

Drive Shaft Ruling Undermines IP Eligibility, Fed. Circ. Told

By [Dani Kass](#)

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Law360 (November 19, 2019, 5:12 PM EST) -- The Federal Circuit failed to explain what natural law underlies an [American Axle & Manufacturing](#) automobile drive shaft technology patent before invalidating it, and it dangerously altered patent eligibility standards, AAM said in a bid for rehearing.

The panel [majority](#) was “ironically” abstract about what [natural law](#) was at play, and it added an enablement requirement to challenges under Section 101 of the Patent Act, AAM said Monday. It requested a rehearing either from the panel or the full court.

"There is much debate about the bounds of patent-eligible subject matter under [Section 101]. But there should be no debate here," the petition states. "The majority's opinion would vastly expand the test for ineligibility and push the law past its already fragile position."

AAM's suit had accused Neapco Holdings of infringing the patent covering a method of making drive shafts inserted with liners to reduce noise and vibrations. A Delaware federal judge granted Neapco a win on [summary judgment](#), which the Federal Circuit upheld 2-1 in October.

In Monday's petition, AAM said the courts did not spell out an exact natural law or abstract idea to prove its patent is ineligible under Section 101, which deals with what subject matter is eligible for patenting. The majority had said the patent is directed toward “Hooke's law, and possibly other natural laws,” which is too abstract, AAM said. Hooke's law describes the relationship between an object's mass, its stiffness and the frequency at which it vibrates.

“The inability of anyone to clearly and consistently articulate the ‘natural law’ to which the claims are directed underscores that these claims, despite the majority's best efforts, are neither abstract nor directed to a law of nature,” the petition states.

Rather than just stating a natural law, the patent filled a long-felt need in the drive shaft industry, which is why Neapco couldn't make its own liners without AAM's method, AAM argued.

The majority judges, Timothy Dyk and Richard Taranto, then improperly added an enablement question not raised by Neapco, AAM said. Under their holding, a patent owner would have to prove that the claims as written precisely describe how to make and use an invention under Section 112 in order to pass a Section 101 analysis. That doesn't take into account claim

construction, specification teachings and the knowledge of a skilled artisan, the petitions said.

“On AAM’s view of the facts, this case provides a textbook example of how the patent system should function,” the petition states. “AAM received a patent, the invention was disclosed to the public, and Neapco used the teachings of that patent to manufacture tuned liners that attenuated both shell and bending mode vibrations in driveshafts. The system worked. That is, until the majority intervened to proclaim how they, as judges, do not know how to make and use tuned liners.”

The ruling opens the door for judges to make similar decisions based on obviousness, novelty or other issues when conducting a Section 101 analysis, AAM said.

Judge Kimberly Moore’s dissent said the majority’s concern with the patent has “nothing to do with a natural law” and everything to do with a concern that the patent include enough detail describing how to make or use the invention.

“Respectfully, there is a clear and explicit statutory section for enablement, [Section 112],” Judge Moore wrote.

AAM then accused the majority of making this decision while there were still factual questions left, which is inappropriate for summary judgment. AAM also said the judges brought in their own evidence — another patent — which hadn’t been cited or introduced by either party.

The Federal Circuit on Tuesday asked Neapco to reply to the petition, and the company’s attorney said he intends to do so.

“Neapco believes the petition for rehearing en banc misconstrues the court’s decision and overstates the potential impact of the decision,” said J. Michael Huget of [Honigman LLP](#).

Counsel for AAM didn’t immediately respond to a request for comment Tuesday.

The patent at issue is U.S. Patent No. [7,774,911](#).

AAM is represented by James Nuttall, John Abramic, Katherine Johnson, Robert Kappers and Christopher A. Suarez of [Steptoe & Johnson LLP](#).

Neapco is represented by J. Michael Huget, Dennis Abdelnour and Sarah Waidelich of Honigman LLP.

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](#).

--Additional reporting by Ryan Davis. Editing by Haylee Pearl.