

# INTELLECTUAL PROPERTY UPDATE AND YEAR IN REVIEW

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**Dykema**





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# Upcoming Changes to Trademark Filing Fees: A Guide to the U.S. Patent and Trademark Office's New Regulations

As a part of the U.S. Patent and Trademark Office's (PTO) periodic review of fees associated with trademark filings, in May 2023 the PTO began the process of proposing fee changes and soliciting comments pursuant to the rulemaking process. On November 15, 2024, the PTO announced the final rule to implement new fees on January 18, 2025, for most trademark filings (under Section 1 and Section 44 of the Trademark Act), and on February 18, 2025, for Madrid filings (Section 66). While many of the fee changes involve routine increases to account for inflation and other factors, several new fees will affect filing procedures and filing strategies to avoid surcharges by filing more complete trademark applications and providing more information up front. By imposing surcharges, the PTO hopes to streamline examination and avoid the burden on the Trademark Office of examining longer descriptions of goods and services, for example, or wording that is not preapproved and contained in the Acceptable Goods and Services Manual. Applicants will need to decide whether it is advantageous (or not) to comply with certain filing requirements to avoid surcharges. A summary of the key changes follows.

## Background and Summary of PTO Fee Changes

The PTO fees were proposed to align with its fee structure philosophy, including the following factors: (1) promote innovation strategies, (2) align fees with the full cost of trademark services, (3) set fees to facilitate the effective administration of the trademark system, and (4) offer application processing options.

Under the new rule, the PTO sets or adjusts 28 trademark fees, including introducing seven new fees in this rule. The PTO is also discontinuing four fees. The fee changes will increase routine fees to obtain and maintain a trademark registration (e.g., application filings, intent-to-use/use) filings, and post-registration maintenance fees).





## Changes in Application Fees

Currently, the Trademark Office offers two types of application options for new (non-Madrid) applications: TEAS (\$350/class) and TEAS Plus (\$250/class), with TEAS Plus having more stringent initial filing requirements. TEAS Plus applications reduce manual processing and the potential for data entry errors at the PTO, making them more efficient and complete for the PTO and the applicant. The new rule “will replace TEAS Plus and TEAS Standard fees with a single electronic filing option and corresponding base application fee plus new surcharges based on application attributes.” The PTO will now have one base application fee of \$350/class and impose surcharges if the applicant does not comply with certain requirements to take advantage of the lower fee. These fees are for electronic filings, as paper filings are rare and involve significantly higher fees.

The PTO is changing application filing fees to incentivize more complete and timely filings. Those applicants who provide the required information upfront in their initial filing (comparable to TEAS Plus) will pay the lowest fees.

In addition to the basic filing fees for non-Madrid applications (i.e., Section 1 and Section 44 applications), applications with insufficient information, as described below, will entail a surcharge of \$100 per class. Applications that do not use the preapproved wording in the Acceptable Goods and Services Manual and instead use a “free form” description of goods and services will be subject to a \$200-per-class surcharge. For free-form descriptions of goods and services that exceed 1,000 characters (estimated to be about 11 lines of text), those applications will also be subject to a \$200-per-class surcharge.

The PTO also proposed using the surcharges for Madrid filings. However, for now, the surcharges will not apply to Madrid filings because the World Intellectual Property Organization (WIPO) cannot currently administer the surcharges. To account for this, the PTO will instead increase the fees for requests for extension of protection to the United States from \$500 to \$600 (paid in Swiss francs to WIPO). The increased fee will be owed on Madrid applications on or after February 18, 2025.

## What Is Insufficient Information?

Applicants who submit more information in the initial application will be able to avoid a surcharge if they provide the following information in the initial application:

- The applicant’s name and domicile address;
- The applicant’s legal entity;
- The citizenship of each individual applicant, or the state or country of incorporation or organization of each juristic applicant;
- If the applicant is a domestic partnership, the names and citizenship of the general partners, or if the applicant is a domestic joint venture, the names and citizenship of the active members of the joint venture;
- If the applicant is a sole proprietorship, the state of organization of the sole proprietorship and the name and citizenship of the sole proprietor;
- One or more bases for filing that satisfy all the requirements of § 2.34. If more than one basis is set forth, the applicant must comply with the requirements of § 2.34 for each asserted basis (i.e., first dates of use in commerce and specimens for use-based applications under Section 1, and provide priority information and home-country registration information for Section 44 applications);
- If the application contains goods and/or services in more than one class, compliance with § 2.86 (i.e., fees for other classes and the necessary information for the basis of the application, as described above);
- A filing fee for each class of goods and/or services, as required by § 2.6(a)(1)(ii) or (iii);
- A verified statement that meets the requirements of § 2.33, dated and signed by a person properly authorized to sign on behalf of the owner pursuant to § 2.193(e)(1);



- If the applicant does not claim standard characters, the applicant must attach a digitized image of the mark, and if the mark includes color, the drawing must show the mark in color;
- If the mark is in standard characters, a mark comprised only of characters in the Office's standard character set, typed in the appropriate field of the application, and if the mark includes color, a statement naming the color(s) and describing where the color(s) appears on the mark, and a claim that the color(s) is/are a feature of the mark;
- If the mark is not in standard characters, a description of the mark;
- If the mark includes non-English wording, an English translation of that wording;
- If the mark includes non-Latin characters, a transliteration of those characters;
- If the mark includes an individual's name or likeness, either (1) a statement that identifies the living individual whose name or likeness the mark comprises and written consent of the individual, or (2) a statement that the name or likeness does not identify a living individual (see Section 2(c) of the act );
- If the applicant owns one or more registrations for the same mark, and the owner(s) last listed in Office records of the prior registration(s) for the same mark differs from the owner(s) listed in the application, a claim of ownership of the registration(s) identified by the registration number(s), pursuant to § 2.36;
- If the application is a concurrent use application, compliance with § 2.42;
- An applicant whose domicile is not located within the United States or its territories must designate an attorney as the applicant's representative, pursuant to § 2.11(a), and include the attorney's name, postal address, email address, and bar information; and
- Correctly classified goods and/or services, with an identification of goods and/or services from the Office's Acceptable Identification of Goods and Services Manual within the electronic form.

Failure to provide the above information in the initial application will result in the "insufficient information" surcharge. While many of the above categories are objective, whether sufficient information has been provided for some categories is subjective. During the notice and comment period prior to announcing the final rule, many commenters raised issues regarding certain categories being subjective or unknown, or for which it was difficult to gauge the sufficiency, such as the description of the mark or the translation. By way of example, many times a description of the mark might not have sufficient detail or a translation might not be readily known. The final rule acknowledges those comments and advises that applicants can raise issues or questions to point out that the surcharge should not apply when filing Responses to Office Actions; however, it is currently unclear how the PTO will handle those objections. The responses to comments during rulemaking also provide guidance on other instances when surcharges may or may not apply. As another example, another response to a comment explains that certain amendments to goods and services contained within the manual will not subject the applicant to a surcharge, such as adding exclusionary language.





## Other Fee Increases

The PTO has seen decreases in post-registration filings in recent years and is seeking to recoup revenue through increases in some of those fees, as set forth below.

