International Trademark Association

Comments to the

UKIPO's call for views

On the

'Artificial Intelligence and Intellectual Property'

November 27, 2020

The International Trademark Association (INTA) would like to thank the UKIPO for the opportunity to provide comments on its call for views on the 'Artificial Intelligence and Intellectual Property' (hereafter 'the consultation').

INTA is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. INTA's members are nearly 6,500 organizations from 185 countries, including 256 in the United Kingdom. The Association's member organizations represent some 34,350 trademark professionals and include brand owners from major corporations as well as small- and medium-size enterprises, law firms and non-profits, government agencies, academics and students.

INTA undertakes advocacy work throughout the world to advance trademarks and related rights, and offers educational programs and informational and legal resources of global interest. Headquartered in New York City, INTA also has offices in Shanghai, Singapore, Brussels, Santiago de Chile and Washington D.C. and a representative in New Delhi.
Further information about our Association can be found at www.inta.org.

INTA respectfully submits the following input to the questions on Trademarks (Section I), copyright (Section II) and Designs (Section III).

I. Trademark

1. If AI technology becomes a primary purchaser of products, what impact could this have on trade mark law?

Smart home devices and smart appliances utilize artificial intelligence in order to streamline the purchasing process, thereby minimizing (or possibly even eliminating) consumer participation in the purchasing decision. Even when consumers believe they are controlling the product selection process while shopping online, artificial intelligence algorithms are continually at work, employing predictive analytics to make personalized product suggestions. In these scenarios, customers are participating less directly in the shopping experience and consequently interacting less with brands.

This may pose unique challenges for trademark owners attempting to bring a claim of trademark infringement against a competitor, particularly in instances where the consumer confusion is a result of actions or suggestions made by an AI algorithm rather than by the competitor. This may also present challenges for demonstrating consumer confusion (or harm) where the consumer is not seeing or interacting with the respective trademarks at the point of sale. It may be difficult for a claimant to demonstrate a likelihood of confusion where the AI or trained algorithm is making a purchasing decision between two brands and, even when those brands appear side by side, the algorithm is not susceptible to confusion like a consumer with imperfect recollection.

While we have yet to see whether these challenges will have any significant practical impact on trademark law, it may be worth exploring whether concepts such as the average consumer, imperfect recollection, and the degree of care exercised by consumers of products at a certain price point, should be afforded more or less weight in the infringement analysis where AI is responsible for making purchasing decisions.

2. Are there, or could there be, any difficulties with applying the existing legal concepts in trade mark law to AI technology?

Traditionally, trademark law focuses on visual, conceptual, and phonetic similarity in assessing the similarity of two potentially conflicting trademarks. But when consumers participate less directly in the purchasing decision, it may be necessary to reconsider the importance and weight afforded to these visual and conceptual similarities in the likelihood of confusion analysis. It is possible the method that consumers encounter or interact with the conflicting trademarks in the marketplace should be taken into consideration.

For example, with consumers more frequently providing verbal commands to smart home devices and receiving oral feedback, it may be worth exploring whether (at least where this purchase method is employed) the phonetic similarities between two potentially conflicting trademarks be granted additional weight in the analysis.

Another potential consideration is whether the similarity between two marks is as important to the infringement analysis in those instances where AI is responsible for making purchasing decisions, since AI is unlikely to be susceptible to traditional marketplace confusion.

3. Does AI affect the concept of the "average consumer" in measuring likelihood of confusion?

With AI taking the place of the "average consumer" in making product comparisons, it is possible that traditional concepts like "imperfect recollection" and a varying degree of care exercised by product price point no longer apply. Instead, brand owners and trademark practitioners may need to reevaluate the strength of infringement theories that rely principally on initial interest and point of sale confusion and instead explore theories of infringement that place greater emphasis on the harm caused by post purchase confusion.

4. What is the impact of AI on the drafting of section 10 of the TMA? Can AI "use in the course of business" a sign which may be confusingly similar or identical to a trade mark?

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5. Can the actions of AI infringe a trade mark?

If a customer makes an oral command to an AI enabled virtual assistant or smart home device to "order BRAND X product" and, despite having specified a brand, is presented with various low cost or compatible alternatives, it may be necessary to evaluate what recourse the brand owner will have and against which party. It may also be necessary to explore what obligation an AI provider has to intervene and prevent this type of consumer misdirection.

