

IN THE
Supreme Court of the United States

AMERICAN AXLE & MANUFACTURING, INC.,

Petitioner,

v.

NEAPCO HOLDINGS LLC
AND NEAPCO DRIVELINES LLC,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF OF NEW YORK INTELLECTUAL
PROPERTY LAW ASSOCIATION AS *AMICUS
CURIAE* IN SUPPORT OF PETITIONER**

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QUESTIONS PRESENTED

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 the art at the time of the patent?

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INTEREST OF AMICUS CURIAE

The New York Intellectual Property Law Association (“NYIPLA”) respectfully submits this *amicus curiae* brief in support of the petition for a writ of certiorari filed by American Axle & Manufacturing, Inc. (“American Axle”).¹ The arguments set forth herein were approved on January 22, 2021 by an absolute majority of the officers and members of the Board of Directors of the NYIPLA (including any officers or directors who did not vote for any reason, including recusal), but do not necessarily reflect the views of a majority of the members of the NYIPLA, or of the law or corporate firms with which those members are associated.

After reasonable investigation, the NYIPLA believes that no officer or director or member of the Committee on Amicus Briefs who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party in this litigation.

The NYIPLA is a ninety-nine-year-old professional association whose interests and practices lie in the area of patent, trademark, copyright, and

¹ Pursuant to Sup. Ct. R. 37.6, the NYIPLA states that no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the NYIPLA, its members, or its counsel made a monetary contribution to its preparation or submission. Pursuant to Sup. Ct. R. 37.2(a), the NYIPLA states that all of the parties have consented in writing to the filing of this brief. Further, counsel of record for all parties have received notice of NYIPLA’s intention to file an *amicus curiae* brief at least 10 days prior to the due date for the *amicus curiae* brief as per Sup. Ct. R. 37.2(a).

other intellectual property (“IP”) law. Traditionally, the NYIPLA has been one of the largest regional IP bar associations in the United States. The NYIPLA’s members include a diverse array of attorneys specializing in patent law, including in-house counsel for businesses that own, enforce, and challenge patents, as well as attorneys in private practice who prosecute patents and represent entities in various proceedings before the U.S. Patent and Trademark Office (“USPTO”).

Many of the NYIPLA’s member attorneys actively participate in patent litigation, representing both patent owners and accused infringers. The NYIPLA’s members also frequently engage in patent licensing matters on their clients’ behalf, representing both patent licensors and licensees. The entities served by the NYIPLA’s members include inventors, entrepreneurs, venture capitalists, businesses, universities, and industry and trade associations.

The activities of the NYIPLA’s members and their clients depend on the consistent and predictable application of this Court’s Section 101 jurisprudence. The NYIPLA thus brings the interested and informed perspective of stakeholders to the issues presented.

SUMMARY OF ARGUMENTS

Although the NYIPLA offers no opinion on the merit of the claims at issue, the NYIPLA respectfully requests that this Court grant Petitioner American Axle’s Petition for Writ of Certiorari to hear the questions presented. This case represents an ideal vehicle for the Court to alleviate the state of confusion concerning the law governing patent eligibility.

In particular, this case is factually very similar to a prior Supreme Court decision that recognized that claims, including a calculation based on the Arrhenius equation as part of larger process for curing rubber, were patent eligible. *Diamond v. Diehr*. 450 U.S. 175, 185 (1981). Yet, based on conflicting interpretations of this Court’s more recent precedents on patent eligibility, the courts below ultimately concluded that the present claims—purportedly including an application of Hooke’s law as part of a method for manufacturing a shaft assembly of a driveline system—were not patent eligible. *See American Axle & Mfg., Inc. v. Neapco Holdings LLC*, No. 2018-1763 (Fed. Cir. July 31, 2020) (Pet. App. 1a-70a)²; *American Axle & Mfg., Inc. v. Neapco Holdings LLC*, C.A. No. 15-1168-LPS (D. Del. Feb. 27, 2018) (Pet. App. 126a-147a).

The NYIPLA respectfully submits that this Court’s intervention and supervision is necessary to clarify the law of patent eligibility.

² Citations to the appendix of *American Axle & Mfg., Inc.’s* Petition for Writ of Certiorari are designated “Pet. App.”

