

Patent eligibility: What's going on with 'American Axle'?

By Deirdre M. Wells, Esq., and William H. Milliken, Esq., Sterne, Kessler, Goldstein & Fox PLLC

MAY 27, 2022

If you've followed the somewhat (to put it diplomatically) uneven development of § 101 law over the past decade, you've probably heard of the U.S. Court of Appeals for the Federal Circuit's 2020 decision in *American Axle v. Neapco Holdings*. American Axle petitioned for certiorari, and—just days ago, on May 24—the Solicitor General filed a brief recommending that the U.S. Supreme Court grant the petition.

American Axle may be the best vehicle to bring the long-awaited clarity on patent eligibility.

This article provides an update on the status of the case, makes observations about the Solicitor General's brief, and tries to predict what may happen next.

Background

The patent in *American Axle* claimed a method of manufacturing an automobile drive shaft that involved the use of a liner that was "tuned" to reduce the drive shaft's vibration and thus make it operate more quietly. A divided Federal Circuit panel held that the claim was ineligible for patenting under § 101 because it was directed to a natural law—specifically, Hooke's law, which describes the relationship between an object's mass, its stiffness, and the frequency at which it vibrates—and "nothing more." In the majority's view, the claim simply required the use of Hooke's law to tune the liner without actually specifying how that result was achieved. It thus recited only a desired result, not a patentable invention.

Judge Kimberly Moore dissented, arguing that the majority had created a new test for patent eligibility—the "Nothing More" test—that "le[ft] the science to the appellate judges to decide de novo" and would, "like the great American work *The Raven* from which it is surely borrowing, . . . lead to insanity." Judge Moore believed that the majority had expanded § 101 beyond its traditional gatekeeping role and conflated it with the enablement requirement of § 112.

American Axle petitioned for rehearing, and the Federal Circuit denied the petition by an evenly divided 6-6 vote. The five opinions accompanying the denial (two concurring and three dissenting) demonstrate that, as Judge Moore has observed, the Federal Circuit is "bitterly divided" when it comes to § 101 law.

Proceedings at the Supreme Court

American Axle petitioned for certiorari in December 2020. Ten amicus briefs (a rather large number for the cert stage) were filed in support of the petition, and the Supreme Court requested and received a response to the petition from Neapco.

In May 2021, the Supreme Court called for the views of the U.S. Solicitor General, suggesting that the Court was seriously considering taking the case. Twelve months later, the Solicitor General filed the requested response, asserting that the Federal Circuit's ineligibility holding was incorrect and recommending that the Court grant certiorari.

Many may wonder, what took them so long? While we can't know for sure, the likely reason for the delay was that both the Solicitor General's Office and the U.S. Patent and Trademark Office have been in a state of transition since May 2021. At that time, neither entity had a presidentially nominated and Senate-confirmed head. The SG's office was under Acting Solicitor General Elizabeth Prelogar, and the USPTO was under Commissioner of Patents Drew Hirshfeld.

Much of the current confusion began with the Supreme Court's 2012 and 2014 decisions in Mayo and Alice, respectively, so it seems in a way appropriate that the Court would be the one to provide the fix.

Since both entities likely provided input on the administration's official position on § 101 law, they may have wanted to wait to do so until permanent department heads were put in place. (Prelogar was eventually confirmed as Solicitor General in October 2021, and Kathy Vidal was confirmed as Director of the USPTO in April 2022.)

Solicitor General's brief

The government's recommendation of a grant is big news; it suggests the prospect of long-awaited guidance on patent eligibility. The government's brief, moreover, contains several interesting clues regarding the current administration's position on patent eligibility.

