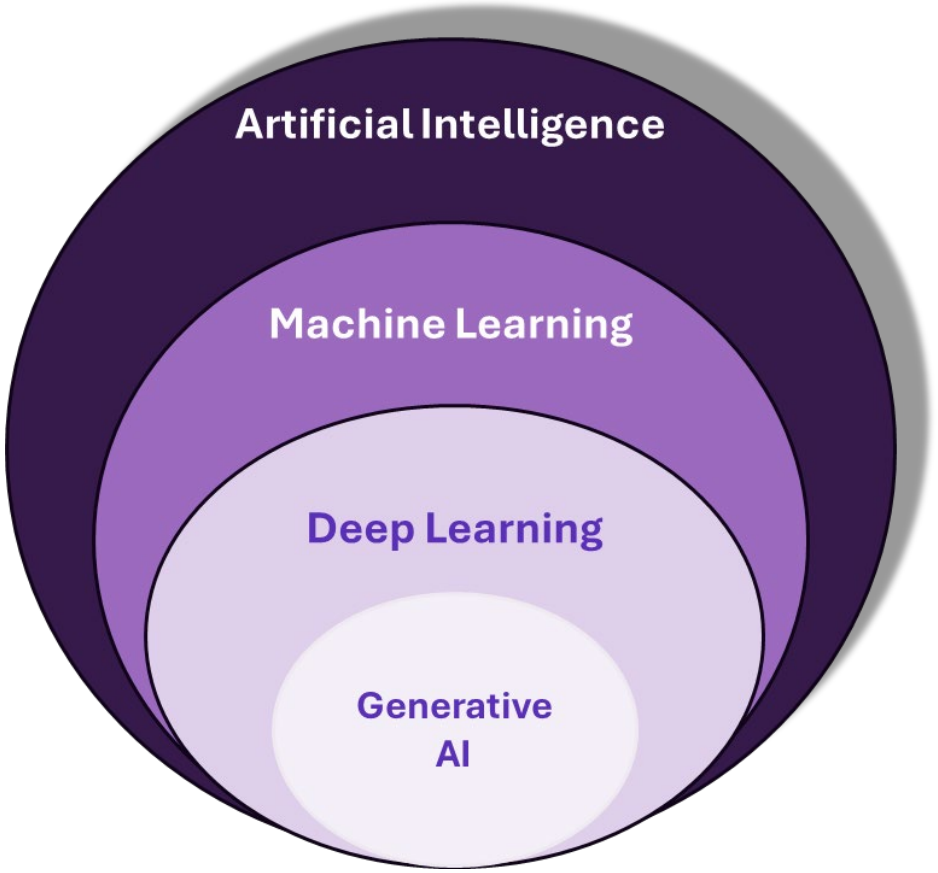
Background on Artificial Intelligence and Ethical Implications

What Is Artificial Intelligence (AI)?

- AI is a branch of computer science that focuses on creating intelligent machines that are able to perform tasks that normally require human intelligence
  - Image processing and computer vision
  - Digital signal processing
  - Speech recognition
  - Complex decision making
  - Generating text, images, and other content (“Generative AI”)