Description	Curent Fee	Final Rule Fee	Dollar Change
Section 9 registration renewal application, per class (paper)	\$500	\$525	\$25
Section 8 declaration, per class (paper)	\$325	\$425	\$100
Section 15 declaration, per class (paper)	\$300	\$350	\$50
Section 71 declaration, per class (paper)	\$325	\$425	\$100
Section 9 registration renewal application, per class (electronic)	\$300	\$325	\$25
Section 7 declaration, per class (electronic)	\$225	\$325	\$100
Section 15 declaration, per class (electronic)	\$200	\$250	\$50
Section 71 declaration, per class (electronic)	\$225	\$325	\$100
Renewal fee filed at WIPO	\$300	\$325	\$25

In raising post-registration fees, the PTO indicated that “costs to process maintenance filings have increased due to higher inflationary costs, post-registration audits, and elevated legal review to address potential fraud or improper filing behaviors.” Further, the PTO wants to rebalance revenue from these filings to keep barriers to entry low for new applicants filing trademark applications.

In addition to the post-registration fees, the PTO will also increase Petition fees and Letter of Protest fees. The Letter of Protest fees, initially instituted in 2021, will be increased from \$50 to \$150.

## Implications of the New Fees and Rule

The changes to the application fees are the most significant aspect of the new rule because they are more than fee increases and amount to practice changes. These fees could involve more strategic considerations prior to filing, as some fees could be much higher than prior application fees. This could also complicate the budgeting process, particularly because there can be many unknowns prior to filing. Further, while there are steps applicants can take to obtain preapproval for wording in the Acceptable Goods and Services Manual, for example, many companies in emerging technologies will not be able to take advantage of those strategies because not all wording is in the manual. Many applicants will need to decide if some of the cost savings are worthwhile or if they can obtain broader protection by incurring some surcharges.



# Ten Tips for Avoiding New Trademark Office Fee Increases and Surcharges

The PTO will impose new fees on January 18, 2025, for most trademark filings (under Sections 1 and 44 of the Trademark Act) and on February 18, 2025, for Madrid filings (Section 66). Apart from routine increases, many of the new fees will affect filing procedures and filing strategies to avoid surcharges by encouraging applicants to file more complete trademark applications and to provide more information upfront. By imposing surcharges, the PTO hopes to streamline examination, reduce pendency, and avoid the burden on the Trademark Office associated with examining longer descriptions of goods and services over 1,000 characters, for example, or wording that is not pre-approved and contained in the Acceptable Goods and Services Manual. Applicants must decide whether it is advantageous (or not) to comply with certain filing requirements in the initial application to avoid surcharges. The surcharges will range between \$100-200 per class, and there are several filing strategies to consider to avoid the additional fees.

## Some of those strategies are:

1. File eligible post-registration filings now and anticipate the new rules for new applications. We can also file responses to pending Office Actions well in advance of January 18, 2025, so outstanding issues are resolved before surcharges take effect.
2. Review the **Acceptable Goods and Services Manual** to prepare the description of goods and services prior to filing.
3. Utilize Trademark Office procedures to obtain pre-approval of frequently used descriptions of goods and services and add wording to the Acceptable Goods and Services Manual. This will benefit filers who own several marks and expect to file multiple applications with the same wording.
4. Provide all information upfront related to the mark including a clear JPG for logos and a sufficient description of the main elements and colors in the mark.
5. Investigate any translation or transliteration prior to filing. The PTO anticipates that applicants will conduct such research prior to filing.
6. Notify counsel of relevant information, such as prior registrations for nearly identical marks.
7. Use Word to count the characters in the description of goods/services prior to filing.
8. Consider that the character-count surcharge only applies at the time of filing, not when any amendment to the goods and services is made in response to a PTO request.
9. Those utilizing the Madrid Protocol will pay \$100 more to request an extension of protection to the United States and will not be subjected to surcharges. Thus, those who can utilize the Madrid Protocol can currently avoid charges associated with the lengthy or free-form list of goods and services and for insufficient information.
10. Consider raising objections to requests for surcharge payments if Applicant attempted to comply, for example, if “fill in the blank” wording from the Acceptable Goods and Services Manual was deemed objectionable or if the Examining Attorney requested further clarification to information previously provided. Issues with inconsistent examination can also be raised with supervisors within the PTO.

Of course, in areas of emerging technologies where pre-approved goods and services are not in the Acceptable Goods and Services Manual, it is likely worth the additional fees to ensure appropriate and accurate protection. Prior to filing any applications, it is advantageous to consider strategies that are appropriate for each trademark and Dykema attorneys can counsel you in advance.



# The TTAB Confirms Lower Fraud Standard: “Fraud” Can Arise From Reckless Disregard For the Truth of Statements in a Trademark Application

In 2024, in the first precedential fraud case at the Trademark Trial and Appeal Board (TTAB) since *Chutter*, the Board confirmed fraud can arise from *either* false statements with an intent to deceive the USPTO *or with a reckless disregard for the truth*. *Look Cycle International v. Kunshan Qiyue Outdoor Sports Goods Co., Ltd.*, 2024 USPQ2d 1424 (TTAB 2024).

In this case, the Applicant submitted a use-based application claiming use in U.S. commerce for certain goods including “pumps for bicycle tyres” and submitted false specimens to obtain a trademark registration. During the cancellation proceeding on grounds of fraud, non-use and likelihood of confusion, Respondent did not provide any evidence related to the specimens submitted with the application but it did produce documents during discovery supposedly showing an event in the U.S. held prior to the 2021 filing date. Discovery revealed the documents were referencing a 2023 event in China. In discussing the questionable specimens, the Board stated:

Because the specimen states that Respondent made three sales of goods bearing the BLOOKE mark prior to the filing date, when it did not—because those addresses do not exist—this statement on the specimen is both false and material. Likewise, Respondent’s declaration that it was using the mark in commerce, when it was not, was also false and material. Had the trademark examining attorney known that Respondent was not using the BLOOKE mark as of the filing date, registration appropriately should have been refused.

Petitioner met its burden of showing no use prior to application filing date by showing the infirmity of the specimens which Respondent did not rebut. Not only did the Board state there was a “knowing intentional deception” but the Board also went further to declare that “...even if the evidence were not sufficient to reveal such intention directly, at a minimum, the facts of this case demonstrate reckless disregard for the truth from which we infer the requisite intent.” The Board explained “[a]n applicant is charged with knowing the specimen submitted to support its averment of use in the United States in fact shows just that” further stating “[t]o find otherwise could encourage applicants to conclude that such reckless disregard carries no consequence and they can submit false material representations without penalty.”

Such statements can also be attributed to attorneys signing the application declaration which highlights the need to conduct a reasonable inquiry which swears under penalty of perjury that “[t]o the best of the signatory’s knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, the allegations and other factual contentions made above have evidentiary support.”

As reported in our IP Newsletters for the past several years, the USPTO has been cracking down on improper claims of use in U.S. commerce, imposing sanctions in record numbers against trademark applicants and attorneys, and taking other actions to ensure the accuracy of the trademark register by passing the Trademark Modernization Act, requiring two-step identity verification, suspending USPTO accounts, creating the Register Protection Office, among other actions. The decision in *Look* is another signal the USPTO and the TTAB are willing to use all available means to enforce strict standards and remind applicants of the seriousness of the oath and the need for accurate (and reasonably investigated) representations to the Office.





