

# American Axle Wins \$4M Patent Verdict After Long '101 Eligibility Battle

By [Ryan Davis](#) · [Listen to article](#)

Law360 (January 31, 2024, 8:32 PM EST) -- American Axle has been awarded \$4 million at a trial in Delaware where jurors found that its vehicle driveshaft patent was infringed by Neapco, a win for the company after a controversial ruling invalidated some parts of the patent for claiming only a natural law.

The [verdict](#), which was handed down Monday and entered in the docket Tuesday, capped a three-day trial. It followed years of legal wrangling over whether American Axle's invention is eligible for a patent, including a closely watched appeal that the [U.S. Supreme Court](#) turned down.

The jury found that the asserted claims of [American Axle & Manufacturing Inc.](#)'s patent are infringed by driveshafts made by Neapco Holdings LLC. The components, also known as propshafts, deliver power from the vehicle's engine to the wheels, and the patent describes a method of using liners to reduce vibration. Both companies are based in Michigan, but Neapco is a subsidiary of China's Wanxiang Group Corp.

Three different sizes of Neapco propshafts were found to infringe, and the jury awarded different amounts for each one as a reasonable royalty for past sales, for a total of \$4 million. The jury found that American Axle was not entitled to lost profits. American Axle's 2015 complaint alleged that Neapco's products are used in vehicles like Chevrolet Colorado and GMC Canyon pickup trucks.

The jury rejected Neapco's arguments that the asserted claims of the patent are invalid as anticipated by earlier inventions, including the 2003 Ford Econoline van, and that they are invalid as indefinite and lacking an adequate written description.

American Axle said in a statement that it is "pleased with the jury verdict that confirms our patented technology was an important advancement in automotive technology and that

Neapco has been improperly infringing our patent." The company added that it is "committed to protecting the investments made in its technology."

Counsel for Neapco could not immediately be reached for comment Tuesday.

The trial did not address patent eligibility, the issue that put the case in the legal spotlight. The Supreme Court left intact a decision that some claims of American Axle's patent are ineligible for patenting, and the judge overseeing the trial last year rejected similar arguments by Neapco on other claims.

The earlier invalidity ruling continues to shape discussions of patent eligibility law. It was mentioned at a [Senate hearing](#) last week by supporters of a bill that would undo court decisions holding that inventions directed to natural laws and abstract ideas cannot be patented.

In 2018, then U.S. District Judge Leonard Stark [granted](#) Neapco summary judgment that many claims of American Axle's patent are invalid for covering only a patent-ineligible law of physics known as Hooke's law, which deals with the frequency at which objects vibrate.

The Federal Circuit [affirmed](#) that decision the following year. But the panel reconsidered in 2020, issuing a modified opinion saying that while some claims are invalid, further proceedings are needed on other claims that are "more general" and don't clearly cover only the natural law.

The same day, the full court [split 6-6](#) on whether to rehear the case en banc, leaving the decision in place. Judge Kimberly Moore said in a dissent that the case would "lead to insanity" because natural laws "lurk in the operation of every claimed invention." The decision leaves most patents open to eligibility challenges, she said.

American Axle [appealed](#) to the Supreme Court, saying vehicle driveshafts are physical objects that have always been eligible for patenting, and that the ruling pushed patent eligibility law "past its breaking point."

Many [amicus briefs](#), including one from U.S. Solicitor General Elizabeth Prelogar [saying](#) the case "reflects substantial uncertainty" about patent eligibility, urged the justices to take the case and clarify the law, but they [declined](#) in 2022.

The case then returned to Delaware for proceedings on the remaining claims of American Axle's patent. Neapco put forward a new theory that those claims are invalid for claiming only the patent-ineligible abstract idea of tuning driveshaft liners to reduce vibration.

Judge Gregory Williams, who took over the case after Judge Stark was elevated to the Federal Circuit, [rejected](#) that argument last year. He set the stage for the trial by ruling that American Axle's claims are patent eligible because they cover a "tangible system" that has "an observable real-world impact."

The decision invalidating some claims of American Axle's patent is often cited by those who criticize the law on patent eligibility as unclear. The Patent Eligibility Restoration Act, [introduced](#) in the Senate last year, would overrule court precedent that laws of nature and abstract ideas cannot be patented. Proponents of the measure say it is too difficult and subjective to determine what falls into those categories.

Sen. Thom Tillis, R-N.C., one the bill's sponsors, filed an [amicus brief](#) in the American Axle case, telling the Supreme Court that it is "just one example of the judicial confusion causing consternation among the stakeholders throughout the innovation economy" and calling the current state of patent eligibility law "an unintelligible hash."

At last week's hearing on the bill, he said he was disappointed the justices didn't use the case to clarify the law, and said this is "yet another reason why Congress must act."

The patent at issue is U.S. Patent No. 7,774,911.

American Axle is represented by James Nuttall, Katherine Johnson, John Abramic, Robert Kappers and Boyd Cloern of [Steptoe LLP](#) and Brian Biggs and Jeff Castellano of [DLA Piper](#).

Neapco is represented by J. Michael Huget, Sarah Waidelich, Dennis Abdelnour and Jenna Saunders of [Honigman LLP](#) and Melanie Sharp, James Higgins and Taylor Hollowell of [Young Conaway Stargatt & Taylor LLP](#).

The case is American Axle & Manufacturing Inc. v. Neapco Holdings LLC, case number [1:15-cv-01168](#), in the [U.S. District Court for the District of Delaware](#).

--Editing by Emily Kokoll.