

2021-1052

United States Court of Appeals
for the Federal Circuit

MONUMENT PEAK VENTURES, LLC

Plaintiff-Appellant,

v.

TOSHIBA AMERICA BUSINESS SOLUTIONS, INC., TOSHIBA AMERICA
ELECTRONIC COMPONENTS, INC., TOSHIBA CORPORATION

Defendants-Appellees,

*Appeal from the United States District Court for the Central District of California
in case no. 8:19-cv-02181-DOC-DFM, Judge David Carter*

APPELLANT MONUMENT PEAK VENTURES, LLC'S REPLY BRIEF

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TABLE OF CONTENTS

TABLE OF AUTHORITIES	v
I. INTRODUCTION.....	1
II. ARGUMENT	2
A. The ‘064 Claims are Patent Eligible.....	2
1. Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘064 Claim Eligibility.....	2
2. Toshiba Mischaracterizes the ‘064 Specification to Argue Conventionality.....	3
3. Toshiba’s Argument that “the ’064 Patent” Describes “Automation of a Human Practice” is Meritless.	4
B. The ‘095 Claims are Patent Eligible.....	6
1. Toshiba’s Response, like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘095 Claim Eligibility.....	6
2. Toshiba’s Allegation that the District Court’s Summary Analysis of the ‘095 Claims is “Appropriate” is Meritless.	8
C. The ‘294 Claims are Patent Eligible - Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘294 Claim Eligibility.....	8
D. The ‘484 Claims are Patent Eligible.....	12

1..... Toshiba’s Response, like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘484 Claim Eligibility.....	12
2..... Toshiba’s Attempts to Stretch the ‘484 Claims to Fit Inapposite Cases is Meritless.	13
E. The ‘762 Claims are Patent Eligible.....	14
1.....Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘762 Claim Eligibility.....	14
2....Toshiba’s Reliance Upon ZKey, IV, Customedia and Simio is Misplaced.	15
3....Toshiba’s Attempt to Dismiss the Inventive and Unconventional External Customization Software is Meritless.....	16
F. Toshiba’s Vague Allegations of Conclusoriness Lack Merit.....	16
G. Toshiba’s Vague Allegations that the Pled Facts are Somehow Contradicted by the Patent Specifications are Meritless.....	18
H. Toshiba’s Attempt to Defend the District Court for “Recognizing that the Patent Claims are...Long Practiced by Humans” Seeks to Credit the District Court for Findings it Never Made.	19
I. Toshiba’s Argument that MPV “Forfeited its Ability to Argue that Other Claims are Separately Patent Eligible” and its Apparent Alternative Position	

that MPV's Arguments for such Other Claims Should be Disregarded as Conclusory, Lack Merit.....	20
J. Toshiba's Harmless Error Argument is Meritless.....	21
K. Toshiba's Argument that <i>BSG Tech</i> and <i>Bridge & Post</i> Permit the District Court's Overgeneralization of the Claims and Disregard of Meaningful Limitations is Meritless.....	23
L. Toshiba's Argument that the Prosecution History is Irrelevant Lacks Merit.....	24
M. Toshiba's Argument Implying that the District Court Might Have Distilled what the Allegedly Represented Claims were "Focused" Upon or "Directed To" is Meritless.....	24
N. Toshiba's Defense of the District Court's Failure to Consider the Issue of Preemption is Meritless.....	25
O. The District Court Erred in Dismissing Under §101 with Prejudice and Without Leave to Amend.....	26
P. MPV Sufficiently Pled its Claims for Willful Infringement	27
Q. The District Court Erred in Dismissing MPV's Claims for Induced Infringement.....	29

R. There is Nothing Improper About MPV's Prudential Suggestion that a Decision on These Patentability Issues Should at Least be Held Pending Resolution of <i>American Axle</i> 's Petition for Certiorari.	31
III. CONCLUSION AND PRAYER FOR RELIEF	32
IV. CERTIFICATE OF SERVICE.....	33
V. CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPE-FACE REQUIREMENTS, AND TYPE-STYLE REQUIREMENTS.....	34