I. The current state of patent-eligible subject matter under 35 U.S.C. § 101 is unclear. This Court’s precedent in *Diehr* recognized that “an *application* of [a natural law] to a known structure or process may well be deserving of patent protection.” *Diehr*, 450 U.S. at 187 (emphasis added). Despite such precedent, the district court in the proceeding below held that the claimed methods in question are unpatentable as mere “*applications* of Hooke’s Law with the result of friction damping.” (Pet. App. 138a) (emphasis added). The district court’s holding was subsequently affirmed by a divided panel of the Federal Circuit (Pet. App. 1a-70a), and a further rehearing *en banc* was denied by an evenly divided court (Pet. App. 150a-197a). The holding that the claims at issue are patent-ineligible *contra-Diehr* makes clear that the Federal Circuit and courts below are confused by Supreme Court jurisprudence.

II. Clarification of patent-eligible subject matter is crucial. Courts need consistency in precedent to provide reliable judgments, as unpredictability in the patent system is harmful to the economy, the patent system as a whole, and to inventors, business entities, investors, innovators attempting design around solutions, and other interested parties who need to understand what is, and is not, patentable.

III. This is the proper case to consider the issue of patent eligibility. The claims at issue are comparable to the claims found by this Court to be patent eligible in *Diamond v. Diehr*, 450 U.S. 175 (1981). Thus, this is a good case for the Supreme Court

to take in order to clarify the unambiguous scope of Section 101 as faithful agents of Congress.

ARGUMENT

I. THE CURRENT STATE OF PATENT-ELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101 IS UNCLEAR

A. The Plain Text of Section 101 and Supreme Court Precedent

Setting forth the types of inventions that are eligible for patenting, the simple and straightforward language of Section 101 of the Patent Act (35 U.S.C. § 101) provides:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 101. This language has remained essentially unchanged since it was first adopted by the First Congress in 1790. Patent Act of 1790, ch. 7, § 1, 1 Stat. 109 (1790). It was reenacted in the Patent Act of 1952, ch. 950, 66 Stat. 792, 797 (1952), with one minor amendment, to replace “art” with “process” to conform the statute to modern usage. *See Bilski v. Kappos*, 561 U.S. 593, 639 (2010) (“The new terminology was added only in recognition of the fact that courts had been interpreting the category ‘art’ by using the terms ‘process or method[.]’”).

The language of Section 101 is plain and clear. The limitations on patent eligibility consist merely of whether the claim presented is in one of four forms: “process, machine, manufacture, or composition of matter,” or any “new and useful improvement thereof”. 35 U.S.C. § 101. There are no other statutory obligations in Section 101 beyond “utility” and meeting the separate conditions and requirements otherwise provided in Title 35, including novelty (35 U.S.C. § 102), non-obviousness (35 U.S.C. § 103), and written description and enablement (35 U.S.C. § 112).³ Despite many chances, Congress has never included one in Section 101. *See, e.g.*, Leahy-Smith American Invents Act, Pub. L. No. 112-29, § 18(e), 125 Stat. 284, 331 (2011) (“RULE OF CONSTRUCTION. Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101 of title 35, United States Code.”).

Nevertheless, since Section 101 was enacted, the Supreme Court has created three judicial exceptions, which preclude the patentability of a claim directed to an abstract idea, law of nature, or natural phenomenon. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012) (“The Court has long held that this provision contains an important *implicit* exception. ‘[L]aws of nature, natural phenomena, and abstract ideas’ are not

³ In one of its earliest analyses of the Patent Act after Section 101 was adopted as part of the 1952 Act, this Court characterized Sections 101 and 102 as “novelty and utility” requirements, “which trace closely the 1874 codification, [and] express the ‘new and useful’ tests which have always existed in the statutory scheme and, for our purposes here, need no clarification.” *Graham v. John Deere Co.*, 383 U.S. 1, 12 (1966).

patentable.” (emphasis added) (quoting *Diamond v. Diehr*, 450 U.S. 175, 185 (1981)).⁴

However, this Court has recognized that since “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,” “too broad an interpretation of this exclusionary principle could eviscerate patent law.” *Mayo*, 566 U.S. at 71; see *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (“At the same time, we tread carefully in construing this exclusionary principle lest it swallow all of patent law.”). Thus, this Court has distinguished between “patents that claim laws of nature, natural phenomena, and abstract ideas [and] those that claim patent-eligible *applications of those concepts*.” *Alice*, 573 U.S. at 217 (emphasis added); see *Diehr*, 450 U.S. at 187 (“It is now commonplace that an *application* of a law of nature ... to a known structure or process may well be deserving of patent protection.”). Accordingly, “an invention is not rendered ineligible for patent