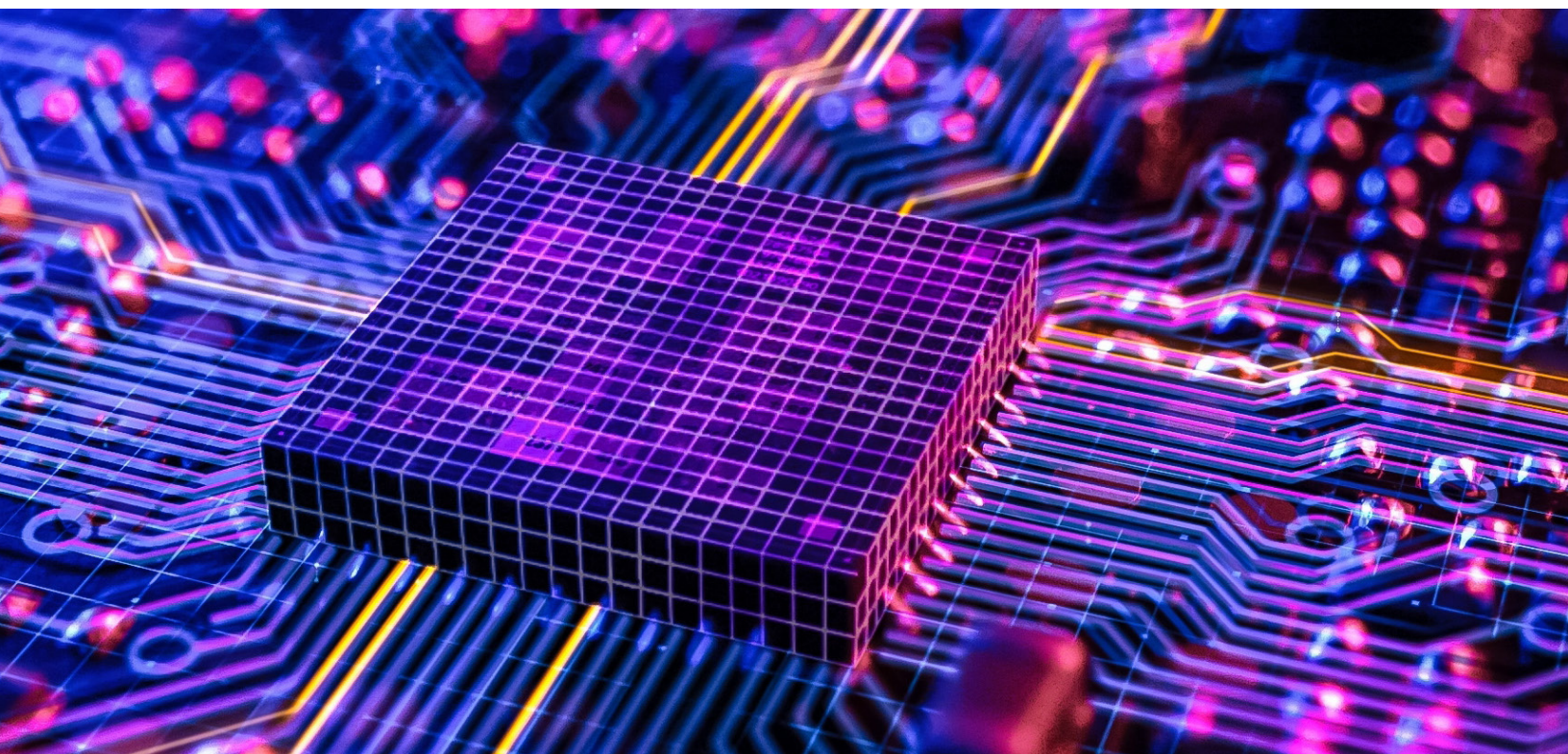
# Navigating AI Patent Eligibility: Insights from the USPTO's 2024 Subject Matter Eligibility Guidance Update

The U.S. Patent and Trademark Office (USPTO) released its much-anticipated guidance on subject matter eligibility under 35 U.S.C. § 101 for AI inventions. The guidance aims to assist USPTO personnel and stakeholders in evaluating the subject matter eligibility of claims in patent applications and patents involving inventions related to AI technology (AI inventions). This update introduces a new set of examples intended to assist in applying the USPTO's subject matter eligibility guidance to AI inventions during patent examination, appeal, and post-grant proceedings. Specifically, it explains the two-step inquiry process of Step 2A, which focuses on determining whether a claim recites a judicial exception and if it integrates that exception into a practical application.

The guidance underscores the USPTO's commitment to addressing AI in patent law and reflects proactive engagement with practitioner feedback. The guidance reinforces a fundamental principle: just as applying a computer to an abstract idea doesn't make it patentable, merely incorporating AI, large language models (LLMs), or neural networks into an abstract idea cannot transform it into a patentable application. However, the guidance isn't groundbreaking and opens further questions about the necessary level of technical detail for AI patentability. These questions prompt considerations of whether trade secrets might provide a more effective protection strategy for inventions that may not satisfy the technical requirements for patentability.

Notably, the guidance states that the use of AI in developing an invention does not influence the invention's patent eligibility under § 101, focusing instead on the invention itself and its merit for patent protection. Additionally, while the guidance clarifies and assists, it does not constitute substantive rulemaking and lacks the force of law. This lack of authority implies that examiners may interpret the guidance differently, limiting patent practitioners' ability to appeal their subject matter rejections based on this guidance.

Under § 101, patents are granted for processes, machines, manufactures, and compositions of matter, but not for abstract ideas, laws of nature, or natural phenomena. The guidance tackles the issue of evaluating whether a claim recites an abstract idea in Step 2A, Prong One, and considers improvements in Step 2A, Prong Two. It distinguishes between claims that recite an abstract idea as an essential element and those that involve an abstract idea without it being part of the claim language.





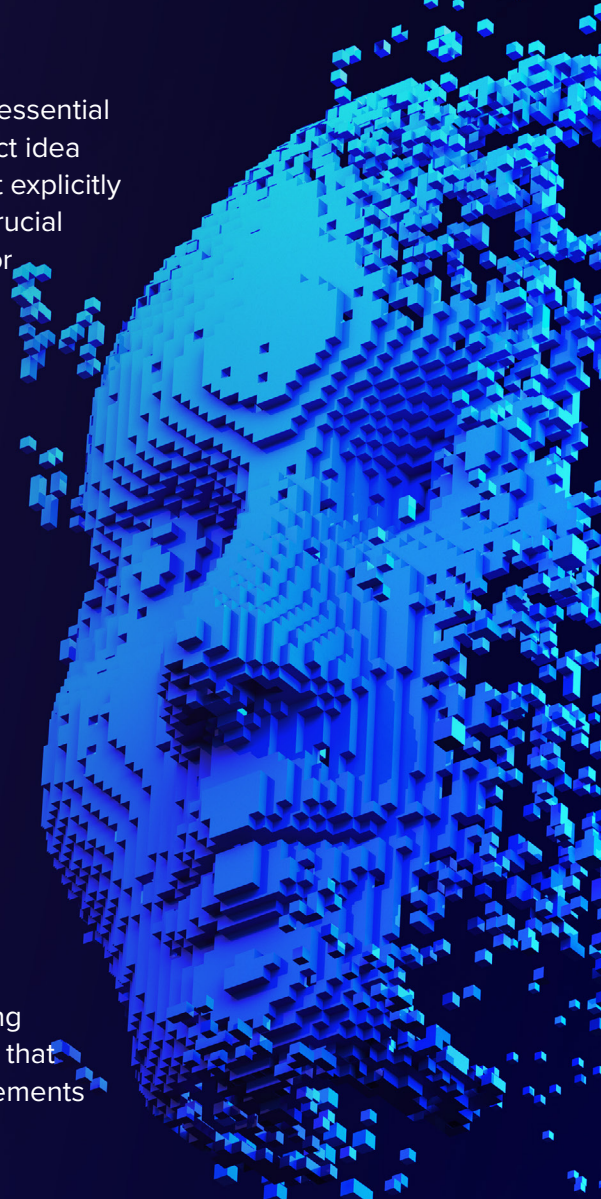
A claim reciting an abstract idea directly includes the abstract idea as an essential element of the claim itself. On the other hand, a claim involving an abstract idea implies that the claim is based on or utilizes an abstract idea but does not explicitly recite the abstract idea as part of the claim language. This distinction is crucial because claims that merely involve an abstract idea can still be eligible for patent protection if they integrate it into a practical application.