At a high level, the government appears to advocate for a more patent-friendly interpretation of § 101 jurisprudence:

- The government’s brief emphasizes that all inventions rest at some level upon laws of nature, natural phenomena, or abstract ideas, meaning the “exclusionary principle” of § 101 must be applied carefully, “lest it swallow all of patent law.”
- The government states that courts should be “skeptical” of any assertion that claims traditionally viewed as patentable—such as, in the government’s view, the claim at issue in *American Axle* itself—are ineligible under § 101.
- The government asserts that, given the “preemption” concern motivating § 101 law, narrow claims are less likely to implicate eligibility concerns. (This is arguably a departure from current Federal Circuit precedent, which generally holds that narrowness cannot save a claim from subject-matter eligibility.)
- The government wants the Court to clarify the proper application of *both* steps of the *Alice* framework (not merely the first step, as *American Axle* requested). (*Alice v. CLS Bank*, U.S. Sup. Ct., 2014) And the government disagrees with any notion that “well-understood, routine, conventional” aspects of the claims can be wholly disregarded at *Alice* step two. (This, too, is arguably a departure from current Federal Circuit precedent.)

What now?

The most obvious consequence of this development is that a grant of certiorari is now significantly more likely. And the government’s decision to recommend certiorari suggests that Director Vidal meant what she said during her confirmation hearings: there needs to be “more clarity when it comes to patent eligibility.” *American Axle* may be the best vehicle to bring the long-awaited clarity on patent eligibility.

Why? Consider the alternatives:

The USPTO can do little on its own to reform § 101 law, because the current doctrine is based on Supreme Court precedent that the USPTO is bound to follow. (For an illustration of this point, consider former Director Andrei Iancu’s attempt to promulgate

“guidance” on the proper application of § 101, which the Federal Circuit has essentially ignored because it lacks the force of law.)

The prospects for congressional intervention seem slight. Recent efforts at legislative reform on § 101 issues have fizzled, and there is no reason to think future efforts will fare much better given the general environment of gridlock prevailing on Capitol Hill.

The Federal Circuit is at an impasse. It’s been four years since Judge S. Jay Plager, in *Internal Licensing v. AOL*, compared § 101 law to the disrobed emperor in the fairy tale. Yet the court is still intractably divided on the subject.

That leaves the Supreme Court as the only entity that appears positioned to provide the clarity that stakeholders have been asking for. Indeed, much of the current confusion began with the Court’s 2012 and 2014 decisions in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* and *Alice v. CLS Bank*, respectively, so it seems in a way appropriate that the Court would be the one to provide the fix.

Justice Stephen Breyer’s impending replacement by Justice Ketanji Brown Jackson poses an interesting wrinkle. Justice Breyer authored *Mayo*, and his judicial writings generally reflect some skepticism of patents. We have little to no information about Justice Jackson’s views on patents—the D.C. Circuit, where she formerly presided, hears no patent cases; she did not see a meaningful amount of patent litigation in her time on the D.C. district court; and her work as a practicing attorney did not focus on the subject—so only time will tell whether the change in composition of the Court will matter when it comes to patent law.

Now that the Solicitor General’s brief is in, the Court can consider the petition in the coming weeks and (if the petition is granted) decide the case by June 2023. If the Court does grant certiorari, *American Axle* promises to be a blockbuster decision for patent practitioners everywhere.

Deirdre M. Wells and William H. Milliken are regular, joint contributing columnists on patent law for Reuters Legal News and Westlaw Today.

About the authors



Deirdre M. Wells (L) is a director in **Sterne, Kessler, Goldstein & Fox's** Trial & Appellate Practice Group. She has patent litigation experience before federal district courts, the International Trade Commission, and the U.S. Court of Appeals for the Federal Circuit, and has represented clients in fields including Hatch-Waxman Paragraph IV pharmaceuticals, chemical arts, medical devices, biotechnology, data storage devices, internet search technology, electrical connectors, wireless broadband technology, telephone systems, and mobile content delivery. She has a continuing focus on design patent enforcement and can be reached at dwells@sternekessler.com. **William H. Milliken** (R) is a director in the firm's Trial & Appellate

Practice Group. His practice focuses on patent litigation in U.S. district courts and the Federal Circuit, with a particular emphasis on cases arising under the Hatch-Waxman Act. He has experience drafting appellate briefs filed in the U.S. Courts of Appeals, briefing and arguing complex motions before the federal district courts, and assisting with trial preparation in Hatch-Waxman and other patent infringement litigation. He can be reached at wmilliken@sternekessler.com. The authors are based in Washington, D.C.

This article was first published on Reuters Legal News and Westlaw Today on May 27, 2022.