Some industry experts suggest the responsibility of AI providers should be akin to that of Internet search engine providers or web hosting providers. While these existing policies like contributory infringement may be a reasonable place to start, there are also some novel issues presented by the adoption of AI that require a closer examination of the resulting impact on trademark law. Two notable considerations are discussed above, namely, the impact AI may have on how trademark examiners and courts think about "likelihood of confusion" and the "average consumer."

6. If AI can cause trade mark infringement, does this change who could be liable? Should it be the owner, the operator, the programmer, the trainer, the provider of training data, or some other party?

The party responsible for trademark infringement resulting from the actions of AI may depend on a number of factors. If the infringement is a direct result of information provided to the AI algorithm, it is possible the provider of that data could be liable.

For example, a party that deliberately provides information to cause the AI algorithm to fulfill a purchase request with its own brand when the customer is clearly in search of a competitor's brand may be responsible if the customer is materially misled into believing the product they purchased was the brand they were originally searching for.

An example of where this may play out in the online marketplace is with the sale of compatibles. One customer may instruct the purchase of "a brand X charger," while another customer may instruct the purchase of "a charger that works with brand X product" – and how the AI interprets and responds to these similar but distinct customer queries may impact whether there is resulting consumer confusion and a potential claim of infringement.

Similarly, an AI powered chatbot that is used to assist customers by providing support services should not be equipped with responses specifically designed to mislead or misrepresent the source of products or services the customer is seeking. If a customer asks "is this official brand X customer support?" and the AI powered support bot is trained to mislead the customer in its reply, this could result in liability for the owner and provider of training data, just as it would result in liability for a store owner or customer support provider who made these misleading claims firsthand.

While the laws and policies surrounding liability for trademark infringement resulting from AI are still in the early stages of exploration and research, it is clear that brand owners and third parties should not be able to avoid liability for infringements routed through the AI algorithm that would otherwise be infringing absent the use of AI.

II. Copyright

1. **Do you agree with the above description of how AI may use copyright works and databases, when infringement takes place and which exceptions apply? Are there other technical and legal aspects that need to be considered?**

   N/A

2. **Is there a need for greater clarity about who is liable when an AI infringes copyright?**

   No. We think the same rules for evaluating copyright infringement should apply. Because of the numerous ways in which AI can be used, outlining and assigning liability in a vacuum could be problematic, especially because it could be difficult to determine where an act of infringement occurs. Moreover, there could be multiple acts of infringement for the same work and perhaps multiple infringers. The person who trains the AI might not be the same as the person who generates the output. There could also be intermediary works created that could be infringing but that are only used by the AI or the user of the AI to create the final output.

3. **Is there a need to clarify existing exceptions, to create new ones, or to promote licensing, in order to support the use of copyright works by AI systems? Please provide any evidence to justify this.**

   One idea is to establish a compulsory licensing regime for inputs to an AI system, similar to the compulsory license model in the United States for recording cover versions of songs. This type of system could be difficult to track and administer.
   A compulsory license should not disqualify the rights holder from taking action against the output created by the AI system. In other words, the license would only be for use of a work as an input, but if the output is still substantially similar, the licensor would retain the ability to assert copyright infringement claims.
   Assuming a compulsory licensing regime is established, should there be an exception for inputs that will be used to exclude certain types of outputs? In other words, no license fee will be required for inputs that are used to train an AI-system not to create certain types of outputs.

4. **Is there a need to provide additional protection for copyright or database owners whose works are used by AI systems? Please provide any evidence to justify this.**

   N/A

5. **Should content generated by AI be eligible for protection by copyright or related rights?**

   Yes, content generated by AI should be eligible for protection under copyright law.

6. **If so, what form should this protection take, who should benefit from it, and how long should it last?**

   We should protect those who create the AI works, just as we do under the traditional copyright regime. There should be some term of protection to incentivize continued creation of useful works. While providing different terms of protection for 100% machine-created works versus those created through human aid might be an interesting approach, it could be difficult to

measure. The term should be no more than 50 years after first publication for AI-created works.