Moreover, the guidance provided examples of claims that did not recite abstract ideas. For instance, it cites a claim for an application-specific integrated circuit (ASIC) designed for a neural network, which showcases a practical application beyond mere mathematical concepts, and a system for monitoring health and activity in dairy livestock, illustrating practical application in livestock management. These examples highlight how specific implementations that demonstrate practical utility in AI fields can meet the criteria for patent eligibility. However, they do not address the level of technical detail needed.

The guidance also includes new examples (47–49) illustrating how eligibility analysis is applied to AI-related claims, emphasizing the distinction between abstract ideas and their practical applications. Example 47 features an artificial neural network for anomaly detection, Example 48 employs AI methods to analyze and separate speech signals, and Example 49 utilizes an AI model to personalize medical treatment based on individual patient data. In eligibility assessments, claims that incorporated abstract ideas into practical applications with technological improvements, like enhancing network security or advancing speech-separation technology, were deemed eligible. Conversely, claims that merely presented abstract ideas without tangible applications or enhancements were found ineligible.

### Key Takeaways:

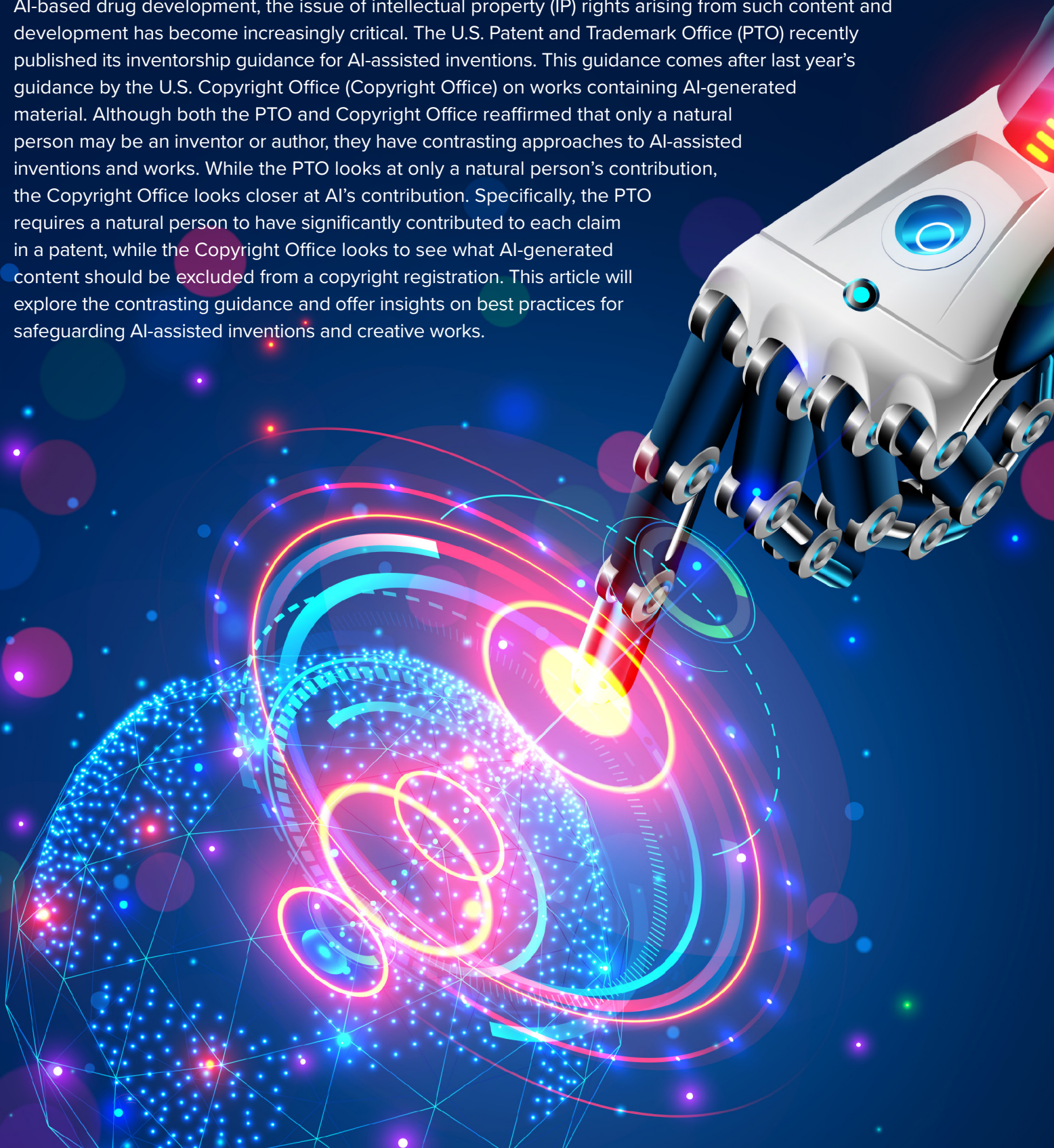
- The USPTO's guidance emphasizes that AI's role in creating an invention doesn't influence its patent eligibility, focusing instead on whether the invention qualifies as a patentable innovation under 35 U.S.C. 101.
- The guidance clarifies that claims involving abstract ideas can be patentable if they incorporate the idea into a practical application, using detailed examples from various AI applications, like anomaly detection and medical treatment personalization, to illustrate how to navigate patent eligibility.
- The guidance does not address significant issues about the patentability of certain AI-related inventions, such as the necessary level of detail regarding AI system training or operation to render claims patentable, despite commenting on the lack of such details in ineligible examples.
- While the guidance is not legally binding, it aims to provide clarity and consistency in the patenting process, continuing the USPTO's efforts to adapt patent laws to AI advancements. However, it also highlights limitations due to the lack of Federal Circuit precedent on many AI-related issues.
- The questions that the guidance opens up suggest practitioners might instead consider using trade secrets to protect AI innovations, especially those that do not clearly meet patent eligibility criteria.
- The USPTO is expected to release future guidance on AI's relationship with nonobviousness, the scope of prior art, and the qualifications for a person of ordinary skill in the art, indicating ongoing efforts to refine the framework for AI-related patents.