TABLE OF AUTHORITIES

CASES

<i>Aatrix Software v. Green Shades Software</i> , 882 F.3d 1121 (Fed. Cir. 2018)...	19, 27
<i>Adaptive Streaming v. Netflix</i> , 836 F. App'x 900 (Fed. Cir. 2020).....	25
<i>Alice Corp. v. CLS Bank Int'l</i> , 573 U.S. 208, 216, 134 S. Ct. 2347 (2014).....	26
<i>American Needle v. Zazzle</i> , 2016 U.S. Dist. LEXIS 6208 (N.D. Ill. Jan. 19, 2016)	13
<i>Ariosa Diagnostics v. Sequenom</i> , 788 F.3d 1371 (Fed. Cir. 2015)	26
<i>BASCOM Global Internet Services v. AT&T Mobility</i> , 827 F.3d 1341 (Fed. Cir. 2016).....	12
<i>Berkheimer v. HP Inc.</i> , 881 F.3d 1360 (Fed. Cir. 2018)	18, 27
<i>Bio-Rad Labs v. Thermo Fisher Sci.</i> , 267 F. Supp.3d 499 (D. Del. 2017)	29
<i>Bot M8 v. Sony</i> , 2021 U.S. App. LEXIS 20624, 2021 WL 2932690 (Fed. Cir. July 13, 2021)	30
<i>Bridge & Post v. Verizon Communs.</i> , 778 Fed. Appx. 882, 2019 U.S. App. LEXIS 20045 (Fed. Cir. July 5, 2019)	21, 24
<i>BSG Tech v. Buyseasons.</i> , 899 F.3d 1281 (Fed. Cir. 2018).....	24
<i>Cellspin Soft v. Fitbit</i> , 927 F.3d 1306 (Fed. Cir. 2019)	19
<i>ChargePoint. v. SemaConnect</i> , 920 F.3d 759 (Fed. Cir. 2019).....	26
<i>Chicago Transit Auth.</i> , 873 F.3d 1364 (Fed. Cir. 2017).....	31
<i>Core Wireless Licensing v. LG Elecs.</i> , 880 F.3d 1356 (Fed. Cir. 2018)	4, 7, 15

<i>Data Engine Techs. v Google</i> , 906 F.3d 999 (Fed. Cir. 2018).....	5, 7
<i>Data Scape v. Western Digital</i> , 816 F. App'x 461 (Fed. Cir. 2020)	11
<i>DDR Holdings v. Hotels.com</i> , 773 F.3d 1245 (Fed. Cir. 2014)	6
<i>Enfish v. Microsoft</i> , 822 F.3d 1327 (Fed. Cir. 2016).....	5, 20
<i>Finjan. v. Cisco Sys.</i> , No. 17-cv-00072, 2017 WL 2462423 (N.D. Cal. Jun. 07, 2017)	29
<i>Halo Elecs. v. Pulse Elecs.</i> , 136 S. Ct. 1923 (2016).....	28, 29
<i>Intellectual Ventures I v. Capital One Bank</i> , 792 F.3d 1363 (Fed. Cir. 2015).....	15
<i>Interval Licensing v. AOL</i> , 896 F.3d 1335 (Fed. Cir. 2018).....	31
<i>Landis v. N. Am.</i> , 299 U.S. 248, 57 S. Ct. 163, 81 L. Ed. 153 (1936).....	32
<i>Mayes v. Leipziger</i> , 729 F.2d 605 (9th Cir. 1984).	28, 30, 31
<i>McRO v. Bandai Namco Games Am.</i> , 837 F.3d 1299 (Fed. Cir. 2016).....	9, 14
<i>Nazomi Communications v. ARM Holdings</i> , 403 F.3d 1364 (Fed. Cir. 2005)	22
<i>Quad City Patent v. Zoosk</i> , 498 F. Supp.3d 1178 (N.D. Cal. 2020)	28
<i>Realtime Data v. Reduxio Sys.</i> , 831 Fed. Appx. 492 (Fed. Cir. Oct. 20, 2020)	22
<i>SAP Am. v. InvestPic</i> , 898 F.3d 1161 (Fed. Cir. 2018)	26
<i>Secured Mail Sols. v. Universal Wilde</i> , 873 F.3d 905 (Fed. Cir. 2017).....	17
<i>TrackTime v. Amazon.com</i> , 2019 WL 2524779 (D. Del. June 19, 2019).....	28
<i>Trading Techs. Intl. v. CQG</i> , 2017 U.S. App. LEXIS 834, 2017 WL 192716 (Fed. Cir. Jan. 18, 2017)	16
<i>Visionix, Inc. v. United States</i> , 850 F.3d 1343 (Fed. Cir. 2017).....	5
<i>Visual Memory v. Nvidia</i> , 867 F.3d 1253 (Fed. Circ. 2017).....	5