7. **Do other issues need to be considered in relation to content produced by AI systems?**

In the UK, the authorship test is settled by who has exercised control over software product. In terms of AI, what does the word "control" mean? Further, if we apply this test, big tech companies could end up owning a large percentage of AI-created works, because they have the resources to create advanced AI systems and thus AI-created works. Additionally, web-based companies, could end up owning all works created by the end-user using the company's AI systems. For example, if a web-based company provides an AI tool on its platform, such platform may try to assert ownership over any work product created using the AI tool. The tech companies will undoubtedly make this the default ownership paradigm in their terms of service. Should we distinguish "control" between when we create AI and train it versus user control in creating the output of the AI?

8. **Does copyright provide adequate protection for software which implements AI?**

Yes.

9. **Does copyright or copyright licensing create any unreasonable obstacles to the use of AI software?**

No, but it depends on your point of view. Companies who are creating AI software will likely want fewer restrictions on works used as inputs, but copyright owners will likely want more protection to ensure fair compensation for works.

III. Designs

1. **Do you agree with the analysis above which concludes that it is not possible for AI to be the author or owner of a UK or Community design?**

Yes, we agree that it is not currently possible for AI to be the author/designer or owner of a UK or Community design. Whilst the legislation/regulation which governs the identity of the author/designer and the owner of a UK or Community design does not explicitly prohibit the recognition of AI in this way, the question is a matter of interpretation of the relevant legislation/regulation. In our view, although the position in not entirely clear, only natural persons can be recognized as the author/designer of a design, and either natural or legal persons can be the owner of a design. As AI is neither a natural person nor possesses legal personality, it cannot be either the author/designer or the owner of a UK or Community design.

2. **Are there, or could there be, any tensions with the current legislation when seeking to register a design or be recognised as the owner of an AI-created design? Who would be the legal entity applying for the rights?**

The RDA and CDPA set out that the person who made preparations for the creation of a computer-generated design is the author or creator (s2(4) RDA and s214 CDPA). If read broadly, this provision could give the creator of the AI system rights to be identified as the author of a design, even if they have not inputted data required for it to operate.

Yes, under the current legislation, there could be some tensions when seeking to register or to be recognised as the owner of an AI-created design.

It is important to distinguish between AI created designs where AI is used to assist in the process of creating a design, and where AI creates a design autonomously.

In our view, the provisions in the RDA and CDPA which provide that the person who makes the preparations for the creation of a computer-generated design will be the author/designer are sufficient to address the situation where AI is used to assist in the process of creating a design.

The existing provisions in the RDA and CDPA relating to computer-generated designs do not readily apply to designs that are created autonomously by AI, because there cannot be said to be any person who makes the preparation for their creation.

The question suggests that the provisions in the existing legislation relating to computer-generated designs could be read broadly enough to give the creator of the AI system rights to be identified as the author of a design, even if they have not inputted the data required for it to operate.

Even if the legislation could be read as broadly as is suggested, in our view, recognizing the creator of the AI system as the author of the designs which are created autonomously by AI would not be appropriate for two reasons:

a) it may be difficult to determine who is responsible for the creation of an AI system, given that the development of an AI system capable of autonomously creating designs is likely to involve contributions by multiple-parties (including the AI programmer, a product designer/developer using the AI system, provider of the training data, etc.). It may be possible to identify the person or persons (natural or legal) person who substantially contributed to the creation of the AI system, and derecognize that person or persons as the author or the designs. In this context, it would be necessary for the legislation to provide a specific threshold for determining such “substantial contribution” as well as weighing the contribution by each involving party to qualify the ownership, which would be a complex task; and

b) If the creator of the AI system was recognized as the author of all of the designs that it creates autonomously, the person who owned or operated the AI system would not obtain any rights in those designs. If that were the case, it would represent a strong disincentive for designers to use AI systems to create designs autonomously, as they would not have ownership of, and would therefore not be able to exploit, any of the designs that were created by the AI. This would be contrary to the traditional justification of the grant of the design rights, which states that design rights are granted in order to reward designs and to incentivize further creativity and innovation in design.

3. **Who should be recognised as the author of a design created by AI where the system has been bought from a supplier, and the buyer has provided input or data to the system? Does the wording of legislation need to be changed?**

For the reasons set out in our response to question 4, the AI itself should not be recognized as the author of such a design and, for the reasons set out in our response to question 2, we consider it to be undesirable for the creator of the AI system to be recognized as a designer or author of such a design. That leaves the buyer/operator of the AI system as a possible author of the design.