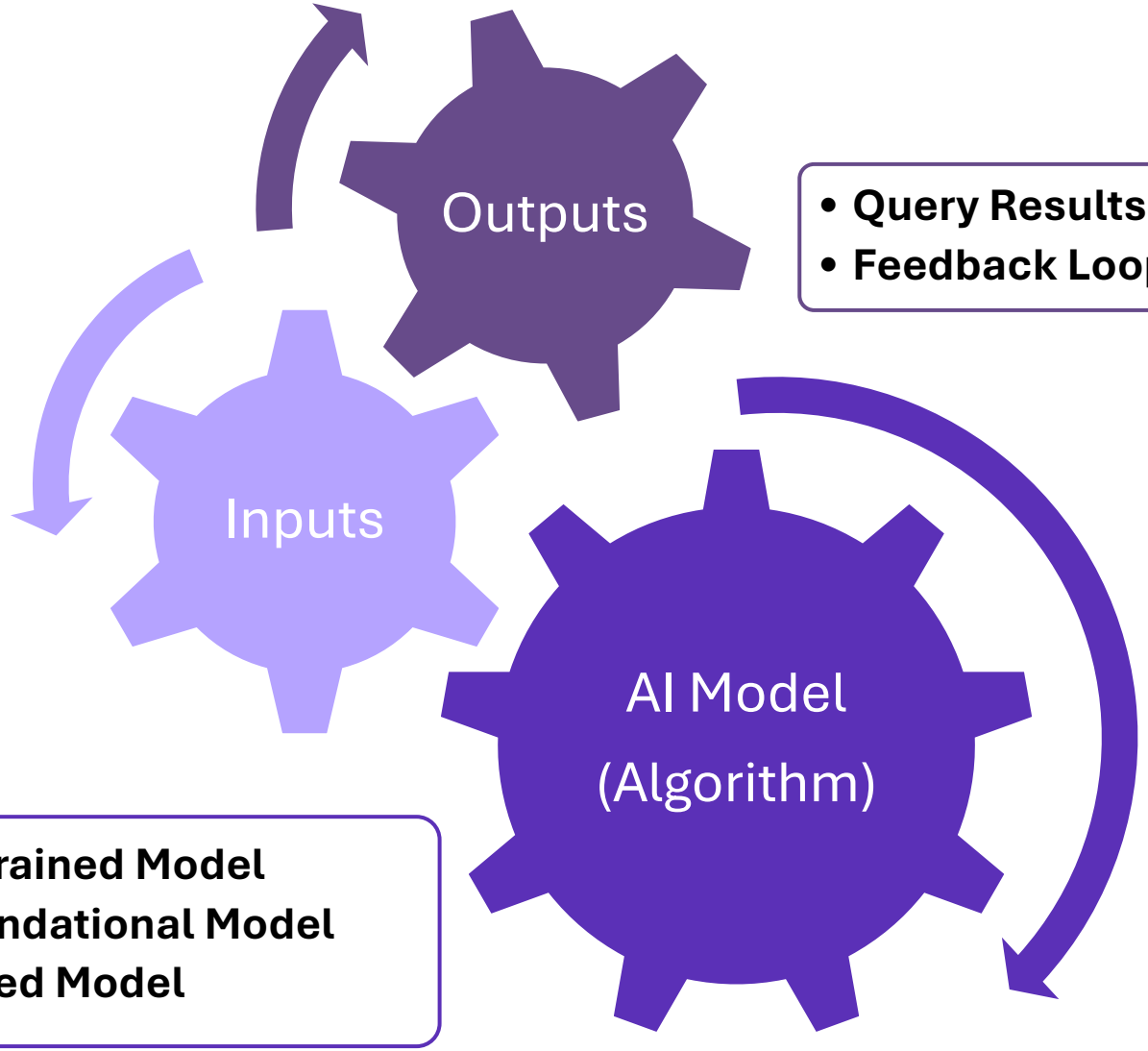


What Is Artificial Intelligence (AI)?



Parts of the AI Puzzle

- Training Data
- Fine Tuning Data
- User prompts
- Feedback on Outputs



- Query Results
- Feedback Loop

- Untrained Model
- Foundational Model
- Tuned Model

ABA Model Rules of Professional Conduct

- **ABA Model Rule 1.1 – Competence:** "A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation."
  - Comment [8]: To maintain the requisite knowledge and skill, a lawyer should keep abreast of changes in the law and its practice, **including the benefits and risks associated with relevant technology**, engage in continuing study and education and comply with all continuing legal education requirements to which the lawyer is subject.
- **ABA Model Rule 1.6 – Confidentiality of Information:**
  - "A lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation or the disclosure is permitted by paragraph (b)."
  - "A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client."
- **ABA Model Rule 1.4 – Communications:** "A lawyer shall … reasonably consult with the client about the means by which the client's objectives are to be accomplished"

Copyright Law Implications

Copyrightability of AI-Generated Materials

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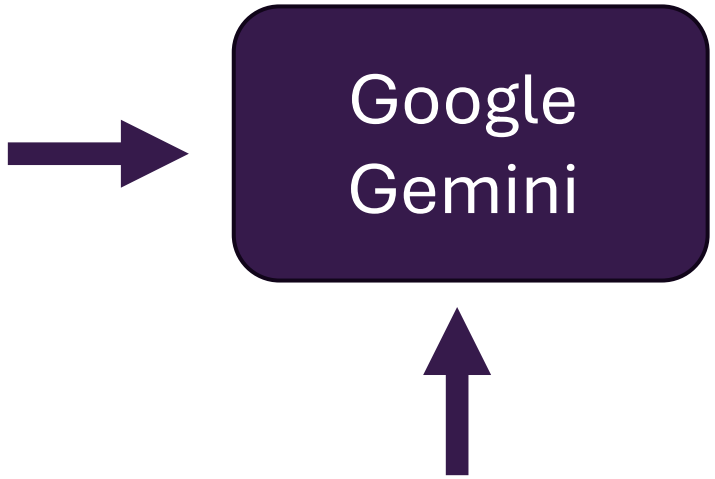
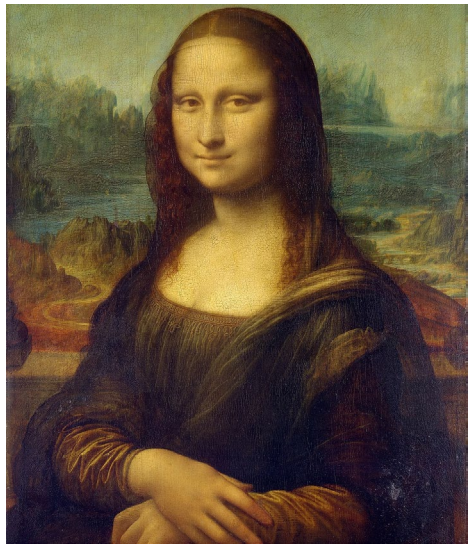
17 U.S.C. § 102(a)

Copyright protection subsists, in accordance with this title, in **original works of authorship fixed in any tangible medium of expression**, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, **either directly or with the aid of a machine or device**.

