SCOTUS Refuses To Hear Patent Eligibility Case
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Lawyers lament 'missed opportunity' after the US' top court declines certiorari despite pressure from the Solicitor General.

The US Supreme Court (SCOTUS) has declined to review a petition from US manufacturer American Axle (AAM) in a long-running case with rival Neapco that was deemed critical in clarifying subject matter eligibility in patent litigation.

The court's refusal, published yesterday, June 30, comes despite an amicus curiae from US Solicitor General Elizabeth Prelogar, who described the case as "a suitable vehicle for providing greater clarity."

Prior to that, the Federal Circuit had denied the AAM's petition to rehear the case en banc by splitting 6-6, opinions that Prelogar described as "splintered".

Fed Circ's decision 'counterintuitive'

The patent in suit, US number 7,774,911, concerns a method of manufacturing that reduces the vibrations—or noise levels—in making automobile driveline propeller shafts.

It was first brought before the US District Court for the District of Delaware in 2015, but the court held that the claims of the patent are directed to the utilisation of a natural law and do not specify how to implement an invention.

Nick Matich, principal in McKool Smith's Intellectual Property Litigation practice group, said the Federal Circuit's decision was "counterintuitive".

"In many people's view, the Federal Circuit's decision in American Axle created new uncertainty in patent law, because the case dealt with a solidly physical and mechanical invention and the claims on their face said nothing about a 'law of nature'," he said.

"That counterintuitive result brought a lot of high-level attention to the cert petition, including from the Department of Justice, US Patent and Trademark Office, a group of senators, former [USPTO] director Kappos, and former judge Michel."

Missed opportunity

But Jeannine Sano, partner in Axinn's Intellectual Property Practice Group, indicated that she isn't too surprised by the decision and that clarity comes from case law.

"While it is not common for the Supreme Court to decline to follow the recommendation of the Solicitor General, this is hardly the first time the Supreme Court has declined to revisit 101," she said.

The decision will now extend the debate on the need for certainty in the legislation, including yet more speculation.

McKool Smith's Matich pointed out that there may not be a better opportunity than this case.

"It's hazardous to speculate about what denial of the cert petition might mean for future 101 cases at the Supreme Court—it's hard to see a better vehicle coming before the court than this one."

“That said, in other areas of law, the court has denied cert petitions that experts said should or would be granted. So the court may ultimately weigh in.

“For patent owners and defendants, the denial shouldn’t mean much for ordinary patent litigation, but it may reinvigorate legislative discussions on 101 reform.”

Seth Lloyd, associate in Morrison & Foerster’s Appellate and Supreme Court Practice, suggested that the court is awaiting the “right vehicle”.

“The denial directly affects only the parties in American Axle. And because any number of things could explain the denial, we can only speculate about what it means for patent eligibility more broadly going forward.

“But it’s worth noting that this is effectively the second recent term where the court declined review in a patent-eligibility case after the Solicitor General recommended granting review. That may signal that the Court is not currently interested. Or it may mean, especially with several new justices, that the Court is still waiting for the right vehicle.”

But for Axxin’s Sano, the anticipated certainty may come from elsewhere.

“Personally, I have seen a lot of hyperbole from all sides as to whether further direction from the High Court is really necessary,” she said. “Clarity comes from subsequent case law, of which there is plenty.”

Background

American Axle v Napco was first brought before the US District Court for the District of Delaware in 2015, but the court held that the claims of the patent are directed to the utilisation of a natural law and do not specify how to implement an invention.

AAM subsequently appealed to the Federal Circuit in 2019, which upheld the lower court’s decision, finding that there was no “inventive concept” other than “well-understood, routine, [and] conventional activities previously known to the industry.”

There were further trials in 2020 and 2020, in which the Federal Circuit ultimately further denied AAM’s appeals for rehearing.

SCOTUS last addressed patent eligibility in 2014’s seminal case, Alice v CLS Bank International.

Following this, a two-part eligibility test was implemented to determine whether an invention involves an unpatentable abstract idea, natural phenomenon or law of nature—and if so, whether it includes an inventive concept.