The Patent System is ‘Desperate’: American Axle Implores High Court to Take Up Eligibility Fight (ipwatchdog.com)

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Print Article

“Simply put, the Court is served a jump-ball. As the nation’s final arbiter, the Court has the opportunity to intervene and answer this difficult question completely and finally.” – American Axle petition

 American Axle & Manufacturing, Inc. filed a petition for certiorari with the U.S. Supreme Court on December 28, 2020, asking it to review the Federal Circuit's July 31, 2020 modified judgment and October 2019 panel opinion in a closely-watched Section 101 patent eligibility case involving driveshaft automotive technology. The Federal Circuit has been sharply divided by the issues presented, leading Judge Moore to refer to the original panel's analysis as "validity goulash" and to state that the "majority's *Nothing More* test, like the great American work *The Raven* from which it is surely borrowing, will, as in the poem, lead to insanity."

The questions American Axle is asking the Supreme Court to consider are:

1. What is the appropriate standard for determining whether a patent claim is "directed to" a patent-ineligible concept under step 1 of the Court's two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101?
2. Is patent eligibility (at each step of the Court's two-step framework) a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of art at the time of the patent?

American Axle's petition, filed by Steptoe & Johnson, begins by explaining that its patent claims (U.S. Patent No. 7,774,911) describe and claim "a multi-step, industrial process" that leads to "a new, useful, and tangible thing – a driveshaft that makes cars quieter." Nevertheless, the Federal Circuit ultimately found that

the claims "invoked the equation, $F = kx$ ("Hooke's Law), 'and nothing more.'" With a 6-6 split on the issue of whether to rehear the case en banc, the petition argues, in a reference to a quote from Judge Moore, that the CAFC is "bitterly divided" on Section 101 law and that "the entire patent system is desperate for the Court's guidance and has cried for its help."

Good Reason

After rehashing the procedural history leading up to the petition, American Axle explains that the Court should grant certiorari for five key reasons:

I. The Federal Circuit has pushed Section 101 well beyond its gatekeeping function to invalidate industrial manufacturing processes historically eligible for patent protection.

II. The Federal Circuit's improper expansion of the non-textual exceptions to Section 101 is in conflict with this Court's precedent and the patent statutes.

III. The entire patent system is calling for guidance from the Court.

IV. The Court (not Congress) can and should resolve the confusion and uncertainty surrounding the Court's judicially-created exceptions.

V. This case presents the ideal vehicle for the Court to provide much-needed guidance on Section 101.

With respect to point III, retired Federal Circuit Judge Paul Michel and patent trial lawyer John Battaglia have recently written for this blog that the case was the "capstone" in the continued broadening of Section 101 law throughout 2020. Additionally, the petition notes and provides evidence that the Federal Circuit itself is "bitterly divided", "but unanimous in its cries for help"; that both current and former directors of the U.S. Patent and Trademark Office (USPTO), namely, Andrei Iancu, David Kappos and the late Q. Todd Dickinson, all agree Section 101 is a problem that must be immediately addressed; that industry scholars, organizations and leaders like the Intellectual Property Owners Organization, the

Biotechnology Innovation Organization, the Alliance for U.S. Startups and Inventors, the president of the American Intellectual Property Law Association, and even Stanford Law Professor Mark Lemley all agree that guidance is needed; and that the Solicitor General of the United States likewise agreed that the High Court should review eligibility law "in an appropriate case."

Not Your Average 101 Case

As to why this is that case, the petition argues that the issues are distinct from those addressed by the court in previous cases they've taken up, such as *Alice*, *Bilski* or *Mayo*, whereas many of the Section 101 petitions for cert that have recently been denied were not. "This case is different," claims the petition. It continues:

American Axle's claims "are directed to a process for manufacturing car parts—the type of process which has been eligible since the invention of the car itself." _Id. at 80a. Mechanical and industrial processes like American Axle's have, until now, "historically been eligible." Diehr, 450 U.S. at 184. This case, therefore, presents the Court with a unique opportunity to clarify the law on Section 101 as to all technologies and industries and, at the same time, reign in the non-textual exceptions that have steadily crept into our nation's manufacturing sector.

Furthermore, the case presents an opportunity for the Court to clarify the substantive test for step 1 of the two-step *Alice-Mayo* framework ("How does one determine if a patent claim is 'directed to' a patent-ineligible natural law, natural phenomena, or abstract idea?"). The petition points out that the district court's answer to this question was different than the parties' and the divided panel of the Federal Circuit twice came up with something different still. "In its initial opinion, the panel majority held that the claims were 'directed to' 'Hooke's law', and possibly other natural laws,'" while in its modified opinion, it held that the claims were "directed to" "Hooke's law and nothing more." And then of course, the full Federal Circuit was evenly divided in its vote on whether to rehear the case. The petition continued:

Simply put, the Court is served a jump-ball. As the nation's final arbiter, the Court has the opportunity to intervene and answer this difficult question completely and finally. In doing so, the Court can provide the patent system the clarity and guidance it so desperately needs.

The petition also noted that the case offers the Court an ideal vehicle to address the Federal Circuit's "expansion of the non-textual exceptions to Section 101" and "to clarify procedural questions that surround Section 101" – namely, "are steps 1 and 2 questions of law for the court to decide or questions of fact for a jury to decide?"