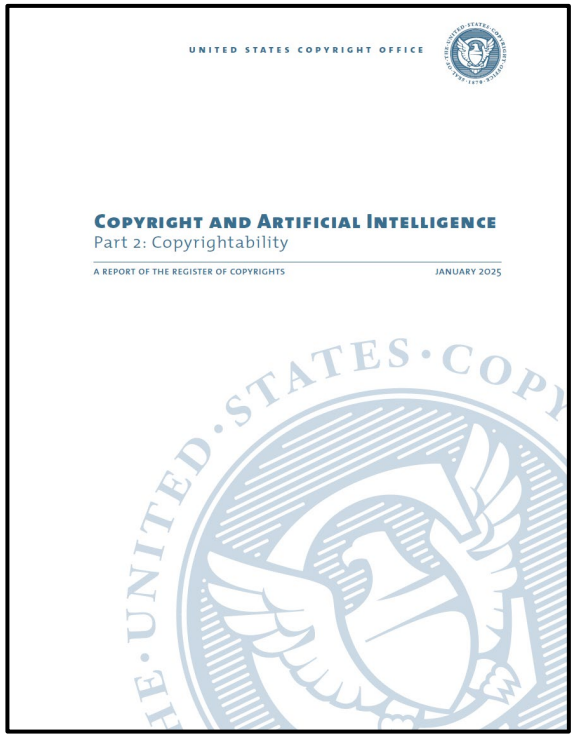
Copyrightability of AI-Generated Materials

Generate picture of Mona Lisa with cat ears, looking shocked





U.S. Copyright Office's Guidance re Copyrightability



U.S. Copyright Office, *Copyright and Artificial Intelligence,* *Part 2: Copyrightability* (Jan. 2025)

- Human authorship required; case-by-case analysis
  - "whether the 'work' is basically one of human authorship, with a computer [or other device] merely being an assisting instrument," OR
  - whether the traditional elements of authorship in the work (literary, artistic, or musical expression or elements of selection, arrangement, etc.) were actually conceived and executed not by [a human] but by a machine."
- Example where AI-generated materials may contain sufficient human authorship
  - Human has selected or arranged AI-generated materials in a sufficiently creative way, but protection would not extend outside of compilation
  - Human modifies AI-generated materials in an original, creative way

U.S. Copyright Office's Guidance re Copyrightability

- Prompts alone are not enough, at least for now based on current technology
  - Prompts do not adequately determine expressive elements or control how system translates them into an output, with AI filling in gaps
  - Identical prompts can generate different outputs

Prompt	***Output***	***Same Prompt, Different Output***
professional photo, bespectacled cat in a robe reading the Sunday newspaper and smoking a pipe, foggy, wet, stormy, 70mm, cinematic, highly detailed wood, cinematic lighting, intricate, sharp focus, medium shot, (centered image composition), (professionally color graded), ((bright soft diffused light)), volumetric fog, hdr 4k, 8k, realistic		

Training of AI Models Using Copyright-Protected Data

- Training AI models often involves massive amounts of data
  - Sometimes training data do not belong to anyone (e.g., stock prices, 3D shapes of proteins)
  - Often data may include copyright-protected materials (e.g., text, images, audio works)

Training of AI Model

Is Using Copyrighted Materials for Training Fair Use?

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17 U.S.C. § 107

[T]he 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—

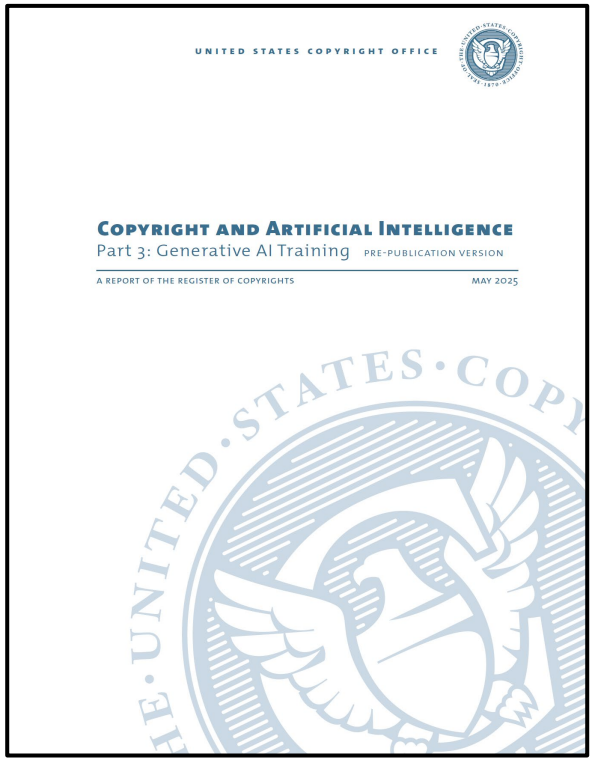
(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(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.

