Fed. Circ. Quarrel Highlights Need For Patent Eligibility Clarity

By **Anthony Fuga and Steven Jedlinski** (October 15, 2019)

Anthony Fuga

Steven Jedlinski

There is an ongoing struggle over Section 101 of the Patent Act: The U.S. Court of Appeals for the Federal Circuit struggles over the appropriate scope in view of the U.S. Supreme Court's Alice Corp. v. CLS Bank International and Bilski v. Kappos decisions; the district courts struggle to apply the Federal Circuit's decisions; litigants struggle due to the aforementioned; and companies struggle with how best to protect their inventions.

This has led to calls for patent reform,[1] congressional hearings[2] and for a Federal Circuit judge to invoke Hans Christian Andersen, when he wrote in a dissent that "The Emperor Has No Clothes"[3] with regard to patent eligibility jurisprudence.

If you have remotely paid attention to patent law over the last few years, you already know all of this. But the recent American Axle & Manufacturing Inc. v. Neapco Holdings LLC decision deserves some special attention, both because of its place in Section 101 jurisprudence and due to U.S. Circuit Judge Kimberly Moore's blistering dissent highlighting the enablement vs. eligibility disagreement within the court. Seriously — stick around for the dissent.

The Majority Opinion

U.S. Circuit Judge Timothy Dyk, writing for himself and U.S. Circuit Judge Richard Taranto, explained that the asserted patent discloses a method of manufacturing a driveline propshaft containing a liner designed such that its frequencies attenuate two modes of vibration simultaneously. The claims are directed to tuning liners — i.e., "controlling a mass and stiffness of at least one liner to configure the liner to match the relevant frequency or frequencies."

The majority agreed with Neapco and the district court and found that the claims merely invoke Hooke's law, a natural law that mathematically relates the mass and/or stiffness of an object to the frequency with which that object vibrates.

American Axle argued that the claims are not merely directed to Hooke's law because there is evidence both in the patent and from witnesses at the district court suggesting that tuning a liner such that it attenuates two different vibration modes is a process that involves more than the application of Hooke's law.

The majority disagreed and found that what goes beyond Hooke's law is not found in the patent claims and that the court has "repeatedly held that features that are not claimed are irrelevant as to step one or step two of the Mayo/Alice analysis." For instance, the majority found that "the claims do not instruct how the variables would need to be changed to produce the multiple frequencies required to achieve a dual-damping result, or to tune a liner to dampen bending mode vibrations."

Without this instruction, the majority held that the "claims' general instruction to tune a liner amounts to no more than a directive to use one's knowledge of Hooke's law, and

possibly other natural laws, to engage in an ad hoc trial-and-error process of changing the characteristics of a liner until a desired result is achieved."

The majority then compared and contrasted Diamond v. Diehr and Parker v. Flook to the asserted patent:

As in Flook, where the patent did not disclose how variables were measured nor the means by which the alarm system functioned, the claims here do not disclose how target frequencies are determined or how, using that information, liners are tuned to attenuate two different vibration modes simultaneously.

The claims here simply instruct the reader to tune the liner — a process that, as explained above, merely amounts to an application of a natural law (Hooke's law) to a complex system without the benefit of instructions on how to do so.

At step two of the Alice inquiry, the majority determined that American Axle provided "no more than an elaborated articulation of its reasons as to why the claims are not directed to a natural law (reasons we have already rejected)" and again cited Flook: "As the Supreme Court made clear in Flook, neither such conventional additions, nor the limiting of the use of a natural law or mathematical formula to a particular process suffices to create patent eligibility."

The Dissent

If Judge Moore pulled any punches, I'd love to read them. She attacks the majority opinion on at least three issues: (1) the expansion of Section 101, (2) disregard for step two of the Alice inquiry and (3) fact finding.

Judge Moore opens her dissent by calling the majority's decision an expansion of Section 101 well beyond its statutory gate-keeping function:

We cannot convert § 101 into a panacea for every concern we have over an invention's patentability, especially where the patent statute expressly addresses the other conditions of patentability and where the defendant has not challenged them.

She goes on to state that Section 101 is "monstrous enough, it cannot be that now you need not even identify the precise natural law which the claims are purportedly directed to," harking back to where the majority stated "Hooke's law and possibly other natural laws."

Looking specifically at the enablement vs. eligibility issue, Judge Moore stated that the majority's true concern is that the patentee has not precisely claimed how to tune a liner to dampen both bending and shell mode vibrations. She cited 11 separate passages from the majority's opinion and stated that even if the claims are enabled, they would still be found ineligible because the claims themselves didn't teach how.

And not to be bested by a Hans Christian Andersen reference, Judge Moore introduced a monster from Hesiod's Theogony: "This is now the law of § 101. The hydra has grown another head."

Takeaways

We already knew there was disagreement among the jurists on the Federal Circuit bench, including serious disagreement about Section 101's potentially swallowing the other well-

known patent defenses: anticipation (Section 102), obviousness (Section 103) and written description (Section 112). Based on this recent decision, it appears that another judge is fed up and calling for action.

Additionally, just days after the dissent, Rep. Doug Collins, R-Ga., ranking member of the House Judiciary Committee, sent out a press release calling for a new patent eligibility test in light of the "flawed" ruling, which he said "showcases the inadequacies" of the Section 101 test. This is not the first congressional attempt to address Section 101, but this does seem to reignite the calls for change.

While we wait for congressional change or further guidance from the high court, Director Andrei Iancu of the U.S. Patent & Trademark Office recently announced that the USPTO is considering "revised guidance" for determining what is and isn't patent-eligible under Section 101.

By identifying these clear demarcations of "abstract ideas" one would suspect a significant change in patent allowances that otherwise may have faced a Section 101 rejection; however, this will just make the court system shoulder the burden of confirming the USPTO's analysis. The USPTO, of course, is not the decider of what is or is not patent eligible under the statute.

While these recent events seem to give patent applicants some further assurances as to whether or not their inventions are patent eligible, the uncertainty and evolving law leaves them still somewhat in flux. Patent applicants must continue to conduct an analysis as to whether the potential for 20-year patent term is worth the public disclosure of their otherwise potentially somewhat secret inventions.

In addition, patent applicants will need to continue to analyze whether they want to keep applications pending until further clarity is provided by the Supreme Court or through congressional action.

Anthony Fuga and Steven Jedlinski are partners at Holland & Knight LLP.

[1] https://www.hklaw.com/en/insights/publications/2019/06/patent-reform-section-101-draft-bill-released

[2] https://www.hklaw.com/en/insights/publications/2019/06/patent-reform-congressional-hearings-part-iii

[3] http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/16-2502.Opinion.7-20-2018.pdf