

Article Information

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Commissioner of Patents v Thaler [2022] FCAFC 62 - AI as an Inventor?

In *Commissioner of Patents v Thaler* [2022] FCAFC 62, the Full Federal Court has unanimously held that an AI cannot be named as an inventor for the purposes of a patent application under the *Patents Act 1990* (Cth) (Act).

This judgment is the latest chapter in this line of authorities, where Dr Stephen Thaler has sought to have his AI system named "DABUS" recognised as an inventor of various patentable inventions, both in Australia and overseas. While Dr Thaler was successful at first instance, the Full Court determining that an "inventor" must be a natural person has shut down (for now) the concept of AI led patent applications.

This article considers the Full Court judgment, the facts that brought the matter to Court and the consequences of the judgment, including potential policy questions raised by the bench.

Background Facts and Procedural History

Dr Thaler was the applicant for Patent Application No. 2019363177 entitled "*Food container and devices and methods for attracting enhanced attention*", which was filed on 17 September 2019.^[1] In the application, Dr Thaler named DABUS as the inventor, noting that the invention was "*autonomously generated by an artificial intelligence.*"^[2] DABUS stands for "*device for the autonomous bootstrapping of unified sentience*".

IP Australia notified Dr Thaler's patent attorneys that the application did not comply with Reg 3.2C of the *Patent Regulations 1991* (Cth) (**Regulations**) because it did not identify a natural person as the inventor. Dr Thaler argued that an AI could be named as an inventor. The Commissioner disagreed and in *Stephen L. Thaler* [2021] APO 5, the Commissioner determined that an AI being treated as an inventor was inconsistent with terms of the Act and Regulations.^[3]

Dr Thaler appealed to the Federal Court, where Beach J set aside the Commissioner's decision and held that an AI could be named as an inventor for a patent application.^[4]

In finding that DABUS could be named as an inventor, Beach J concluded that none of the Act's provisions prevented an AI system from being named as an inventor. In particular, his Honour noted that the term "inventor", as used in the Act, was an agent noun in the same category as "regulator", "computer" or "lawnmower". An agent noun can operate as either a person or a thing. As such, Justice Beach determined that the legislation did not prevent an AI from being named as an inventor for the purposes of section 15 of the Act and Reg 3.2C(2) of the Regulations.

The Commissioner appealed the decision, on the following grounds:

- Justice Beach misconstrued section 15 of the Act and Reg 3.2C(2) of the Regulations; and
- Justice Beach erred by making factual findings beyond the evidence before the Court.^[5]

Full Court Decision

The Full Court overturned Justice Beach's decision, holding that DABUS could not be considered an inventor for the purposes of the Act and the Regulations. To reach their decision, the Court had to interpret the meaning of "inventor" under the Act and Regulations, which required, in part, a review of the history of the legislation and the intention of Parliament.

Relevant Legislation

Section 15 of the Act provides:

Who may be granted a patent?

(1) Subject to this Act, a patent for an invention may only be granted to a person who:

- (a) is the inventor; or
- (b) would, on the grant of a patent for the invention, be entitled to have the patent assigned to the person; or
- (c) derives title to the invention from the inventor or a person mentioned in paragraph (b); or
- (d) is the legal representative of a deceased person mentioned in paragraph (a), (b) or (c).

(2) A patent may be granted to a person whether or not he or she is an Australian citizen.

Reg 3.2C(2)(aa) imposes an obligation upon the applicant to provide the name of the inventor of the invention to which the application relates.

Interpretation of Statute and Historical Legislation

The definition of “inventor” has been held by the courts to bear its ordinary English meaning, being the person(s) responsible for making the invention, namely “*the person who makes or devises the process or product*”.[6]

Their Honours considered section 6 of the *Statute of Monopolies* and the close link between the ingenuity of the actual inventor and the benefits conferred by a patent, concluding that it is the inventor’s invention that warrants the grant of a patent.[7] The grant of a patent is a reward for the invention.

For example, in *Cornish v Keene* [1835] 1 WPC 501, Tindal CJ stated that:

*“Sometimes it is a material question to determine whether the party who got the patent was the real and original inventor or not; **because these patents are granted as a reward, not only for the benefit conferred upon the public by the discovery, but also to the ingenuity of the first inventor... although the public had the benefit of it, it would be an important question whether he was the first and original inventor of it.**”* (emphasis added).