# Generative IP Rights: An Examination of the Copyright and Patent Offices' Guidance on AI-Generated Content

Generative artificial intelligence (GenAI) has continued to leap ahead, surpassing its initial capabilities and setting new benchmarks in the quality and creativity of the content it creates. With the introduction of groundbreaking models like OpenAI's Sora, a revolutionary video generator capable of producing cinematic-quality videos from user prompts, and the significant increase in investment in AI-assisted inventions like AI-based drug development, the issue of intellectual property (IP) rights arising from such content and development has become increasingly critical. The U.S. Patent and Trademark Office (PTO) recently published its inventorship guidance for AI-assisted inventions. This guidance comes after last year's guidance by the U.S. Copyright Office (Copyright Office) on works containing AI-generated material. Although both the PTO and Copyright Office reaffirmed that only a natural person may be an inventor or author, they have contrasting approaches to AI-assisted inventions and works. While the PTO looks at only a natural person's contribution, the Copyright Office looks closer at AI's contribution. Specifically, the PTO requires a natural person to have significantly contributed to each claim in a patent, while the Copyright Office looks to see what AI-generated content should be excluded from a copyright registration. This article will explore the contrasting guidance and offer insights on best practices for safeguarding AI-assisted inventions and creative works.





## Copyright Office Guidance

The Copyright Office guidance not only reaffirmed that copyright law recognizes only human authorship but further emphasized that copyright can protect only material that is the product of human creativity. Thus, the Copyright Office requires that AI-generated content that is more than de minimis be explicitly excluded from copyright applications. This means that any element of a work that may have more than a de minimis quantum of creativity that cannot be associated to a human author must be excluded from the copyright application. Under copyright law, creativity can only come from human authors, and therefore, when AI-generated content is perceived to have some form of creativity, such content cannot be protected. This is not to say that AI is creative, but rather that the Copyright Office only recognizes human creativity.

Despite these restrictions, AI tools can be used to create original works. A work containing AI-generated material can be eligible for copyright protection if it includes sufficient human authorship to support a copyright claim, either through the sufficiently creative selection and arrangement of AI-generated content or through substantial modifications to AI-generated material. This is because what matters is the extent to which the human had creative control over the work's expression and actually formed the traditional elements of authorship. However, based on the Copyright Office's understanding of the GenAI technologies currently available, users do not exercise ultimate creative control over how such systems interpret prompts and generate material. Thus, when AI technology determines the expressive elements of its output, the generated material is not the product of human authorship and must be explicitly excluded from copyright applications. Moreover, the Copyright Office has made it clear that applicants have a duty to disclose the inclusion of AI-generated content in a work submitted for registration, not simply the use of AI, and a brief explanation of the human author's contributions to the work.

## PTO Guidance

The PTO, like the Copyright Office, reaffirmed that only a natural person can be an inventor under patent law. However, unlike the Copyright Office, the PTO does not look at AI's contribution to the invention; instead, it only looks at the contribution of the human inventor. The PTO specifically states that AI-assisted inventions are not categorically unpatentable for improper inventorship if a natural person significantly contributed to the claimed invention. Particularly, a natural person must have significantly contributed to each claim in a patent for improper inventorship not to come into play under 35 U.S.C. §§ 101 and 115. The PTO requires only the naming of natural persons and even prohibits applicants from listing any entity that is not a natural person as an inventor, even if an AI system may have been instrumental in the creation of the claimed invention. This guidance from the PTO not only affects utility patents and applications but also extends to design and plant patents. It is important to note that U.S. patent applications and patents, including those claiming priority from foreign applications or entering national stage under 35 U.S.C. 371, must only name natural persons as inventors who have made significant contributions to the invention, disallowing the naming of AI systems or nonnatural persons as joint inventors, even if they are allowed in other countries.

Additionally, the PTO, similar to the Copyright Office, excludes users who merely pose a problem to an AI system through a prompt as an inventor. However, the PTO does recognize a person who strategically formulates a prompt to elicit a particular solution from the AI system, as it could demonstrate a significant contribution to the claimed invention. Likewise, an individual who takes the output of an AI system and makes a significant contribution to the output to create an invention may be a proper inventor. Additionally, a

natural person who develops an essential building block from which the claimed invention is derived may be considered to have provided a significant contribution, even if not present for or a participant in each activity that led to the conception of the invention. A natural person who designs, constructs, or programs an AI system specifically to address a problem and generate a particular solution may also qualify as an inventor, provided that their involvement with the AI system constitutes a substantial contribution to the resulting invention. Conversely, merely owning or supervising the use of an AI system in the invention process, without making a meaningful contribution to the invention's conception, does not grant inventor status.

Much like the Copyright Office's duty to disclose, the PTO requires that all pertinent information related to patentability must be disclosed, which includes providing evidence that a named inventor's alleged significantly contributions were actually made by an AI system. The PTO goes even further, as every party submitting documents to the PTO, including practitioners, are required to verify proper inventorship and to assess whether the contributions made by natural persons rise to the level of inventorship. Patent examiners may also request any information deemed necessary for a thorough examination of an application, potentially including inquiries into inventorship that might not directly relate to patentability and instead inquire whether the inventors contributed significantly to the claimed subject matter.

As GenAI continues to push the boundaries of human creativity, the guidance from the PTO and the Copyright Office serves as a critical framework for protecting AI-assisted inventions and works. Although the offices have contrasting approaches to AI-assisted inventions and works, both offices do not recognize AI as an inventor or author and instead require substantial involvement by a natural person before giving inventions or works protection.

## Best Practices

- **Prioritize Human Innovation and Expression:** Emphasize substantial human involvement in the creative and inventive processes when utilizing AI technologies. Both the PTO and the Copyright Office recognize inventions and works created using AI tools, but they underscore the importance of significant human control and decision-making in the development of new inventions or creative works. This approach ensures that the conception of the invention and the expression of the work remain fundamentally human.
- **Establish Robust Documentation Practices:** Companies should establish comprehensive policies for employees involved in the development of new products or works utilizing AI systems and tools. These policies should guide employees on how to document their use of AI systems and their significant contributions to the creative process while also maintaining detailed records and evidence that highlight the distinction between human contribution and the AI system's role in the creation of the final invention or work. This is especially critical when designing or further training an AI model to assist in creating an invention or work.
- **Beware of Disclosure Responsibilities:** All stakeholders involved in AI-assisted inventions must consider and account for the involvement of human inventors, given the obligations to disclose inventorship information, the examiners' right to request further inventorship information, and the duty to verify inventorship under patent law. Similarly, for AI-assisted works, applicants must consider and account for the involvement of AI when dealing with AI-generated content, as it must be disclosed to the Copyright Office when submitting a copyright application.