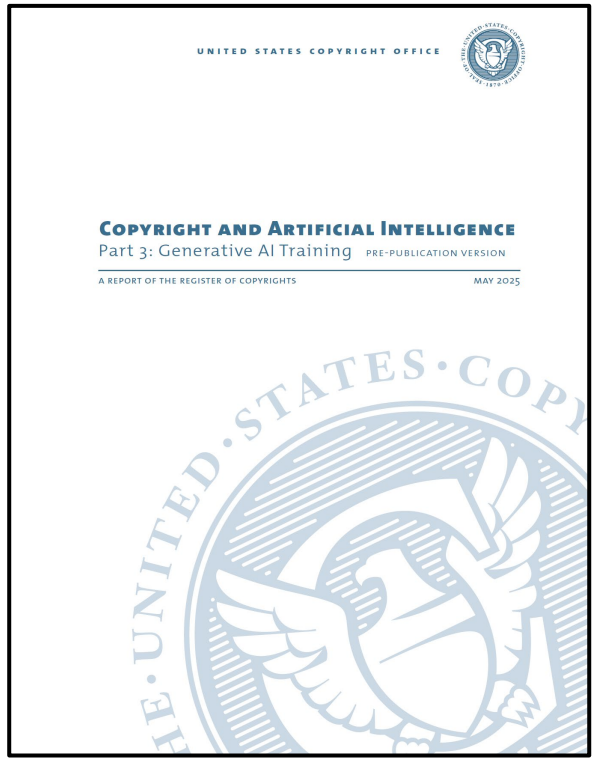
U.S. Copyright Office's Guidance re Training Data



U.S. Copyright Office, *Copyright and Artificial Intelligence*, *Part 3: Generative AI Training* (May 2025)

- Factor 1: Purpose and Character of the Use
  - recognized that "training a generative AI foundation model on a large and diverse dataset will often be transformative" but that extent will depend on the functionality of a model and how it is deployed
    - a model used to generate outputs similar to or aimed at the same audience of copyrighted training data is less transformative
    - a model deployed for a nonsubstitutive task, like content moderation or removing distortion from audio, is more transformative
  - found "meaningful distinctions" between the "intermediate copying" cases (where intermediate copies were made in order to access functional material) and generative AI training (where intermediate copies are made to access expressive material)

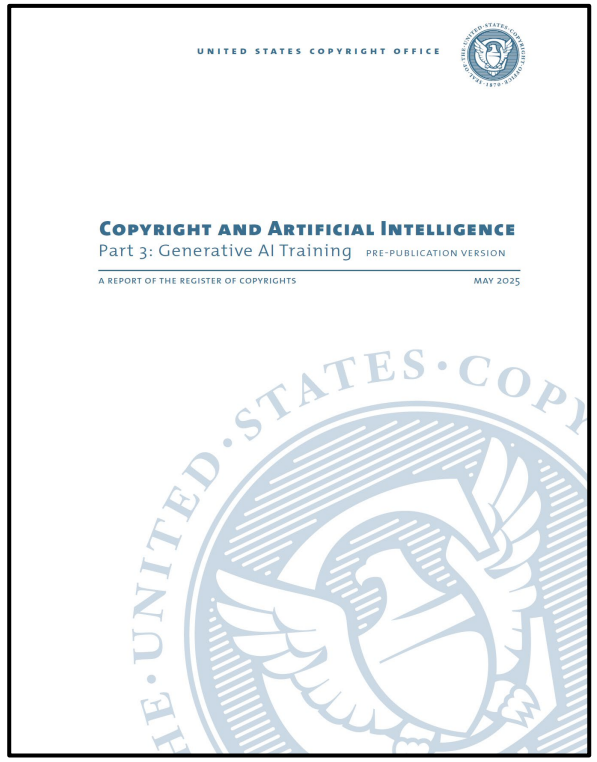
U.S. Copyright Office's Guidance re Training Data



U.S. Copyright Office, *Copyright and Artificial Intelligence,* *Part 3: Generative AI Training* (May 2025)

- Factor 2: Nature of the Copyrighted Work
  - Recognized that this factor will be very case specific but noted that fair use defense will be less likely to succeed where works used to train model are more expressive or unpublished
- Factor 3: Amount and Substantiality
  - While copying entire works typically weighs against fair use, this may be mitigated when the use is transformative, necessary for the technology's function
  - Where AI models can potentially generate outputs that reproduce protected expression, the third factor will partially turn on whether the developer has adopted adequate safeguards to limit the model from reproducing such expression

U.S. Copyright Office's Guidance re Training Data



U.S. Copyright Office, *Copyright and Artificial Intelligence,* [*Part 3: Generative AI Training*] (May 2025)

- Factor 4: Market Harm
  - Clear market harm where training enables a model to output verbatim or substantially similar copies that are accessible to users
    - especially for works or datasets specifically developed for AI training (as unlicensed use could significantly erode the established market for such content)
  - Should also consider the markets for works of the same kind and the broader market for works by the same creator as GenAI outputs can imitate the style of particular authors and compete with their works
  - Where licensing markets are available to meet AI training needs, unlicensed uses will be disfavored under the fourth factor

Case Law Developments from 2025

Thomson Reuters v. Ross,
765 F. Supp. 3d 382 (D. Del)

- Thompson accused Ross of using its Westlaw headnotes and key-numbering system to train a competing AI legal research tool
- When Thompson refused to license data for training, Ross hired LegalEase to create >25,000 bulk memos from Westlaw content that it used as its training corpus
- Court recognized that outputs of Ross' model were judicial opinions (not a Westlaw headnote analogue), but found significant that Ross used the model to compete directly with Westlaw's subscription market

No Fair Use

Bartz v. Anthropic,
787 F. Supp. 3d 1007 (N.D. Cal.)