<i>Vitronics v. Conceptronic</i> , 90 F.3d 1576 (Fed. Cir. 1996)	17
<i>XpertUniverse v. Cisco Sys.</i> , No. 17-cv-03848-RS, 2017 WL 4551519 (N.D. Cal. Oct. 11, 2017).....	30
<i>Zkey Investments v. Facebook</i> , 225 F. Supp.3d 1147 (C.D. Cal. 2016).....	15
RULES	
Fed. R. Civ. P. 8(c)(2).....	30

I. INTRODUCTION

MPV’s Opening Brief, like its Second Amended Complaint (“SAC”) (Appx252-309), provides significant and plausible factual detail about what was conventional at the time of each claimed/patented invention of U.S. Patent Nos. 6,903,762 (“’762 patent”); 7,177,484 (“’484 patent”); 7,583,294 (“’294 patent”); 8,964,064 (“’064 patent”) and 9,549,095 (“’095 patent”), and about how the claims (i) provide specific technical solutions to technical problems, (ii) specific inventive concepts and technological improvements, (iii) achieve their inventive improvements in unconventional ways, and (iv) do not automate any human processes. The district court should have accepted those plausible facts as true and credited all inferences in MPV’s favor.

Toshiba speculates that the district court might have disregarded MPV’s pled facts because it might have deemed them conclusory. It also speculates that the district court’s sparse opinion might have agreed with Toshiba’s arguments. Toshiba’s speculation lacks basis and does not substitute for the district court’s decision, which shows no such reasoning or determinations.

In place of the well-pled facts, Toshiba, like the district court, relies on over-generalizations of the “patents” as opposed to the actual claim elements, including in ordered combination. Toshiba then draws strained parallels from those over-generalizations to similarly overgeneralized summaries of inapposite cases.

Finally, Toshiba makes no viable defense for the erroneous dismissals with prejudice without leave to amend, made without the required written findings on futility, and based upon erroneous analysis and factual premises.

II. ARGUMENT

A. The ‘064 Claims are Patent Eligible.

1. *Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘064 Claim Eligibility.*

As detailed in MPV’s Opening Brief, MPV plausibly pled and showed from the specification how the ‘064 claimed inventions address technical problems, Appx291, ¶106; Appx027/2:4-8, 2:21-30, including the difficulty in knowing which images had been downloaded, the challenge of limited and full memory, and the problems of repetitive downloads, the problems caused by asynchronous access to remote storage, the inability to determine offload status without having access to remote storage, and the inability to mass delete previously downloaded images. Appx292-293, ¶¶108-110. Inventive improvements include that the camera itself accurately tracks and stores data indicating which images have been downloaded to remote storage. Appx292, ¶109. Such improvements have significantly improved ease of use and accuracy. Appx292-293, ¶109.

Further, MPV plausibly pled that the ‘064 claimed inventions achieve their inventive improvements in unconventional ways. *See, e.g.,* Appx294, ¶110;

Appx292, ¶105. For example, it was unconventional to have the camera itself determine which stored images have been transferred to remote storage. Appx294, ¶110.