# Hot Topics in 2024

- **PTAB Developments:** We are closely watching the Patent Trial and Appeal Board (PTAB) for anticipated updates in rules governing denials of patent review requests, as this evolution could influence patent litigation strategies.
- **Patent Law — AI and Biologics:** AI continues to challenge traditional notions of inventorship and patent eligibility. Legal debates focus on whether AI-generated inventions qualify for patent protection and how ownership is assigned. Separately, legislative changes incentivizing biologics over small molecules are affecting patent strategies in the pharmaceutical sector.
- **Copyright and Fair Use Post-Warhol:** The Supreme Court's decision in *Andy Warhol Foundation v. Goldsmith* refined the “transformativeness” standard for fair use, emphasizing that transformative works must serve a distinct purpose beyond commercial gains. This case has started influencing subsequent rulings in circuit courts.
- **Trademark Law and First Amendment:** The Jack Daniel's case established that expressive works using trademarks as source identifiers are not shielded by the First Amendment. Lower courts are now applying this precedent, as seen in *Vans v. MSCHF*, involving parodic sneakers. This ruling emphasizes balancing parody with trademark protections.
- **Supreme Court's Focus on Copyright and Trademark Law:**
  - *Warner Chappell Music v. Nealy* — The U.S. Supreme Court ruled in favor of the copyright owner in a copyright case; the court ruled that the Copyright Act permits a plaintiff to recover monetary damages for any claim of infringement that is filed within the statute of limitations, regardless of how long ago the infringement itself took place. This decision enables a music producer to seek compensation for alleged violations that occurred more than a decade earlier, provided the claims were filed within the legally allowable time frame. [Read Dykema's Decision Alert: Supreme Court Clarifies Copyright Act's Damages Provision.](#)
  - *Vidal v. Elster* — The Court unanimously held that the clause barring trademark registrations featuring a living person's name without their consent does not violate the First Amendment's Free Speech Clause. However, unanimity in judgment does not necessarily translate to unanimity in reasoning. This principle was evident in *Vidal v. Elster*, where all nine justices agreed on the clause's constitutionality but offered differing rationales for their decision. [Read Dykema's Decision Alert: Supreme Court Unanimously Upholds Patent and Trademark Office's Refusal to Register “TRUMP TOO SMALL” Trademark.](#)





## Ones to Watch in 2025

Looking ahead to 2025, several IP cases and trends are expected to shape the legal landscape. Key areas of interest include:

- **AI-Related IP Challenges (Copyright Claims for AI Training Data and AI-Generated Works):** Cases like *Andersen v. Stability AI* will continue to address whether the use of copyrighted works in training AI models constitutes infringement. The courts may refine how they handle claims of direct and induced infringement and the role of transformative use in AI applications. Legal disputes are also anticipated to focus on whether AI-generated creations can qualify for IP protection and whether AI systems can be considered inventors under patent laws. These decisions will have far-reaching implications for industries leveraging AI.
- **Trademark and Copyright in the Digital Age (Fair Use in Copyright and NFTs and the Metaverse):** Cases like *August Image, LLC v. Girard Entertainment* will explore boundaries of fair use, especially in reporting or transformative uses of copyrighted material. Also, as technologies evolve, legal frameworks will likely be tested regarding trademark rights and digital representations.
- **Trademark Enforcements in Global Markets:** Issues around nonuse and genuine-intent-to-use trademarks are gaining attention, with implications for multinational businesses. Recent decisions, such as the European Union's ruling on McDonald's "Big Mac" trademark, signal stricter scrutiny.



# Recent Developments in China and Their Impact on U.S. Intellectual Property

China's rapidly evolving intellectual property (IP) policies and technological advancements have significant implications for the U.S. IP landscape. These developments span innovations in key industries, changes in enforcement mechanisms, and global trade dynamics.

China is now a global leader in patent filings, particularly in emerging fields such as electric vehicles (EVs), batteries, and AI. By 2023, Chinese entities were responsible for over one-third of global patent applications related to solid-state battery technology (Freudenberg NA CEO Meet...). This surge in filings raises competitive pressure on U.S. companies to innovate and secure their own IP rights in critical sectors. American businesses face increased competition and must protect their IP portfolios more rigorously. Cross-border collaborations may also expose sensitive IP to risks of misappropriation.

China remains a hotspot for counterfeit goods, necessitating robust enforcement strategies. Efforts such as monitoring Chinese e-commerce platforms and working with local authorities are crucial for U.S. companies operating in China. Recent advancements in China's anti-counterfeiting measures, including digital monitoring tools, signal progress but do not fully address the challenges. The proliferation of counterfeits harms U.S. brands, while improvements in enforcement may provide opportunities for more effective rights protection.

China's government has made strides to align its IP laws with international standards, particularly under pressure from the United States-China trade agreements. However, the invalidation of foreign patents in China has increased, highlighting the need for U.S. businesses to stress-test their patents before relying on Chinese protections. While legislative improvements may ease some concerns, the inconsistency in enforcement and bias against foreign entities remain challenges.

The "China Plus One" approach encourages companies to diversify manufacturing beyond China. Many businesses are relocating to regions like Mexico, Vietnam, and India to mitigate tariffs and supply chain risks. This trend affects how U.S. companies approach IP protection, as they must consider IP enforcement capabilities in new manufacturing hubs.

While United States-China relations remain tense, there are examples of positive collaboration between their respective patent offices. These interactions focus on solving technical IP challenges rather than political disagreements. Constructive collaboration may streamline patent filings and enforcement processes for U.S. entities operating in China.

## Conclusion

Recent developments in China present a complex mix of opportunities and challenges for the U.S. IP landscape. While China's advances in innovation and enforcement signal progress, geopolitical tensions and counterfeiting concerns require vigilance. U.S. companies must adopt proactive IP strategies, from diversifying operations to closely monitoring legislative changes in China.

# Trump's Return Fuels Push for Stronger Patent Protections in Life Sciences

President-elect Donald Trump's upcoming term raises significant uncertainty for the life sciences and IP sectors.

1. **Patent Policy:** There is a current need to combat rising anti-patent sentiment and to appoint USPTO leadership supportive of innovation. A rollback of recent expansions to "march-in rights," which could use drug prices as a trigger for government intervention in patents, is anticipated. Trump's administration might revisit policies to ensure patents are viewed as drivers of innovation rather than regulatory tools.
2. **Regulatory Adjustments:** Trump is expected to reverse stringent merger and acquisition regulations imposed by the Biden administration. Past measures, such as tariffs and IP investigations targeting China, may reemerge, potentially pushing foreign entities to establish operations within the United States.
3. **Pharma Relations:** Clearer communication on drug pricing policies, including under the Inflation Reduction Act, is crucial.
4. **Global IP Collaboration:** While political tensions between the United States and China persist, experts advocate maintaining cooperation between patent offices to support cross-border innovation.

Overall, the life sciences sector hopes for predictable policies that foster investment, innovation, and international collaboration while addressing key challenges from Trump's previous term.





# IP Development and Trends in the Automotive Industry

In 2023, the IP landscape for the automotive industry was dominated by advancements in electric vehicle technologies, particularly faster-charging, longer-lasting batteries and charging infrastructure. However, the industry's focus has shifted in 2024 from electrification to autonomy, with a growing emphasis on wireless communication technologies like 5G and Bluetooth and the complex patent issues surrounding standard-essential technologies. Protecting data, software algorithms, and IoT interactions is increasingly critical to establishing a secure and reliable ecosystem for connected and autonomous vehicles.