- Authors alleged that Anthropic copied their books for training its Claude models
- Anthropic argued that its training process merely extracted statistical patterns about language and style to allow model to create new outputs; it did not store or output the books' expressive content
- Court found "center of gravity" to be Claude's "quintessentially transformative"; use; similar to writers who study other authors' works in creating new ones, the model learned and applied linguistic patterns, rather than reproducing expression
- Court found that full copying was necessary to achieve transformative goal of learning language patterns

Fair Use

Kadrey v. Meta,
788 F. Supp. 3d 1026 (N.D. Cal.)

- Authors alleged that Meta trained its LLsMa models on copies of their novels
- Meta argued that its training of models extracted linguistic patterns to generate new text, not to generate copies
- Court compared training process to *Google Books* case where scanning entire works to enable searching was transformative and held to be fair use
- Court found that creativity of authors' works had "diminished significance" where the use copied language structures, not expression
- Court found that full copying was "technologically necessary" to give models full context to learn patterns

Fair Use

Developments Outside of the Courtroom

- Anthropic
  - Text based generative AI with a strength in software development
  - $1.5b settlement with authors
  - Other side of ***Bartz v. Anthropic***
  - Settlement covered training on content downloaded from pirate sites
- Suno
  - Music based generative AI system
  - Warner Music Group settlements
- Udio
  - Music based generative AI system
  - Warner Music Group and Universal Music Group settlements

Patent Law Implications

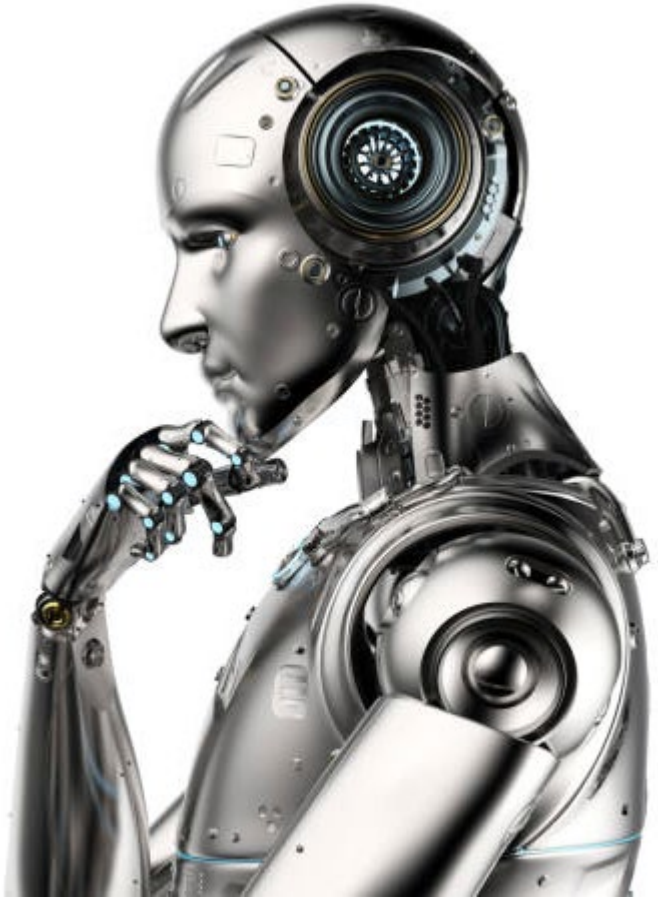
Inventorship of AI Inventions

35 U.S.C. § 100(f)

The term **"inventor"** means the **individual** or, if a joint invention, the **individuals** collectively who invented or discovered the subject matter of the invention.

***Thaler v. Vidal*, 43 F.4th 1207, 1210 (Fed. Cir. 2022)**

[T]he Patent Act requires that inventors must be **natural persons; that is, human beings**.



USPTO's Revised Inventorship Guidance

54636 Federal Register / Vol. 90, No. 227 / Friday, November 28, 2025 / Notices

Act and the Board's regulations, including section 400.13, and further subject to FTZ 38's 2,000-acre activation limit.

Dated: November 25, 2025.

Elizabeth Whiteman,

Executive Secretary.

[FR Doc. 2025–21564 Filed 11–26–25; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

[Docket No.: PTO–P–2025–0479]

Grant of Interim Extension of the Term of U.S. Patent No. 8,785,125; the Aptima® HPV Assay With the Panther® System

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice of interim patent term extension.

SUMMARY: The United States Patent and Trademark Office has issued a certificate under 35 U.S.C. 156(d)(5) for a one-year interim extension of the term of U.S. Patent No. 8,785,125 ('125 patent).

FOR FURTHER INFORMATION CONTACT: Ali Salimi, Senior Legal Advisor, Office of Patent Legal Administration, at 571–272–0909 or *ali.salimi@uspto.gov*; or Andrea S. Grossman, Legal Advisor at (571) 270–3314 or email *andrea.grossman@uspto.gov*.