⁴ Cf. Amy Coney Barrett, *Substantive Canons and Faithful Agency*, 90 B.U. L. REV. 109, 116 (2010) (“[T]he principle of legislative supremacy restrains federal courts from expanding and contracting unambiguous statutes to account for diffuse social values”); NEIL M. GORSUCH, A REPUBLIC, IF YOU CAN KEEP IT 10 (2019) (“A judge should apply the Constitution or a congressional statute as it *is*, not as he thinks it *should be*.”); Neil M. Gorsuch, *Of Lions and Bears, Judges and Legislators, and the Legacy of Justice Scalia*, 66 CASE WESTERN RES. L. REV. 905, 909 (“[J]udges should be in the business of declaring what the law is using the traditional tools of interpretation, rather than pronouncing the law as they might wish it to be in light of their own political views, always with an eye on the outcome...”); *Stern v. Marshall*, 564 U.S. 462, 483 (2011) (noting that “the Framers considered it essential” to liberty to keep the executive and judiciary and the legislature and judiciary “truly distinct”).

[protection] simply because it involves an abstract concept.” *Alice*, 573 U.S. at 217.

B. The Federal Circuit is Divided

Despite the plain language of Section 101 providing that “any new and useful *process* ... may obtain a patent therefor,” a split (2-1) Federal Circuit panel, as well as the district court below, found the claims in question—directed to a new and useful industrial *process* for manufacturing an improved driveshaft for an automobile—ineligible for patenting. *See* U.S. Patent No. 7,774,911; *see also* Pet. App. 1a-70a, 126a-147a.

As its basis for finding the claims were directed to ineligible subject matter, the district court reasoned that the “claimed methods are *applications* of Hooke’s Law with the result of friction damping.” (Pet. App. 138a) (emphasis added).⁵

Further, in affirming the district court’s holding, the Federal Circuit panel reasoned that the claim limitation of “tuning a mass and a stiffness of at least one liner” requires the “use of a natural law of relating frequency to mass and stiffness—*i.e.*, Hooke’s law,” and, therefore, merely “invoke[s] natural laws, and nothing more.” (Pet. App. 13a, 35a).

However, as discussed above (*see supra* Section I.A.), “an invention is not rendered ineligible for

⁵ Although the claim does not actually state Hooke’s law as a mathematical equation or by name, each of the representative claims includes a “tuning” step for a liner included in the resulting product, which the Court found to invoke Hooke’s law by its application.

patent [protection] simply because it involves an abstract concept.” *Alice*, 573 U.S. at 217. Under this Court’s established judicial exceptions to patentability, a claim directed to an ***application*** of a law of nature can be found patent eligible. *Diehr*, 450 U.S. at 187 (“[A]n application of [a natural law] to a known structure or process may well be deserving of patent protection.”); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (The “application of the law of nature to a new and useful end” remains eligible for patent protection.).

The line between whether a claim is merely directed to a natural law or is directed to ***a practical application*** of that natural law was most clearly drawn in this Court’s decision in *Diehr*. 450 U.S. 175. There, this Court held that comparable claims reciting an industrial process for curing rubber that used Arrhenius equation (a natural law), were “[i]ndustrial processes [of] the type[]s which have historically been eligible to receive the protection of our patent laws.” *Id.* at 184.

Thus, the conclusion that the claims in question are not patent eligible reflects a clear departure from this Court’s precedent and provides clear evidence that the Federal Circuit and the courts below are confused by this Court’s Section 101 jurisprudence. This confusion is further evidenced by the fact that the original Federal Circuit panel and the full court were split in determining whether *Diehr* mandated the claim in question be found patent eligible.

As Judge Moore explained in her dissent from the panel’s majority opinion affirming patent ineligibility, although “Section 101 is monstrous

enough, it cannot be that use of an unclaimed natural law in the performance of an industrial process is sufficient to hold the claims *directed to* that natural law.” (Pet. App. 44a).

It is clear that the Federal Circuit is at a standstill on how to properly interpret this Court’s Section 101 jurisprudence, as is shown by the evenly divided 6-6 split denying rehearing *en banc* in this case. (Pet. App. 150a-152a). The fact that half of the active Federal Circuit judges dissented from the denial of rehearing *en banc* renders the decision controversial, and demonstrates the need for further Supreme Court clarification and guidance as to the scope of Section 101. Because issues of patent law do not have a chance to percolate between circuit courts, when the Judges of the Federal Circuit themselves are divided and say that the law is unsettled, it amounts to a call for the Supreme Court to weigh in. This is exactly the scenario that existed when the Court last took up the issue of patent eligibility in *Alice*. See Brief of New York Intellectual Property Law Association as *Amicus Curiae* in Support of Petitioner, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208 (2014); *CLS Bank Int’l v. Alice Corp. Pty.*, 685 F.3d 1341 (Fed. Cir. 2012), *opinion vacated*, 484 F. App’x 559 (Fed. Cir. 2012), *reheard en banc*, 717 F.3d 1269 (Fed. Cir. 2013).

