

## 5 Observations On Solicitor General's Patent Eligibility Brief

By **William Milliken** (June 1, 2022, 5:22 PM EDT)

On May 24, the solicitor general filed its amicus curiae brief regarding the petition for certiorari in *American Axle & Manufacturing Inc. v. Neapco Holdings LLC*, which concerns the subject-matter eligibility of a patent claim on a process for manufacturing an automobile driveshaft.[1]

The big news is that the government has recommended that the court grant certiorari and reverse the U.S. Court of Appeals for the Federal Circuit's decision, which held the claim ineligible for patenting under Section 101. Now that the government has thrown its weight behind American Axle's petition, the prospects for certiorari look significantly brighter.



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If the Supreme Court grants the petition, it would be its first time weighing in on the hotly debated issue of patent eligibility since its 2014 decision in *Alice Corp. v. CLS Bank International*.[2]

This article provides some observations about the government's amicus brief and explains how the government's views — if adopted by the Supreme Court — would change the current state of the law on Section 101.

### Background

First, a bit of background. The patent claim at issue in *American Axle* covers a method of manufacturing a driveshaft that involves tuning a liner of the driveshaft to reduce the shaft's vibration — and thus reduce the amount of noise it makes.

The term "tuning" was construed to mean "controlling the mass and stiffness of [the] liner to configure the liner to match the relevant frequency" of the vibration of the driveshaft.

A divided panel of the Federal Circuit held this claim ineligible under the two-step Alice test — as a reminder, step one asks whether a claim is directed to a natural law, natural phenomenon, or abstract idea; step two asks whether the claim contains an inventive concept that transforms the claim into a patent-eligible application of the natural law, natural phenomenon, or abstract idea.

At step one, the majority concluded that the claim was directed to a natural law — specifically, Hooke's law, which describes the relationship between an object's mass, stiffness, and the frequency at which it vibrates — and simply recited a goal of tuning a liner by using Hooke's law without identifying specific

steps or structures to achieve it.

At step two, the majority concluded that the only other steps recited in the claim were conventional driveshaft manufacturing steps that were insufficient to impart an inventive concept.

## **1. The Government Appears Lukewarm on the Alice Two-Step**

The background section of the government's brief, which sets forth the governing law on Section 101, is rather ambivalent about the two-step test for patent eligibility that the court synthesized in *Alice*.

The government points out that "[m]any of the Court's decisions" on subject-matter eligibility are based not on the two-step test, but rather on an interpretation of "Section 101's specific terms — 'process, machine, manufacture, [and] composition of matter' [—] based in part on history and statutory context."

In this mode of analysis, for example, a claim that recites a desired result without reciting concrete steps to achieve it — such as "a claim for illuminating dark rooms by any efficacious means" — would be ineligible because it does not cover a "process" within the meaning of Section 101.

But, "[i]n more recent decisions," the government explains, the court has instead interpreted Section 101 to have three "judicially created 'exceptions'" to patent eligibility — for natural laws, natural phenomena, and abstract ideas — and applied the *Alice* two-step test to determine whether a given claim falls into one of those ineligible categories.<sup>[3]</sup>

The government notes, however, that the Supreme Court's 2013 decision in *Association for Molecular Pathology v. Myriad Genetics Inc.*<sup>[4]</sup> did not apply the two-step test and instead simply asked whether the claim at issue claimed a "new and useful ... composition of matter."

This discussion, combined with the government's observations elsewhere concerning the amount of confusion that the two-step test has engendered, suggests that the government might favor abandoning the two-step inquiry entirely and returning to an interpretation of Section 101 based on its statutory language.

It remains to be seen whether the government — or anyone else — will urge the court to go that far. But the fact that the Government's petition-stage brief contains — at the risk of understatement — a less than full-throated endorsement of the governing legal test is notable.

## **2. The Government Wants to Include "Historical Practice" in the Analysis**

A second notable feature of the government's brief is its assertion that the eligibility inquiry should be guided by "historical practice and judicial precedent." The government appears to mean that courts should consider whether the claim in question is similar to claims that have historically been considered eligible for patenting.

In the government's view, for example, a claim to an "industrial manufacturing process" — like the one at issue in *American Axle* itself — is presumptively patent-eligible.

Such a historical inquiry, if adopted as part of the Section 101 analysis, would likely mark a shift in eligibility jurisprudence, at least as it has developed in the Federal Circuit. The 2021 *Yu v. Apple Inc.* decision<sup>[5]</sup> for example, which held claims to an "improved digital camera" ineligible under Section 101,

would almost certainly come out differently under the government's proposed test.