SUPPLEMENTARY INFORMATION: 35 U.S.C. 156 generally provides that the term of a patent may be extended for a period of up to five years, if the patent claims a product, or a method of making or using a product, that has been subject to certain defined regulatory review. 35 U.S.C. 156(d)(5) generally provides that the term of such a patent may be extended for no more than five interim periods of up to one year each, if the approval phase of the regulatory review period (RRP) is reasonably expected to extend beyond the expiration date of the patent.

On November 20, 2025, Gen-Probe Incorporated, the patent owner of record of the '125 patent, timely filed an application under 35 U.S.C. 156(d)(5) for an interim extension of the term of the '125 patent. The '125 patent claims the medical device known by tradename Aptima® HPV Assay with the Panther® System and a method of using this medical device. The application indicates that the approval phase "continues" for the regulatory period, as described in 35 U.S.C. 156(g)(1)(B)(ii), for Premarket Approval (PMA) 100042/S038 for the Aptima® HPV Assay with the Panther® System and is ongoing before the Food and Drug Administration for permission to market and use the product commercially.

Review of the patent term extension application indicates that, except for permission to market or use the product commercially, the '125 patent would be eligible for an extension of the patent term under 35 U.S.C. 156. Because it appears reasonable to expect the approval phase of the RRP to continue beyond the expiration date of the patent, *i.e.*, December 8, 2025, interim extension of the '125 patent's term under 35 U.S.C. 156(d)(5) is appropriate.

An interim extension under 35 U.S.C. 156(d)(5) of the term of U.S. Patent No. 8,785,125 is granted for a period of one year from the original expiration date of the patent.

Charles Kim,

Deputy Commissioner for Patents, United States Patent and Trademark Office.

[FR Doc. 2025–21411 Filed 11–26–25; 8:45 am]

BILLING CODE 3510–16–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

[Docket No. PTO–P–2025–0014]

Revised Inventorship Guidance for AI-Assisted Inventions

AGENCY: United States Patent and Trademark Office, Department of Commerce.

ACTION: Examination guidance.

SUMMARY: The United States Patent and Trademark Office (USPTO) had issued inventorship guidance for AI-assisted inventions on February 13, 2024.[1] The USPTO hereby rescinds the previously published Inventorship Guidance for AI-Assisted Inventions and replaces it with the guidance below.

FOR FURTHER INFORMATION CONTACT: Christian Hannon, Senior Patent Attorney, at 571–272–7385; or Courtney Stopp, Patent Attorney, at 571–270–5559, both with the Office of Policy and International Affairs.

SUPPLEMENTARY INFORMATION:

I. Purpose

This notice provides further guidance on the proper legal standard for determining inventorship in patent applications for AI-assisted inventions.

II. Recission of Prior Guidance

The guidance issued on February 13, 2024, titled "Inventorship Guidance for AI-Assisted Inventions" is rescinded in its entirety. The approach set forth in that guidance, which relied on the application of the *Pannu*[2] factors to AI-assisted inventions, is withdrawn. The *Pannu* factors only apply when determining whether multiple natural persons qualify as joint inventors.[3] *Pannu* is inapplicable when only one natural person is involved in developing an invention with AI assistance because AI systems are not persons and therefore cannot be "joint inventors" so there is no joint inventorship question to analyze.[4]

III. Governing Legal Standards

The same legal standard for determining inventorship applies to all inventions, regardless of whether AI systems were used in the inventive process.[5] There is no separate or modified standard for AI-assisted inventions.

The Federal Circuit has held that AI cannot be named as an inventor on a patent application (or issued patent) and that only natural persons can be inventors.[6] Artificial intelligence systems, regardless of their sophistication, cannot be named as inventors or joint inventors on a patent application as they are not natural persons.[7]

The Federal Circuit has centered its inventorship inquiry around "conception," characterizing conception as "the touchstone of inventorship."[8] Conception is "the formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice."[9] Conception is complete when "the inventor has a specific, settled idea, a particular solution to the problem at hand, not just a general goal or research plan."[10]

[1] Inventorship Guidance for AI-Assisted Inventions, 89 FR 10043 (Feb. 13, 2024).

[2] *Pannu* v. *Iolab Corp.*, 155 F.3d 1344, 1351 (Fed. Cir. 1998).

[3] *Id.*

[4] *See Thaler* v. *Vidal*, 43 F.4th 1207, 1212 (Fed. Cir. 2022) (holding that only a natural person(s) may be listed as an inventor(s)).

[5] *See* 35 U.S.C. 115(b)(2) (2024) (providing the standard for naming inventorship across all types of utility patent applications).

[6] *Thaler*, 43 F.4th at 1212.

[7] *See id.*

[8] *Burroughs Wellcome Co.* v. *Barr Labs., Inc.*, 40F.3d 1223, 1228 (Fed. Cir. 1994) (citing *Sewall* v. *Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994)).

[9] *Id.* (citing *Hybritech Inc.* v. *Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed. Cir. 1986) (quoting 1 Robinson on Patents 532 (1890)).