In our view, the buyer/user of the AI system can be split into two categories according to whether the buyer/user uses the AI 'off the shelf' or instead provides input or data to the AI in order to guide its outputs.

If the buyer/user of an AI system was to be recognized as the author and/or first owner of the designs autonomously created by an AI system, that person/persons, whether or not they provide input or data, would be incentivized to try to create designs which demonstrate creativity and innovation. Accordingly, pursuant to the traditional justification for the grant of design rights, both types of buyer/user of the AI system should be granted design rights.

Arguably, a buyer/user who provides input into or data to the AI deserves to be more richly rewarded than a buyer/user who does not, because of the additional effort put into the creation of the designs. However, the level of effort required to create a non computer-generated design does not determine whether protection should be granted to those designs, provided that the relevant design meets all the usual criteria for validity. Accordingly, it is difficult to see why a distinction should be drawn between a buyer/user who provides input into or data to the AI and one that does not.

In order for a buyer/user of an AI system which creates designs autonomously to be recognized as the author and/or first owner of a design created by that AI system, the current UK legislation would need to be changed. In particular, the provision regarding who can be recognized as the author of a computer-generated work would need to be expanded.

4. **Do you consider that legislation should be changed to allow AI systems to be recognised as the author of a registered design or designer of an unregistered design?**

No. Whilst the AI system may meet the definition in current legislation of the author or designer of a design, being "the person who creates" it, AI (even AI which is capable of developing designs autonomously), does not do so due to the incentives on offer, nor does it have any intention or capability of exploiting those designs. Accordingly, whilst designs created autonomously by AI may make a material contribution to human knowledge, recognizing AI as an author does not accord with the traditional justification for the grant of designs rights.

5. **If so, how should we assess when AI stops being a tool programmed by a human and becomes an intelligent entity capable of producing its own IP? What proof or evidence would be required?**

Not applicable.

As aspects of the future UK designs framework will be based on concepts currently found in the Community Design Regulation, we would like your views on the following:

6. **Unlike UK domestic legislation, the CDR has no provisions relating specifically to computer-generated designs. Does this result in legal uncertainty in relation to authorship and ownership of computer-generated designs? Would the same apply to AI-generated designs?**

   No. We consider the existing provisions in the CDR relating to the authorship and ownership of designs to be capable of applying to computer-generated designs, including where AI is used to assist in the process of creating a design. The European Commission's Green Paper on the Legal Protection of Industrial Design dated June 1991 (Green Paper), makes it clear that computer-generated designs were intended to fall within the scope of the CDR.
   However, given that the Green Paper was published in June 1991, it is to be assumed that its authors did not contemplate the possibility that AI might be capable of developing designs autonomously. In our view, the existing provisions of the CDR would not be capable of applying to computer generated designs which are created autonomously by AI. For those designs, it would not be possible to identify the author or owner under the existing provisions of the CDR and there would be legal uncertainty.

7. **Are there any other issues in relation to the CDR which we should consider in relation to AI?**

   A possible solution to the issue identified in our response to question 6 in relation to the CDR and in our response to question 3 in relation to the RDA and CDPA, would be to provide for the joint ownership of designs which are created autonomously by an AI system. This would address the problem that arises due to the fact that it is quite often the case that multiple-parties, such as an AI programmer, a product designer/developer using the AI tool, and a provider of training data, contribute to creating a design.

8. **Can the actions of AI infringe a registered or unregistered design? Can AI do the acts set out in law(s7(2) RDA?**

   An AI system may be capable of carrying out some of the acts which amount to infringement under the RDA, CDPA and/or CDR. For example, an AI system may be capable of offering or putting on the market a product in which a design is incorporated or to which it is applied (contrary to s.7(1) RDA and Art 19(1) CDR), or it may be capable of making a design document for the purpose of enabling articles to be made to the design (contrary to s.226(1) CDPA). AI is unlikely to be able to do any of the other acts provided for in the relevant legislation, because doing those acts would involve physical interaction with the infringing product which, as far as existing technology goes, we do not believe AI to be capable of. All those acts would require at least some degree of involvement of a natural person.

