American Axle Denied: Patent Stakeholders Sound Off on SCOTUS' Refusal to Deal with Eligibility (ipwatchdog.com)

# *American Axle* Denied: Patent Stakeholders Sound Off on SCOTUS' Refusal to Deal with Eligibility

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"Everyone knows patent eligibility in America is a train wreck, but no one who has any power to do anything about it is willing to stand up and fix the problem that they have either (a) created, (b) made worse, or (c) ignored like an ostrich with their collective heads in the sand." – Gene Quinn

As we're all aware by now, the U.S. Supreme Court denied the petition in *American Axle & Mfg., Inc. v. Neapco Holdings LLC* late last week, in its last Orders List of the term. This leaves it up to Congress and the U.S. Patent and Trademark

Office (USPTO) to restore any semblance of clarity on U.S. patent eligibility law for now.

In a statement sent to IPWatchdog following the denial, the U.S. Patent and Trademark Office said it is "committed to making every effort to ensure that the U.S. patent system is as clear and consistent as possible." Whether Congress will take eligibility up again remains an open question.

IPWatchdog reached out to the patent community for their take on what happened, and what it means for the future of patent law and practice.

Michael Borella  , MBHB

"In denying *certiorari* in *American Axle & Mfg. Inc. v. Neapco Holdings LLC*, the Supreme Court has in essence told the patent community to "deal with it." That operative 'it' is the obtuse and uncertain state of patent-eligibility, where even tangible inventions like garage door openers, electric vehicle charging stations, and mobile phones are too abstract for patenting. The Court has created a system that favors large companies over startups and individual inventors by making the fundamental decision of whether even to seek patent protection akin to shaking a Magic 8 Ball for guidance.

As construed by the Federal Circuit in a series of remarkably inconsistent holdings, the Supreme Court-sanctioned eligibility inquiry set forth in Section 101 of the Patent Act now apparently requires contemplation of how far the claimed invention is from prior

art as well as the level of detail in the claims. This unusual cramming of considerations from Sections 102, 103, and 112 into Section 101 is an error in statutory interpretation insufficient to motivate the Court to take action.

Put simply, the Court may just be unwilling to overrule its own opinion in *Alice Corp. v. CLS Bank Int'l* that set this parade of horribles in motion. As that case was decided only eight years ago, the Justices may prefer to take a while longer before issuing a *mea culpa* correction. In the meantime, will Congress step in to fix the matter? As my favorite fortune-telling toy might say, 'Don't count on it.'"

**Scott Hejny, McKool Smith**

"The Supreme Court's decision to deny cert in *American Axle* was disappointing for several reasons.

First, the Supreme Court has traditionally followed the guidance of the Solicitor General. Historically that trend was at roughly 90% before last week's denial. I personally think the SG was correct when suggesting that the Court should take up *American Axle* and provide further clarity on Section 101, especially in view of the differences of opinion at the Federal Circuit.

Second, the technology involved in *American Axle* was relatively simple and would have provided the Court with a solid basis on which to clarify (or modify) the patent eligibility framework laid out in *Alice*. Of course no case is perfect – the mechanical technology at issue

in *American Axle* is obviously much different that computer software or pharmaceuticals – two areas that have seen a lot of questions raised when it comes to patent eligibility. But I think the global view was that this was a good vehicle for the Supreme Court to weigh in (again) on Section 101 and potentially clarify its prior reasoning.

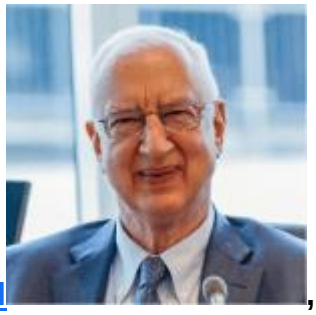
Finally, the composition of Supreme Court has changed since the *Alice* decision, and I would have liked to see how the Court would address Section 101 in view of those changes. I think that it's unlikely that we see the Court take up Section 101 any time in the near future with it having passed on what many see as a golden opportunity."