[10] *Id.*

USPTO, *Revised Inventorship Guidance for AI-Assisted Inventions*, 90 Fed. Reg. 227, 54636 (Nov. 28, 2025)

- Inventorship limited to "natural persons"
  - "Artificial intelligence systems, regardless of their sophistication, cannot be named as inventors or joint inventors on a patent application"
  - AI systems are to be treated as instruments used by human inventors, similar to laboratory equipment or computer software
- Conception is key to inventorship:
  - "whether the natural person possessed knowledge of all the limitations of the claimed invention" and is able to describe it with "particularity"
- Takeaways
  - Inventors should document their conception process and be prepared to explain how they selected, modified, or incorporated outputs of AI tools into their claimed invention
  - Merely presenting problem to AI system and identifying useful properties of output likely insufficient to confer inventorship

Patent Eligibility of AI-Based Innovations

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35 U.S.C. § 101

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. 208, 216, 223 (2014)

We have long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable. … **Stating an abstract idea while adding the words "apply it with a computer" … cannot impart patent eligibility.**

Federal Circuit's Guidance

- Collecting, analyzing, and presenting data are abstract, patent-ineligible concepts.
  - *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353-54 (Fed. Cir. 2016)
- Cases addressing application of AI
  - *Dental Monitoring SAS v. Align Tech., Inc.*, No. 2024-2270 (Fed. Cir.) – use of trained "deep learning device" to guide users in taking photo of teeth and assessing aligner shape based on photos
  - *Recentive Analytics, Inc. v. Fox Corp.*, 134 F. 4th 1205 (Fed. Cir. 2025) – use of trained machine-learning model to optimize network maps used by broadcasters to determine scheduling of programming and content at certain geographic locations and time

Recentive Analytics, Inc. v. Fox Corp.

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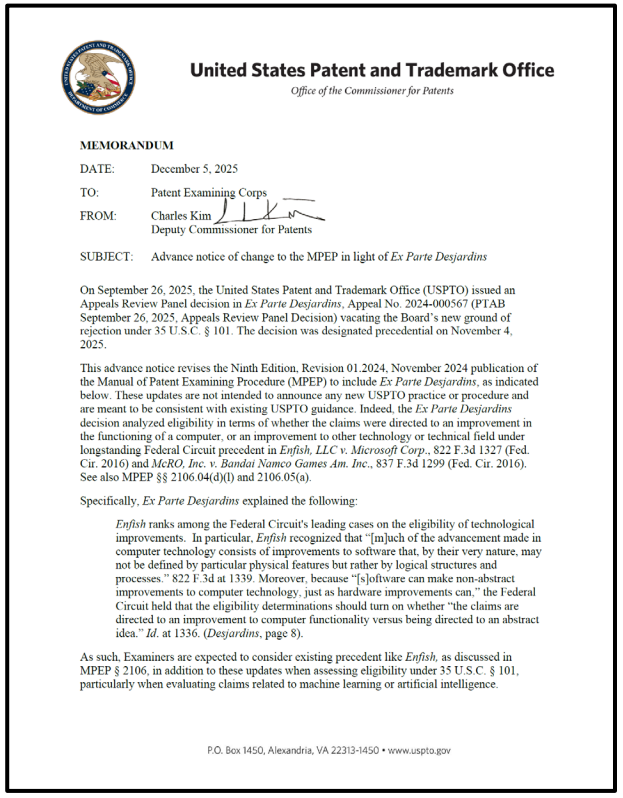
- Factual Background
  - Patent claims directed to training and applying machine-learning model to new field of optimizing network maps
  - Patents referred only to generic, off-the-shelf computer components; did not specify any new algorithm or machine-learning model
- Court's Analysis – Claims Invalid as Patent Ineligible
  - "[P]atents that do no more than claim the application of generic machine learning to new data environments, without disclosing improvements to the machine learning models to be applied, are patent ineligible."
  - Applying "generic machine learning technology" to a new field of use is in itself an abstract idea and "[i]terative training using selected training material … [is] incident to the very nature of machine learning"

USPTO's Section 101 Guidance



United States Patent and Trademark Office
Office of the Commissioner for Patents

MEMORANDUM

DATE: December 5, 2025

TO: Patent Examining Corps

FROM: Charles Kim
Deputy Commissioner for Patents

SUBJECT: Advance notice of change to the MPEP in light of *Ex Parte Desjardins*

On September 26, 2025, the United States Patent and Trademark Office (USPTO) issued an Appeals Review Panel decision in *Ex Parte Desjardins*, Appeal No. 2024-000567 (PTAB September 26, 2025, Appeals Review Panel Decision) vacating the Board's new ground of rejection under 35 U.S.C. § 101. The decision was designated precedential on November 4, 2025.

This advance notice revises the Ninth Edition, Revision 01.2024, November 2024 publication of the Manual of Patent Examining Procedure (MPEP) to include *Ex Parte Desjardins*, as indicated below. These updates are not intended to announce any new USPTO practice or procedure and are meant to be consistent with existing USPTO guidance. Indeed, the *Ex Parte Desjardins* decision analyzed eligibility in terms of whether the claims were directed to an improvement in the functioning of a computer, or an improvement to other technology or technical field under longstanding Federal Circuit precedent in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) and *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). See also MPEP §§ 2106.04(d)(1) and 2106.05(a).