Toshiba seeks to substitute its overgeneralization of the ‘064 claimed inventions (“nothing more than an abstract method for file management”) in place of MPV’s well-pled and plausible facts. Resp., 8. This Court should reject such substitution, especially at the pleadings stage, when facts and inferences are viewed in MPV’s favor. Even if this Court considers Toshiba’s overgeneralization, Toshiba’s position fails on the merits, as it ignores the meaningful claim limitations of storing, in the image capture device itself, data indicating which of the stored images have been transferred to the remote storage device, and deleting, from the memory, all captured images that have been stored and previously transferred to remote storage.

2. Toshiba Mischaracterizes the ‘064 Specification to Argue Conventionality.

Toshiba mischaracterizes the content of the ‘064 specification in alleging that it “confirms that ‘numerous’ generic techniques were available...and it was also well known to store a profile...indicating whether images ‘should be deleted after being transferred.’” Resp., 15. None of Toshiba’s specification citations support this. *See* Appx27/1:43-44; Appx27/1:63-65; Appx32/11:14-16. Toshiba relies heavily on

Appx32/11:14-16, which addresses only how files may be marked, not the claimed combination of the camera deleting captured images that have been stored and previously transferred to the remote storage device based.

3. *Toshiba’s Argument that “the ’064 Patent” Describes “Automation of a Human Practice” is Meritless.*

As a threshold matter, Toshiba’s argument (Resp., 15) that “the district court correctly ruled that the ’064 patent describes the automation of a human practice” misstates the district court’s opinion, which made no such ruling. *See Appx7.* The ‘064 claimed inventions avoid any need to cross-check, Appx292, ¶106; Appx293, ¶111, and indeed they rely upon the camera without performing *any* cross-checks. Further, human memory may not know which images have been downloaded, and would have no basis for making a single, bulk delete of previously offloaded images.

Toshiba tries to recast the ‘064 claims to align them with “user experience” cases. By Toshiba’s flawed logic, patent claims that provide inventive, unconventional technical solutions would still be ineligible if those solutions also benefit the user of a device, which is not the law. *See Core Wireless Licensing v. LG Elecs.*, 880 F.3d 1356, 1363 (Fed. Cir. 2018) (finding eligibility where the invention improves “the efficiency of using the electronic device” and the “speed of a user’s navigation”); *Data Engine Techs. v Google*, 906 F.3d 999, 1007-08 (Fed. Cir. 2018) (finding spreadsheet navigation eligible where it allowed a user to

“instantly” access all parts of complex spreadsheets). Toshiba’s reliance upon *Customedia* and *Simio* is misplaced. Resp., 16-17. Such “user experience” cases generally involve certain patents involving improved user views or interfaces. The ‘064 claims are more analogous to those in *Visual Memory*, *Thales* and *Enfish*. See *Visual Memory v. Nvidia*, 867 F.3d 1253, 1259-60 (Fed. Cir. 2017) (claims directed to improved memory system eligible); *Thales Visionix v. U.S.*, 850 F.3d 1343, 1347 (Fed. Cir. 2017) (claims directed to sensors reducing measurement errors eligible); *Enfish v. Microsoft*, 822 F.3d 1327, 1336 (Fed. Cir. 2016) (claims directed to improved self-referential storage eligible).

Toshiba’s attempt to compare against buzz words from *Whitserve*, *Data Scape*, *Clarilogic* and *Content Extraction* is meritless. None of the claims at issue in those cases are reasonably analogous. The stated representative ’064 claim 8, in contrast, is directed to specific technological solutions, *see, e.g.*, Appx293-294, ¶¶108-110. For example, it allows checking offload status without accessing the offload device, as well as mass transfer of all previously downloaded images. *Id.*

Finally, contrary to Toshiba’s argument, Resp., 8, the claimed ‘064 inventions implemented, for example, on a camera, are not fundamental business practices such as contractual and legal obligations and business relations.