9. **When considering infringement are there, or could there be, any difficulties applying existing legal concepts in the registered designs framework to AI technology? Does AI affect the use of the "informed user" in measuring overall impression?**

   No, we do not consider there to be any difficulties applying the existing legal concepts in the registered designs framework to AI technology, nor do we consider that the AI would affect the use of the "informed user" in assessing overall impression.
   The assessment of whether a particular product infringes a specific design by producing the same overall impression is undertaken from the point of view of the informed user, taking into consideration the degree of freedom the designer had when developing the design in question.

The deemed characteristics and knowledge of the informed user will be unique to each assessment of infringement. This means that it may be difficult to use AI to carry out the assessment of whether an allegedly infringing product produces the same overall impression as the relevant design.
Where a design is created or infringed by AI, we do not see any reason why the notion of the "informed user" would need to change to assess whether there was infringement.
The informed user is a legal fiction and is deemed to be a user of the product in which the design is intended to be incorporated. As AI is unlikely to use any such products, we cannot currently envisage any situation in which the informed user would be deemed to be an AI system.

10. If AI can infringe a registered design, who should be liable for the infringement? Should it be the owner, the programmer, the coder, the trainer, the operator, the provider of training data, or some other party?

The registered proprietor or holder of a registered or unregistered design is permitted to bring proceedings for infringement against those that do the acts provided for in the relevant legislation. As set out in our response to question 8 above, AI may be capable of doing some of the acts that constitute infringement. As AI does not have legal personality, the registered proprietor or holder of the relevant registered or unregistered design would not be able to sue the AI for infringement. This means that, unless an AI's acts of infringement can be attributed to a natural or legal person, or AI was afforded legal personality, the registered proprietor or holder of the relevant design would have no redress for those acts of infringement.
In July 2020, the European Parliament published a study entitled "Artificial Intelligence and Civil Liability" (Study). The Study advocated the adoption of a risk-management based approach to liability caused by AI. Pursuant to that approach, the Study proposes that liability should attach to the party who is best placed to identify the risk, control, minimize, and manage it, and that the primary aim of any liability system should be the compensation of victims. The Study suggests that adopting a risk-management based approach does not attempt to directly incentivize the development of safe products, but instead allows such incentives to be provided via market force and regulation, such as reputation and product safety rules. Although not specifically mentioned by the Study, IP law broadly, and designs law specifically, could be one such form of regulation.

On 20 October 2020, the European Parliament adopted a resolution setting out recommendations to the European Commission for a civil liability regime for AI (Resolution). The Resolution proposes that the operator of the AI should be liable for all operations of an AI. The Resolution defines "operator" as both the front-end operator, which is defined as "the natural or legal person who exercises a degree of control over a risk connected with the operation and functions of the AI and benefits from its operation", and the back end operator, which is defined as "the natural or legal person who, on a continuous basis, defines the features of the technology, provides data and essential backend support service and therefore also exercises a degree of control over the risk connected with the operation and functioning of the AI". The Resolution further defines "exercising control" as any action of the operate that influences the operation of the AI and thus the extent to which it exposes third parties to its potential risks", and would include determining the input, output or results of the AI or changes to the specific functions or processes within the AI. To the extent that the front-end and back-end operators are not the same natural or legal person, the Resolution proposes that all operators should be jointly and severally liable.

Neither the Study nor the Resolution were developed with IP rights in general, or design rights, specifically, in mind. However, the idea that liability for the actions of AI should attach to those natural or legal persons who are best placed to identify the risk posed by AI, and control, minimize

and manage it, may help to identify the appropriate natural and legal persons to whom liability for infringing acts committed entirely by AI should attach. However, we would suggest that the adoption of labels, such as “front-end operator” and “back-end operator” as set out in the Resolution, and the labels set out in the question should be avoided. This is because each label will require a definition, which as can be seen by the definitions set out in the Resolution would tend to be complex. The risk with adopting such complex definitions is that they tend to favor form over substance and may give rise to gaps in protection, and any definitions that are tied too closely to the current state of AI could become obsolete quickly.

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INTA would like to thank, once again, the UKIPO for the opportunity to provide these comments and remains at your full disposal for any question you may have on the above comments or any other point. Should you wish to further discuss any of the points we have raised or additional issues, please contact

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