The technological complexity of modern vehicles has led to new considerations in protecting IP. Innovations between OEMs and suppliers necessitate the reevaluation of traditional ownership models. Licensing agreements may need customization to reflect the contributions and expectations of each party, and with AI's "black box" nature, trade secrets are becoming an attractive alternative to patents, particularly for safeguarding training data and models.

Battery innovation remains relevant, as automakers recognize the competitive advantage of protecting breakthroughs with robust patents, but fuel cell EVs have taken a back seat, reflecting their limited market impact. Counterfeit parts from overseas also pose a significant threat, underscoring the need for stronger enforcement and international collaboration to protect safety and IP.

## Trending Up: Design Patent Applications

Design application filings have seen significant growth, with USPTO data from 2023 showing over 50,000 applications submitted last year — a 20% increase over the past five years. This rise reflects the heightened importance of design innovation, particularly in the automotive sector, where inventors are prioritizing the protection of their unique contributions. For automakers, the growing reliance on design patents highlights a strategic focus on safeguarding IP to maintain competitiveness in a rapidly evolving industry.

## Trending Down: Luxury Vehicle Production Patents

Luxury carmakers, once leaders in IP filings, are shifting their focus. While some high-end brands continue to file for "whole vehicle" design patents, there is a growing emphasis on expanding international trademark portfolios and fostering strategic partnerships rather than engaging in traditional patent disputes. As global production becomes more decentralized and cost-driven, IP disputes over luxury vehicle designs in the United States have declined. However, this strategic pivot has also heightened concerns about counterfeit products and trademark infringements, particularly in markets like China, where "copy-cars" remain a persistent issue.

## One Big Thing: AI's Uncanny Valley

The rise of AI and augmented reality in the automotive sector has created a complex legal and strategic landscape. With AI systems driving innovations in navigation and vehicle personalization, companies must safeguard their proprietary algorithms and data. However, this is increasingly challenging in an interconnected world, requiring robust trade secret protections and cybersecurity measures.

AI's role in generating patentable elements, from sensor data to driving decisions, is leading to a surge in patent filings and potential disputes. Navigating this dense patent landscape will demand sophisticated strategies and skilled legal teams, as companies strive to maintain an edge in this rapidly evolving field.

# Navigating the SEP Landscape: Challenges and Opportunities

Standard-essential patents (SEPs) have remained a focal point for regulatory authorities worldwide. The number of self-declared SEPs has increased significantly. Between 2010 and 2021, the number of declared SEPs grew from approximately 82,000 to over 305,000, reflecting a substantial rise in the adoption of standards-based technologies in industries such as telecommunications and automotive. The range of SEP holders has also expanded, with many large companies across sectors now participating in SEP-related R&D. Cases such as *Juniper Networks v. Monarch Networking*

*Solutions* and *AT&T Mobility v. Daigean Technologies* showcase the increasing complexity of SEP disputes. These involve arguments about claim construction and the interpretation of patent standards, as seen in the Patent Trial and Appeal Board (PTAB) decisions in 2024.

Countries are also increasingly examining the balance between patent holders' rights and implementers' access to essential technologies, especially as disputes escalate in areas like 5G and IoT. These disputes often center on defining FRAND terms





and determining whether patent holders engage in anticompetitive practices by refusing to license on fair terms. Industries reliant on SEPs, like connected vehicles and smart-home devices, have been working to streamline licensing models. Patent pools and collective licensing frameworks are gaining traction as a way to reduce litigation and improve access to essential technologies.

However, there are emerging technology challenges about overlapping patents and potential “patent thickets” are more prominent, and companies are

investing in sophisticated strategies to navigate these complexities. The U.S. and other governments have indicated they may refine SEP policies to foster innovation while preventing monopolistic practices. For instance, the Biden administration’s approach to SEP regulation aimed to encourage collaboration without compromising fair competition. However, there is a shift reshaping the global SEP ecosystem as China continues to expand its influence, with domestic companies increasing their SEP portfolios.



## One Minute Matters and Podcasts

Dykema's award-winning One Minute Matters video series and podcasts offer value-driven legal insights on IP and other trending topics.

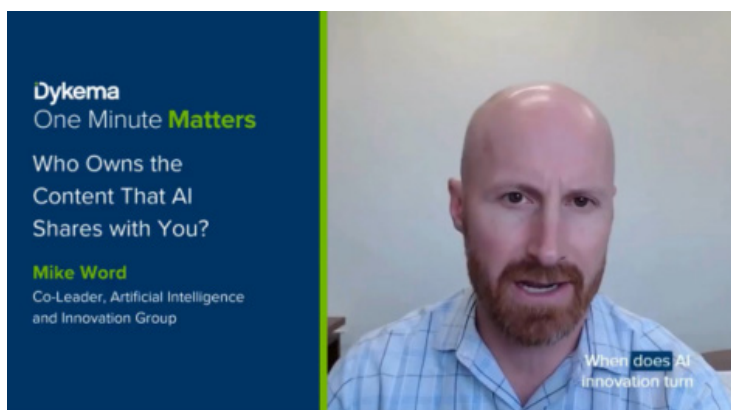


### How Do You Make Sure Your Patent Is Protected Overseas?

What do you do when the patent meant to safeguard your invention is invalidated? If that patent is in China, this risk is becoming increasingly common. Tom Moga breaks down the factors driving this rise in overseas patent invalidations, and what businesses can do to mitigate the risks and improve the enforceability of their patents.

### Will Quantum Computing Transform the Way We Use AI Technology?

Quantum computing has the potential to transform the way we use AI, disrupting industries far beyond the tech space by tackling problems classical computers can't solve. Diego Freire breaks down why any business that relies on data needs to develop a legal strategy to account for future quantum advancements.



### Who Owns the Content That AI Shares with You?

When AI serves up the answers, who owns the rights? Whether you develop AI tools or just integrate them into your workflow, Mike Word breaks down what the recent lawsuit against Perplexity's AI-powered search engine could mean for the ever-evolving future of AI regulation.



## Can Someone Profit Off Your Likeness Without Your Consent?

What happens when someone tries to cash in on your likeness without your permission? Shannon McKeon breaks down what you need to know about the right of publicity, how it can affect you (especially if your name is Taylor Swift), and how to maintain compliance.

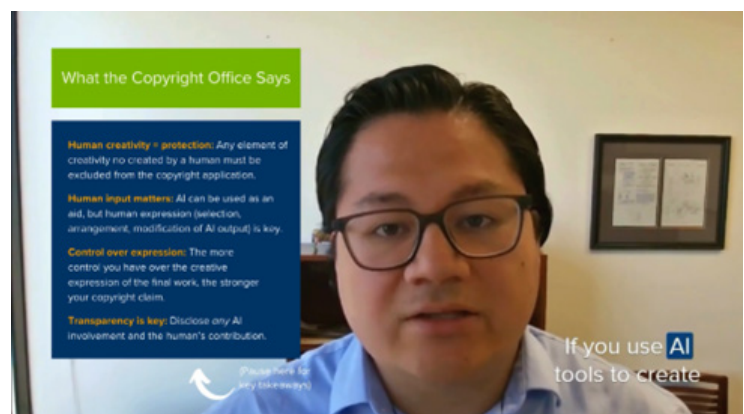


## What Does the End of Chevron Deference Mean for Your IP Strategy?

The demise of the Chevron doctrine introduces a ton of uncertainty into IP law. Michael Word breaks down what you need to know about navigating this new landscape, protecting your patent portfolio, and preparing for future challenges.