Charles R. Macedo, Partner, Amster, Rothstein & Ebenstein LLP

*Macedo was counsel of record on behalf of the NYIPLA in its amicus brief supporting the Court granting certiorari*

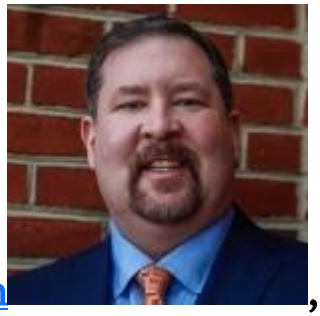
"It is disappointing to see the Court deny certiorari in this case. All factors suggest this is a case that should be heard: 1. The decisions below were seemingly contrary to Supreme Court precedent in *Diehr*; *2*. The panel and appellate court were significantly divided; 3. Many amici argued that the Court should take it, including not just the NYIPLA, in our brief, and other IP bar associations, but even a member of Congress and former Chief Judge of the Federal Circuit and former director of the USPTO; and 4. The government, after a year of deliberation, wrote a compelling brief that the decision below was wrong and certiorari should be granted. If this is not a case for

the Supreme Court, then it may instead have to become a subject of legislation."



**Judge Paul Michel, Chief Judge, US Court of Appeals for the Federal Circuit (ret.)**

"The Supreme Court's decisions in the last decade have confused and distorted the law of eligibility. Before, in Diehr, it clarified the law and modified part of Flook that needed correction. From 1981 to 2012, then, the law was stable and yielded good outcomes in specific cases. Then came Mayo and later, *Alice*. Now, it is a mess: illogical, unpredictable, chaotic. Bad policy for important innovation including for promoting human health. Congress needs to rescue the innovation economy from the courts which have left it a disaster. Let's hope Congress rises to the need and acts before China and other nations surpass US technology."



**Gene Quinn, IPWatchdog Founder and CEO**

"It is unfathomable that the Supreme Court would deny cert. in *American Axle*. Everyone agrees that the Federal Circuit decision is wrong and that the invention in question has always been the type of invention that has historically–for hundreds of years–been patent eligible. Everyone knows patent eligibility in America is a train wreck,

but no one who has any power to do anything about it is willing to stand up and fix the problem that they have either (a) created, (b) made worse, or (c) ignored like an ostrich with their collective heads in the sand. If a drive shaft is not patent eligible because its operation fundamentally relies on Hooke's law, then anything with a tangible form– such as a chair– lacks patent eligibility because its operation fundamentally relies on the law of gravity. To call patent eligibility law in America asinine is an understatement. It is time for innovators to give up on the charade of patent protection in America and look elsewhere in the world where patents matter."

Erick Robinson  , Spencer Fane LLP

"The Supreme Court's denial of certiorari is very disappointing, especially given the Solicitor General's strong brief in support of review. Normally, I am loathe to have the Supreme Court decide patent issues because they have a consistent record of putting out confusing and outright wrong opinions. For example, SCOTUS's opinion in *Alice Corp. v. CLS Bank International* has confused virtually all stakeholders. However, here, SCOTUS turned down an opportunity to provide even minimal clarity the essential issue of patent eligibility. Certainty is essential to both accused infringers and patent owners. Even if the strike zone is wrong, it should be consistent. We thus continue the confusing path toward the black box of *Alice*, with some district courts killing half of the patents before them while other courts rarely grant § 101 motions. This is wasteful, misguided, and disappointing."

Robert Ryan  , Holland & Hart

"I suspect that our busy Court sees the Solicitor General's and the PTO Solicitor's Brief as clearly explaining to us that the lower courts and PTO have been seriously misreading *Alice* and *Mayo* – that *Alice* and *Mayo are* only about preventing patent patenting of "the fundamental 'building blocks' of human ingenuity." *Compare* Brief for the United States Amicus Curiae ("... the Court has drawn a fundamental distinction between patents that claim the 'building blocks' of human ingenuity and those that integrate the building blocks into something more, thereby 'transforming' them into a patent-eligible invention." *Alice,* 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 72, 89) . . . ." *with* Brief of High 5 Games Amicus Curiae in the *Chamberlain* S. Ct. case ("*Alice* [only] held that, when a claim is directed to a fundamental "building block" idea—such as the fundamental economic concept of risk hedging—there must be one or more additional features in the claim to ensure that the claim covers an inventive application of that "building block." *See* 573 U.S. at 217. If no such additional features exist, the claim effectively covers nothing more than the unpatentable "building block" itself. That is not permitted because [as the Court also held] patenting a "building block" would stifle rather than promote innovation, *contrary to the Constitutional purpose of the patent laws*. *Id*. [emphasis added]. In contrast, when a patent claim is directed to an inventive application of a "building block," it is "useful," and therefore is eligible for patent protection. *See id.*")"

