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Drive Shaft Ruling May Expand Challenges To Patent Eligibility

By **Ryan Davis**

Law360 (October 24, 2019, 9:18 PM EDT) -- A Federal Circuit ruling that a car drive shaft patent is ineligible for claiming a law of nature could, despite denunciations from a judge and a member of Congress, spur more patent eligibility challenges in technology areas where they have so far been rare, attorneys say.

In a **2-1 ruling** earlier this month, the appeals court affirmed a decision that American Axle & Manufacturing Inc.'s patent on a method of reducing vibrations in automobile drive shafts covers no more than a law of physics governing the rate at which an object vibrates.

The decision could suggest to defendants that mechanical inventions far beyond the medical and high tech fields, where eligibility challenges under Section 101 of the Patent Act are most common, may also be vulnerable to arguments that a patent is invalid for claiming a natural law.

"Certainly, we're more used to seeing 101 applied in a context like software or biotech, and this is a more traditional area of technology. So it is unusual in that sense," said Jeffrey Costakos of Foley & Lardner LLP.

The victory in the case by defendant Neapco Holdings, along with similar Federal Circuit rulings, "will make practitioners more likely to assert 101 defenses outside of what we think of as a typical type of case," he said. "I do think this will expand the motivation for people to file motions of this sort."
Many eligibility challenges take the position that a patent at issue covers only an abstract idea, but the Federal Circuit decision indicates that arguing that an invention is directed to a natural law could also be a fruitful avenue for challengers.

"The law of nature issue has sat dormant for so many years, and this has really put it at the forefront," said Mark Hetzler of Fitch Even Tabin & Flannery LLP.

Many mechanical and electronic inventions could arguably be described as being directed to a law of nature, including the law of gravity, he said, so "I think defense attorneys are going to pick up on this, and it would be wise if they did."

"There are so many laws of nature that now people are really going to start thinking hard about, what law does this claim implicate?" he said.

The drive shaft ruling was the latest in a string of Federal Circuit decisions this year invalidating patents on seemingly concrete mechanical objects for claiming abstract ideas, including inventions related to **garage door openers** and **charging stations** for electric vehicles.

The seemingly expanding reach of U.S. Supreme Court rulings on patent eligibility like Alice v. CLS Bank seems to have spurred a particularly heated reaction to the American Axle decision. In her dissent in the case, U.S. Circuit Judge Kimberly Moore assailed the majority's holding as "validity goulash" that is "troubling and inconsistent with the patent statute and precedent."

Rep. Doug Collins, R-Ga., **lambasted the ruling** in a statement, saying it shows that the law on patent eligibility is "clearly flawed" and calling it "unthinkable" that a manufacturing process for a car part could be deemed ineligible. Collins, who has been working on **legislation to overhaul** the patent eligibility statute, said the ruling shows a new law is needed to "ensure American inventors aren't at a global disadvantage."

While Congress works on legislation and the U.S. Supreme Court considers several petitions dealing with patent eligibility, the American Axle ruling has only created more uncertainty in the highly contentious area of the law. The panel's ruling may not be the final say, since American Axle has told the court it intends to seek en banc rehearing.

But under the panel's holding, it's not really clear where the line is drawn on when mechanical equipment may be ineligible for claiming a natural law, so "it really opens up the ability to be creative" for defendants making such arguments, said Anthony Fuga of Holland & Knight LLP.

"If you're going to fight, you might as well do it early, before there's been discovery, before you've spent all your money on depositions and collecting documents," he said. "Maybe it makes sense to take a shot on that."

Hetzler said that "the bottom line is I'm more confused and I'm sure many practitioners are a little more confused." He added that "the defense bar certainly likes that, because it gives them more opportunities to have shots at a patent. I think this opens up quite a bit more of that."

The majority opinion by U.S. Circuit Judge Timothy Dyk held American Axle's claims on a method of including liners in drive shafts to reduce noise and vibrations are not patent eligible because they "simply instruct the reader to tune the liner [which] merely amounts to an application of a natural law ... to a complex system without the benefit of instructions on how to do so."

He said the claimed method is directed to Hooke's law, the law of physics describing the relationship between an object's mass, its stiffness and the frequency at which it vibrates. The patent is thus "no more than a directive to use one's knowledge of Hooke's law, and possibly other natural laws, to engage in an ad hoc trial-and-error process of changing the characteristics of a liner until a desired result is achieved," he said.

Judge Moore said in dissent that the majority's primary concern seemed to be that the patent

doesn't enable someone to make and use the invention, which is a separate issue from eligibility. She said the invention is a "much more complex system" than Hooke's law itself and should not have been invalidated, while criticizing majority's reference to "possibly other natural laws."

"Section 101 is monstrous enough, it cannot be that now you need not even identify the precise natural law which the claims are purportedly directed to," she wrote.

The diametrically opposed positions in the majority and the dissent provide an excellent vehicle to think about which approach to patent eligibility is correct, which could be instructive for lawmakers or the Supreme Court as they grapple with the issue, said Stuart Meyer of Fenwick & West LLP.

"The optics are challenging for this, because you're talking about a way to make a drive shaft for a car, and that sounds like the kind of thing that's been getting patented for 100 years," he said.

The decision brings to the foreground an issue that has been bubbling in patent eligibility cases for some time, which is that every invention at some level operates according to natural laws.

"The question is how much do you have to recite a particular application of the law before you're out of the territory of impermissibly trying soak up the entirety of natural law with your claims," Meyer said. "It's challenging to articulate a test for that."

The majority's statement that the patent may be directed to natural laws that the court did not even identify is likely to dismay patent owners and embraced by challengers, Hetzler said.

"From a defense standpoint, even if I don't state a natural law, all I've just got to do is find some natural law that is implicated by what is claimed, and then I could pursue a defense along those lines," he said. "Now you've got the notion of possibly using a hidden or unclaimed natural law."

The unusual objection to a Federal Circuit decision by a member of Congress working to draft patent eligibility legislation led some attorneys to wonder if the case could be a catalyst to spur action on the bill, which seems to have moved into a holding pattern since a series of hearings in June.

"I wonder whether Rep. Collins lighting that fire again gets the senators to actually finalize the language," Fuga said.

However, the numerous issues raised in the decision may only serve to highlight how difficult it is to craft legislation that sets clear rules on what is patent eligible and what is not.

"It would be nice if they would find a way that clearly provides certainty, but I don't know if that's even possible," Hetzler said.

The case is American Axle & Manufacturing Inc. v. Neapco Holdings LLC, case number 18-1763, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Brian Baresch and Alanna Weissman.