## Who Owns the Rights to AI-Generated Art and Inventions?

Imagine an AI-written song climbs to the top of the charts — who earns the royalties? What about a new anti-aging drug that's created with the help of AI — can this invention be protected by a patent? Diego Freire discusses what you need to know about the recent guidance from both the U.S. Copyright Office and the PTO on generative AI.





## Is Your Next Round of Virtual Golf a Copyright Infringement?

Thanks to advancements in technology, golfers can now play courses like Pebble Beach or Augusta from the comfort of a simulator. But how are these virtual courses re-created? Passed in February, the Birdie Act aims to extend copyright protection to golf course designs. Eric Fingerhut explains what this move could mean for replica courses, virtual golf simulators, and even the future of AI.



## How Challenging is it to Secure a Trademark for Your Cannabis Brand?

Picture this: Your cannabis business is thriving, sales are through the roof, and you've developed a loyal, passionate following for your brand. And yet ... you still haven't been able to register a trademark. As with nearly every other aspect of operating a cannabis business, securing a trademark in this industry presents a unique set of regulatory challenges. John Fraser, Michigan team leader of Dykema's cannabis group, sits down with Jennifer Fraser, leader of Dykema's trademark practice, to break down the essentials of trademarking a cannabis brand, including state versus federal registrations, potential pitfalls to avoid, and best practices for navigating the application process.

## Collaboration or Contamination? Here's How to Protect Your Cannabis Trade Secrets.

Cultivating a competitive edge in the cannabis industry hinges on innovation. But protecting those game-changing ideas is a hazy process that poses a lot of questions, including: Can you collaborate with other growers and researchers without putting your secrets at risk? What happens if someone steals your million-dollar marijuana strain? Brett Gelbord sits down with Steve Zeller of Dykema's Intellectual Property group to discuss the complex world of cannabis trade secrets, exploring what qualifies as a secret worth safeguarding, the unique challenges cannabis businesses face, and best practices for keeping your competitive edge sharp.





# MarkMinder

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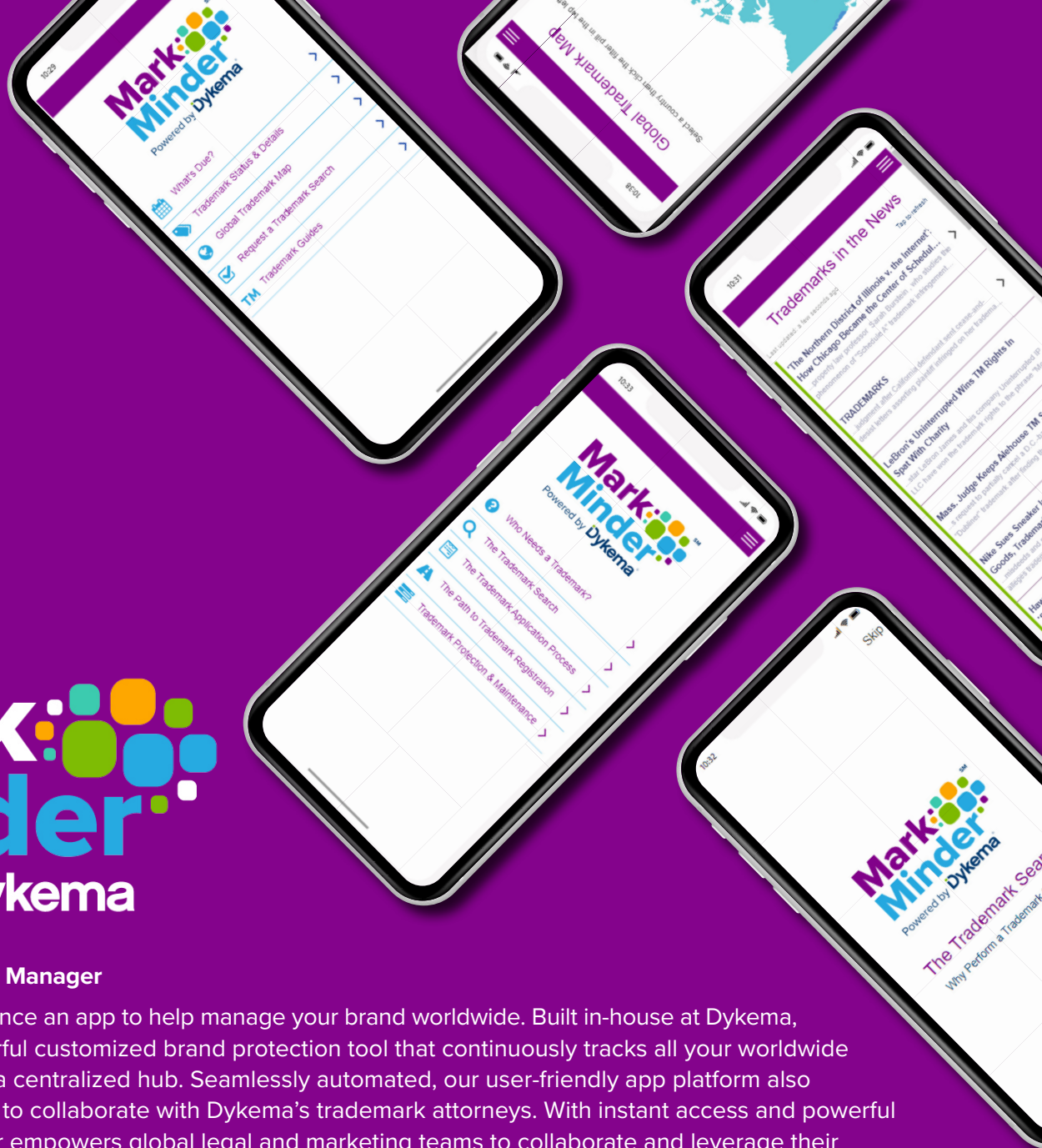
## Your Worldwide Brand Manager

We are proud to announce an app to help manage your brand worldwide. Built in-house at Dykema, MarkMinder is a powerful customized brand protection tool that continuously tracks all your worldwide trademark portfolio in a centralized hub. Seamlessly automated, our user-friendly app platform also enables brand owners to collaborate with Dykema's trademark attorneys. With instant access and powerful resources, MarkMinder empowers global legal and marketing teams to collaborate and leverage their portfolio data to have a competitive advantage and make strategic decisions around their brand.

As a value-add service to Dykema clients, the MarkMinder app aids client teams in:

- Tracking USPTO office actions and other deadlines
- Managing your portfolio of trademarks around the globe
- Requesting a trademark search
- Providing trademark guides
- Connecting with their Dykema trademark attorneys
- Reading news about trademarks

**For more information about the MarkMinder app, please contact your Dykema relationship attorney.**



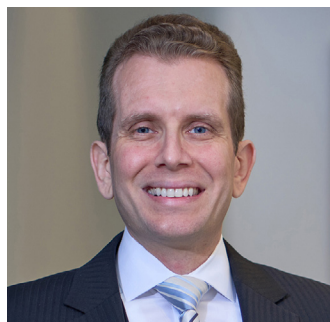
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