C. The USPTO Needs More Guidance

It is not only the Federal Circuit that needs guidance. In an attempt to provide consistency in patent examinations, the USPTO generates patent examination guidelines based on Supreme Court and Federal Circuit precedent. However, the USPTO, too,

needs more guidance on this issue. For example, as a result of irreconcilable decisions with respect to Section 101, the USPTO issued the 2019 Revised Patent Subject Matter Eligibility Guidance, stating:

Likewise, the USPTO has issued guidance to the patent examining corps about Federal Circuit decisions applying the *Alice/Mayo* test, for instance describing the subject matter claimed in the patent in suit and noting whether or not certain subject matter has been identified as an abstract idea.

While that approach was effective soon after *Alice* was decided, *it has since become impractical*. The Federal Circuit has now issued numerous decisions identifying subject matter as abstract or non-abstract in the context of specific cases, and that number is continuously growing. In addition, *similar subject matter has been described both as abstract and not abstract in different cases*. The growing body of precedent has become *increasingly more difficult for examiners to apply in a predictable manner*, and *concerns have been raised that different examiners within and between technology centers may reach inconsistent results*.

2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50, 51-52 (Jan. 7, 2019) (emphasis added) (“2019 Revised Guidance”).

The USPTO's recognition that subject matter eligibility precedent has grown increasingly difficult to consistently apply, and its attempt to derive a uniform set of guidelines in order to prevent inconsistent results, is indicative of this Court's need to clarify its Section 101 jurisprudence.

D. Stakeholders Continue to Be Confused and Require Clarity

Many major patent stakeholders have repeatedly called for reform of patent eligibility law.

For example, the American Bar Association (“ABA”) has stressed “[l]egislative reform [of patent eligibility] is needed to restore predictability to the patent system and maintain incentives to invest in future technologies and discoveries.” Stuart Meyer, *No Shortage of Opinions on New USPTO Eligibility Guidance*, LAW360 (Apr. 12, 2019), <https://www.law360.com/articles/1149320/no-shortage-of-opinions-on-new-uspto-eligibility-guidance>.

Similarly, the Intellectual Property Owners Association (“IPO”) also commented that it remains “concerned that the courts will continue to issue conflicting decisions on subject matter eligibility...,” and suggested that “the best approach is ... one that restores patent eligibility law in line with the foundational principles set forth in the 1952 Patent Act.” Ryan Davis, *USPTO Patent Eligibility Rules Still Too Vague, IP Groups Say*, LAW360 (Mar. 11, 2019), <https://www.law360.com/articles/1137387/uspto-patent-eligibility-rules-still-too-vague-ip-groups-say>.

Similar calls for reform and clarification have been voiced by our Association's own membership in internal meetings.

II. CLARIFICATION OF PATENT-ELIGIBLE SUBJECT MATTER IS CRUCIAL

When the Federal Circuit, an appeals court created in part to develop consistent interpretations and applications of patent law, is itself divided on how to apply Supreme Court subject matter eligibility precedent, a fundamental aspect of the U.S. patent system is at risk. Patent owners, alleged infringers, and innovators working on design arounds are currently unable to assess risks, evaluate investments, and make decisions based on a useful, understandable and consistently applied patent eligibility test. Such confusion threatens both the economy-boosting effects of maintaining a functional patent system and faith in the judiciary to produce reliable, consistent outcomes.

Clarification of patent-eligible subject matter is important for the Supreme Court to address, as courts need consistency in precedent to provide reliable, consistent judgments. Unpredictability in the patent system is harmful to the economy, the patent system as a whole, and to inventors, business entities, investors, potential infringers, and other interested parties who need to understand what can and cannot be patented.

It has long been recognized that patents play an important role in stimulating the economy: “[t]he granting and protection of intellectual property rights is vital to promoting innovation and creativity and is

an essential element of our free-enterprise, market-based system.” Econ. & Statistics Admin. and USPTO, *Intellectual Property and the U.S. Economy: Industries in Focus* (Mar. 2012), https://www.uspto.gov/sites/default/files/news/publications/IP_Report_March_2012.pdf; *see also* Econ. & Statistics Admin. and USPTO, *Intellectual Property and the U.S. Economy: 2016 Update* (2016), <https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf> (“IP-intensive industries continue to be a major, integral and growing part of the U.S. economy.”).