Jeannine Yoo Sano, Axinn, Veltrop & Harkrider

"Although not common for the Supreme Court not to follow the Solicitor General's recommendation, before *American Axle*, the Supreme Court also declined to review *Athena Diagnostics v. Mayo* in 2019. Although the Federal Circuit was split in the en banc rehearing denial, there is already substantial guidance from the Supreme Court and the Federal Circuit regarding patent eligibility. That the law may be more challenging to apply in some situations than in others does not mean that we need yet another deviation in the requirements for patent eligibility. I have never heard from anyone, including those who are highly critical of the *Alice* decision, that the patent at issue [in that case] involved an actual invention."

Hans Sauer, BIO

"The denial of certiorari in *American Axle* is a disappointment and a missed opportunity. With Justice Breyer, the main architect of current 101 jurisprudence is leaving the Court and it would perhaps have been helpful to give Justice Ketanji Brown Jackson an opportunity to participate. As it is, this may be the clearest signal yet that the Supreme Court is not interested in revisiting its patent eligibility

decisions, notwithstanding the views of basically every judge on the Federal Circuit and at least two Solicitors General. Those who prefer uncertainty in the patent system may celebrate. Big incumbent corporations who leverage legal ambiguity to their advantage may breathe a sigh of relief. But those who depend on their patents – the little guys, the businesses large and small that must back their inventions with high-risk investments – will need to redouble their efforts to bring about a more predictable, less intuitive, more internationally compatible patent-eligibility jurisprudence."

*Bob Stoll*

Bob Stoll, **Faegre Drinker Biddle & Reath**

"While the SG did recommend cert in this case, and almost every FC judge has asked for more clarity on these issues and the tests mandated to resolve them, nothing this SC does surprises me anymore. The silver lining is that the Supremes could have rendered an even more confusing standard that would have provided even more uncertainty. Unless we can find some formulation that satisfies everyone (not happening), I don't see a legislative fix anytime soon. That leaves the FC judges to creatively differentiate SC standards and practitioners to claim more artfully or seek other forms of protection. Yet another bad day for the SC and our country."

Jonathan Stroud  , Unified Patents

“This is unfortunate. I have no doubt that the bar will keep trying to have the Court step in and clarify things, but it’s perhaps just too soon in the Court’s judicial memory to reengage. This does revert pressure back onto the Vidal administration and Congress (and perhaps the Federal Circuit) to do something, though I suspect there is little to be done that will help. I do think an increased emphasis on the technological means test (and a clearer articulation of desired remedy) could assist the Court the next go-round.”

Wendy Verlander  , Verlander LLP

“Eight years ago, I started a company, Blackbird Technologies, with the goal of helping inventors realize value from their inventions. Twelve days before that, the Supreme Court decided *Alice*. Little did I know the impact that single case would have on an inventor’s ability to see any value from their patents. This case was a disaster from the start. Time and again, inventors lost their patents. Eight years later (almost to the day), the Supreme Court decided not to fix this intractable problem they made for inventors. I’m not sure what it will take to get them to focus on this issue, which has severely damaged and continues to damage

American innovation in some of our country's most important industries. The call to fix this problem has been deafening – from district court and appellate judges to the Solicitor General to inventors to large companies – and still they ignore it. I have to assume nothing will get their attention. The *American Axle* case was an easy one. As the Solicitor General said, it concerned a classically patentable industrial process. More importantly, we needed the Supreme Court to tell us what "abstract" means in the context of computer software. No one knows how to navigate this issue. Maybe Congress will help us? I'm not optimistic, but we'll continue the good fight for inventors."

*Image Source: Deposit Photos*
*Author: limbi007*
*Image ID: 209932054*



**EILEEN MCDERMOTT**Eileen McDermott is the Editor-in-Chief of IPWatchdog.com. Eileen is a veteran IP and legal journalist, and no stranger to the intellectual property world, having held editorial and managerial positions at [...see more]