The test also raises a question: How far back do you have to go for the history to count in favor of eligibility? For the 1990s and most of the 2000s, courts routinely upheld the eligibility of business-method patents that would uniformly be considered invalid under Section 101 today.[6] It seems unlikely the government would suggest that history counsels in favor of upholding patents that claim methods of carrying out financial transactions on a general-purpose computer.

### **3. The Government Wants to Emphasize Preemption**

The government also contends that the concept of preemption — i.e., the idea that the law ought not to permit patentees to monopolize "the basic tools of scientific and technological work" — should play a major role in the analysis. In other words, "[a] claim that confers exclusivity only over a narrow range of activity" is more likely to be patent-eligible because it raises fewer preemption concerns.

This view, too, arguably represents a departure from current doctrine. The Federal Circuit, while recognizing that the limits on patent eligibility derive in part from concerns about preemption, has typically held that the absence of preemption is not sufficient to impart eligibility.[7]

In other words, preemption may be sufficient to show ineligibility, but it is not necessary. Accordingly, under Federal Circuit precedent, a patent drafter cannot avoid Section 101's prohibition on patenting an ineligible concept by simply limiting the application of the idea to "a particular technological environment" — no matter how narrow that environment may be.[8] The government's brief suggests that it may view the matter somewhat differently.

### **4. The Government Thinks "Routine and Conventional" Elements Still Matter**

The government's proposed approach departs from current Federal Circuit law in yet another way: the government contends that "conventional" claim elements should not be disregarded in determining whether a claim contains an "inventive concept" at Alice step two.

Federal Circuit precedent holds that a claim must include more than "well-understood, routine, conventional activities" to impart an inventive concept.[9] In the government's view, however, claims must be viewed "as a whole" to determine whether they include an inventive concept, and this "[h]olistic consideration ... is incompatible with an approach that ignores individual claim elements that are conventional in isolation."

### **5. The Government Wants Clarity on the Substantive Standard Before the Court Decides Whether Eligibility Is a Legal, Factual or Hybrid Question**

American Axle's petition includes as a second question presented whether patent eligibility is "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." The government characterizes this as a "satellite procedural question" whose answer "depends on the substantive Section 101 standard." The Government thus recommends that the Court address the substantive standard first and then "address, in this case or a future one, whether applying that standard entails a legal, factual, or hybrid analysis."

If the government's views on Section 101 were adopted, application of the substantive standard would seem to be an almost entirely legal exercise. Determining whether a given invention complies with

Section 101's specific terms seems to be a legal, as opposed to factual, inquiry, as is determining whether "historical practice and judicial precedent" support the eligibility of a given claim.

The government, moreover, proposes largely jettisoning arguably the most fact-intensive aspect of the current Section 101 test: determining whether given claim elements are "routine and conventional." The upshot is that, under the government's proposed test, it appears that most if not all of the work would be the work of judges; there would be little, if any, role for juries to play.

An approach to subject-matter eligibility that makes it a pure question of law would have at least two major implications. First, it would likely lead to an increase in the number of eligibility issues decided on the pleadings. Second, absent very clear guidance from the Supreme Court on the contours of the legal inquiry, it could make the resolution of Section 101 issues even more panel-dependent than it already is.

As the five warring opinions on American Axle's petition for rehearing demonstrate, the Federal Circuit judges have dramatically diverging views on what sorts of claims are and are not worthy of patent protection under Section 101. If every Section 101 issue received de novo review, those differences could come into even starker relief.

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[1] Pet. for Writ of Certiorari, No. 20-891 (U.S. Dec. 28, 2020).

[2] Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. 208 (2014).

[3] See Bilski v. Kappos, 561 U.S. 593 (2010); Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66 (2012); Alice, 573 U.S. 208.

[4] Ass'n for Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. 576 (2013).

[5] Yu v. Apple Inc., 1 F.4th 1040 (Fed. Cir. 2021).

[6] See, e.g., State Street Bank & Trust Co. v. Signature Financial Grp., Inc., 149 F.3d 1368 (Fed. Cir. 1998).

[7] See, e.g., Return Mail, Inc. v. U.S. Postal Serv., 868 F.3d 1350, 1370 (Fed. Cir. 2017).

[8] Content Extraction & Transmission LLC v. Wells Fargo Bank, 776 F.3d 1343, 1348 (Fed. Cir. 2014).

[9] E.g., CosmoKey Solutions GmbH & Co. KG v. Duo Sec. LLC, 15 F.4th 1091, 1097 (Fed. Cir. 2021).