Specifically, *Ex Parte Desjardins* explained the following:

> *Enfish* ranks among the Federal Circuit's leading cases on the eligibility of technological improvements. In particular, *Enfish* recognized that "[m]uch of the advancement made in computer technology consists of improvements to software that, by their very nature, may not be defined by particular physical features but rather by logical structures and processes." 822 F.3d at 1339. Moreover, because "[s]oftware can make non-abstract improvements to computer technology, just as hardware improvements can," the Federal Circuit held that the eligibility determinations should turn on whether "the claims are directed to an improvement to computer functionality versus being directed to an abstract idea." *Id.* at 1336. (*Desjardins*, page 8).

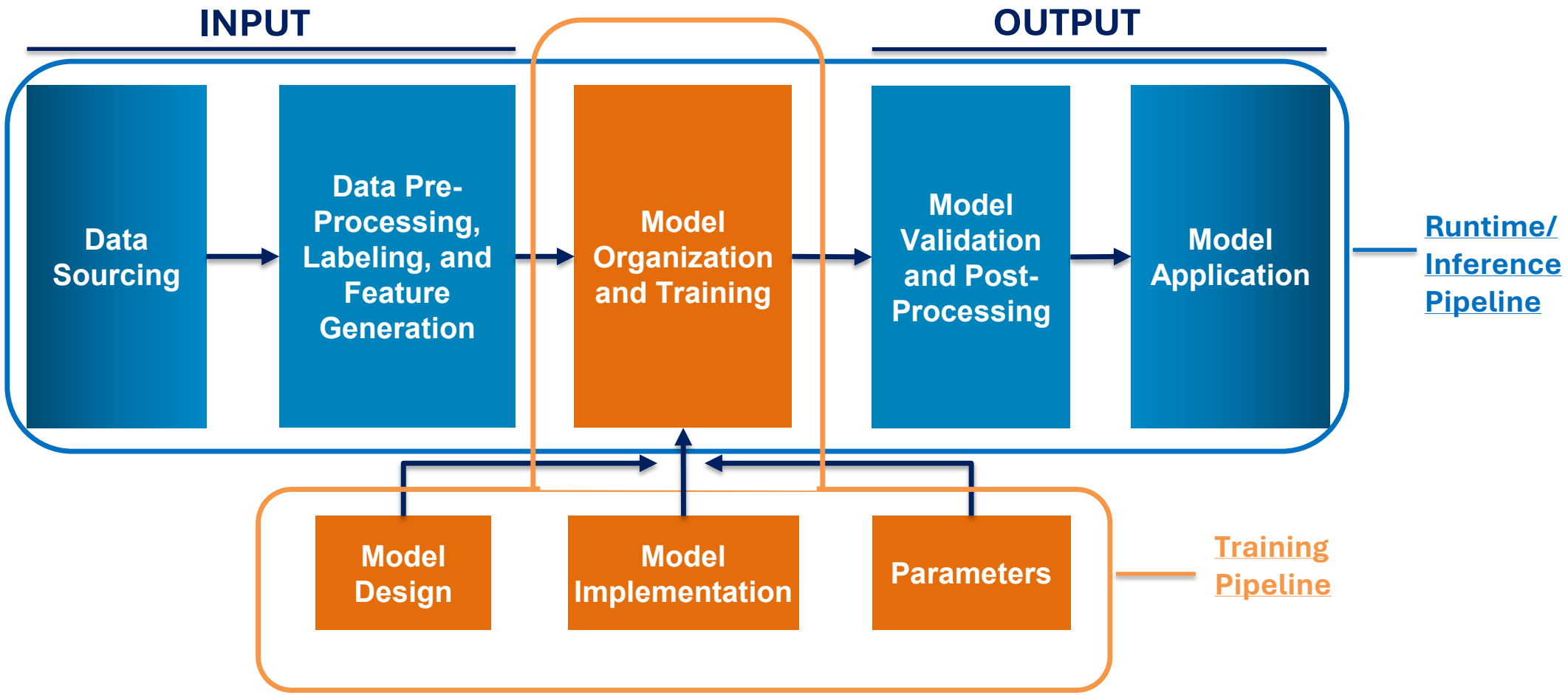
As such, Examiners are expected to consider existing precedent like *Enfish*, as discussed in MPEP § 2106, in addition to these updates when assessing eligibility under 35 U.S.C. § 101, particularly when evaluating claims related to machine learning or artificial intelligence.

P.O. Box 1450, Alexandria, VA 22313-1450 • www.uspto.gov

USPTO, Memorandum, *Advance notice of change to MPEP in light of Ex Parte Desjardins* (Dec. 5, 2025)

- Incorporates Director Squire's decision in *Ex Parte Desjardins* into Manual for Patent Examination
  - Patent claims at issue in *Desjardins* related to a computer implemented method of training a machine learning model
  - PTAB rejected claims under § 101 for lack of subject matter eligibility
  - Director Squires reversed and designated his decision as precedential
    - Characterized PTAB's rejection as "overbroad" and "essentially equat[ing] any machine learning with an unpatentable 'algorithm'"
    - Cautioned examiners and PTAB panels to avoid evaluating claims at "such a high level of generality"
    - Agreed with appellant that "the claimed subject matter provides technical improvements" to training of machine learning models

Patent Eligibility of AI-Based Innovations



Thank You

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