Further, in *Tate v Haskins* (1935) 53 CLR 594, the High Court, while determining a matter under the predecessor *Patents Act 1903* (Cth), considered the importance of the “patentee” being the inventor of the invention or else the grant of a patent fails. Similarly, in *Prestige Group v Dart Industries Inc* (1990) 26 FCR 197, Gummow J noted that the *Patents Act 1952* (Cth) predicated a person’s ability to apply for a patent upon the existence of an “actual inventor”, which means a person with a legal personality.[8] In *D’Arcy v Myriad Genetics Inc*,[9] a majority of the High Court held, *inter alia*, that a claimed invention must “*be something brought about by human action.*”[10]

The Explanatory Statement states that the name of the inventor of the invention “*is required to ensure that the entitlement of the applicant to be granted a patent is clear.*” There were no recommendations that the role of the inventor, as the person from whom the entitlement to the grant of the patent should be derived, would change.[11] In fact, the Explanatory Memorandum to the *Patents Bill 1989* (Cth) stated that:

“Broadly, a patent may be granted only to the inventor of the invention concerned or to a person deriving rights from the inventor.”

As such, the Court was of the view that both historical and current legislation assumed that an inventor must be a natural person, particularly given that the grant of a patent is a reward for the ingenuity and endeavour of said “inventor”. There must be a legal relationship between the actual inventor and the person first entitled to the grant.[12] This interpretation veered the Court away from concluding that an AI can be considered an inventor under the Act.

Policy Considerations

It is settled authority that, while the issue of statutory construction is a text-based activity, questions of policy can inform

the Court when construing how to interpret statute.^[13] However, courts should be cautious about interpreting statute by reference to what might be considered *desirable* policy, to avoid imputing that policy into the legislation and then characterising that as the purpose of the legislation.^[14]

The Court respectfully noted that Dr Thaler intended to provoke debate about the extent to which an AI may take part within the Act and Regulations, however suggested that this policy argument “clouded” the question before Beach J, which was the proper interpretation and construction of section 15 of the Act and Reg 3.2C(2)(aa) of the Regulations.^[15]

However, the Court raised the following policy questions concerning AI and inventions:

- Whether “*inventor*” should be redefined to include an AI?
- If so, whom should the patent be granted in respect of its output? The owner of the AI? The AI’s developer? The owner of the copyright in the AI’s source code? The person who inputs the data used by the AI to develop its output?
- If an AI is capable of being recognised as an inventor, should the standard of inventive step be changed so that it is no longer judged by reference to the knowledge and thought processes of the hypothetical un inventive skilled worker in the field?
- What role might the ground of revocation for false suggestion or misrepresentation have, if the inventor is an AI?

Certainly, as AI continues to develop at a rapid pace, these questions will need to be considered by lawmakers if we are to allow AI to be considered an inventor for a patent application.

Given the novelty of the arguments raised, there is a possibility that Dr Thaler will seek special leave to appear to the High Court, but this is yet to be confirmed. If so, Piper Alderman will monitor the progress of that application and, if granted, report on the High Court’s decision.

^[1] *Commissioner of Patents v Thaler* [2022] FCAFC 62 [2].

^[2] *Ibid.*

^[3] *Ibid* [4].

^[4] *Thaler v Commissioner of Patents* [2021] FCA 879 [226]-[227] (Beach J).

^[5] *Commissioner of Patents v Thaler* [2022] FCAFC 62 [6].

^[6] *JMVB Enterprises Pty Ltd v Camoflag Pty Ltd* [2006] FCAFC 141.

^[7] *Commissioner of Patents v Thaler* [2022] FCAFC 62 [91].

^[8] *Ibid* [97] - [98].

^[9] (2015) 258 CLR 334.

^[10] *Ibid* [6] (French CJ, Kiefel, Bell and Keane JJ).

^[11] *Explanatory Statement, Select Legislative Instrument No. 88, 2015.*

^[12] *Commissioner of Patents v Thaler* [2022] FCAFC 62 [107].

^[13] *Alphapharm Pty Ltd v Lundbeck A/S* (2014) 254 CLR 247 [42] (Crennan, Bell and Gageler JJ); *Acts Interpretation Act* s 15AA.

^[14] *Miller v Miller* (2011) 242 CLR 446 [29] (French CJ, Gummow, Hayne, Crennan, Kiefel and Bell JJ).

^[15] *Commissioner of Patents v Thaler* [2022] FCAFC 62, [119].