Indeed, in dissenting from the denial for rehearing *en banc*, Federal Circuit Judge Newman (joined by Judges Moore, O’Malley, Reyna, and Stoll) recognized the potential effect such confusion may have:

The court’s rulings on patent eligibility have become so diverse and unpredictable as to have a serious effect on the innovation incentive in all fields of technology. ... [T]he victims are the national interest in an innovative industrial economy, and the public interest in the fruits of technological advance.

(Pet. App. 174a).

III. THIS IS THE PROPER CASE TO CONSIDER THE ISSUE OF PATENT ELIGIBILITY

Since this Court’s decision in *Alice*, both the Federal Circuit and district courts have together issued over a thousand decisions involving patent

eligibility, declaring hundreds of patents and no doubt thousands of patent claims ineligible under the authority of *Alice*. As a result, this Court has been asked to revisit various aspects of the patent eligibility standard scores of times since it granted remands under *Alice* in 2014.

The present case is an appropriate vehicle for this Court, as a faithful agent of Congress, to clarify the unambiguous scope of 35 U.S.C. § 101 with respect to patent-eligible subject matter.

A. The Claims at Issue Are Similar to Claims Found to be Patent Eligible in *Diamond v. Diehr*

The claims at issue are comparable to the claims found by this Court to be patent eligible in *Diehr*, which recited an industrial process for curing rubber that used a natural law, the “Arrhenius equation.” *Diehr*, 450 U.S. at 188 (“Arrhenius’ equation is not patentable in isolation, but when a process for curing rubber is devised which incorporates in it a more efficient solution of the equation, that ***process is at the very least not barred at the threshold by § 101.***”) (emphasis added). This Court held that “[i]ndustrial processes such as this are the types which have historically been eligible to receive the protection of our patent laws.” *Id.* at 184.

Despite the comparable claims here similarly directed to an industrial process that applies a natural law, the district court and a split Federal Circuit panel found the claims ineligible.

Thus, this case presents an excellent vehicle for the Supreme Court to clarify the unambiguous scope of Section 101 in view of its decisions in *Alice*, *Mayo*, and *Diehr*.

B. Numerous *Amici* Have Shown an Interest in the Case and Participated at the Federal Circuit

This case has already garnered considerable input from third party *amici curiae* who filed briefs in support of American Axle’s petition for rehearing *en banc* at the Federal Circuit. Those briefs, representing the views of patent practitioners, intellectual property owners, and innovators collectively confirm that this case involves an “important question of federal law,” and that many believe the Federal Circuit “decided [this question] in a way that conflicts with relevant decisions of this Court.” Thus, this case fits the “character” of, and satisfies the compelling reasons required for, cases worthy of Supreme Court review. Sup. Ct. R. 10.

C. The Parties Are Well Represented and Have a Strong Motive to Present Persuasive Advocacy to This Court

The parties are well represented by experienced counsel who understand the law and issues being presented. Since the parties have significant stakes in the outcome of this litigation, this Court can expect

them to bring strong and zealous advocacy in these proceedings.

D. Further Percolation Below Is Unlikely to Assist the Court

Since this Court's decision in *Alice*, Section 101 has been applied in over a thousand cases at the Federal Circuit and district courts, and thousands more at the Patent Trial and Appeal Board. The breadth of opinions offered are vast, diverse, and, as the USPTO notes, results in "similar subject matter [having] been described both as abstract and not abstract in different cases." 2019 Revised Guidance, 84 Fed. Reg. at 52. The recent failure of the Federal Circuit to obtain a clear majority *en banc* in the case below illustrates that further percolation in the lower courts is unnecessary. Instead, this impasse, and the continuing confusion and seeming conflicting decisions discussed above, support the need for prompt attention by this Court.

CONCLUSION

For the foregoing reasons, the NYIPLA respectfully urges the Court to grant American Axle & Manufacturing, Inc.'s petition for a writ of *certiorari* and consider the issue of patent eligibility. In the alternative, the NYIPLA urges this Court to grant the petition for a writ of *certiorari*, vacate the decision below, and remand with orders to follow this Court's precedent in *Diamond v. Diehr*, 450 U.S. 175 (1981).

Respectfully submitted,

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