B. The ‘095 Claims are Patent Eligible.

1. *Toshiba’s Response, like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘095 Claim Eligibility.*

As MPV plausibly pled, the ‘095 claimed inventions address technical problems, including the difficulty in knowing which images had been downloaded, the challenge of limited and full memory, and the problems of repetitive downloads, the problems cause by asynchronous access to remote storage, the inability to determine offload status without having access to remote storage, and the inability to mass delete previously downloaded images. Appx299, ¶¶127-128; Appx45/2:5-33.

Toshiba’s claimed confusion, Resp., 17-18, regarding the technical problems arising in the realm of communicatively connected (*i.e.*, networked) cameras and storage devices – *see DDR Holdings v. Hotels.com*, 773 F.3d 1245, 1259 (Fed. Cir. 2014) – impermissibly ignores these well-pled facts, which align with the patent specification, including at Appx45/2:5-33.

MPV has also shown, and plausibly pled, that the ‘095 claimed inventions provide inventive technological solutions to those problems, including that the camera itself accurately tracks and stores data indicating which images have been downloaded to remote storage, irrespective of when they were downloaded and whether the user was aware that the download had been accomplished or successful,

thus enabling the user to know which images have may be deleted from the camera, and further enabling the user to mass delete all images previously downloaded to remote storage. Appx300, ¶¶130-1. These inventive solutions have significant technological benefits, including that they improve ease of use and accuracy to help optimize camera and storage memory, with images being downloaded only once and stored in only one location. Appx300, ¶131.

Toshiba's response that the '095 claimed inventions merely increase speed or efficiency, Resp., 20-21, is meritless. As an initial matter, conventional devices lacked the claimed features and functions, so there is no baseline to speed up or make more efficient. Even if there was, increased speed and efficiency are not fatal to eligibility. *See Core Wireless*, 880 F.3d at 1363 (Fed. Cir. 2018) (eligible invention improved “efficiency of using the electronic device” and “speed of a user’s navigation”); *Data Engine*, 906 F.3d at 1007-08 (Fed. Cir. 2018) (finding spreadsheet navigation eligible where it allowed a user to “instantly” access all parts of complex spreadsheets). Toshiba also misses the issues of accuracy and optimization noted above.

Finally, MPV plausibly pled that the '095 claimed inventions achieve their inventive improvements in unconventional ways, including by having the camera itself determine which stored images have been transferred to remote storage, and through mass deletion of only select images not previously transferred. Appx301,

¶132. MPV’s SAC describes conventional technology at the time of the 2008 priority date, namely the Ohmori patent, which disclosed merely “providing a prompt when the digital camera memory has reached a certain capacity.” Appx300-301, ¶129.

2. *Toshiba’s Allegation that the District Court’s Summary Analysis of the ‘095 Claims is “Appropriate” is Meritless.*

Toshiba attempts to dismiss the district court’s summary treatment of the ’095 Claims as “cross-referencing to a previous analysis.” Resp., 25. However, the district court’s sparse discussion, which does not constitute any meaningful analysis, is that both patents “recite similar methods for flagging images for deletion after transfer.” Appx8. Toshiba’s argument for summary treatment of the ’095 and ’064 claims relied on the mistaken belief that the ’095’s terminal disclaimer “conclusively established” the claimed subject matter was the same. Appx227. To the extent the district court “agreed with Toshiba,” Resp., 23, that mistaken belief goes against the rulings of this Court. *See SimpleAir v. Google*, 884 F.3d 1160, 1168 (Fed. Cir. 2018) (no “presumption that a patent subject to a terminal disclaimer is patentably indistinct”).

C. The ‘294 Claims are Patent Eligible - Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘294 Claim Eligibility.

MPV plausibly pled facts showing that the ‘294 claimed inventions address

technical problems and provide specific technological solutions. Appx272, ¶59; Appx69/1:52-63; Appx272-274, ¶61. Further, as noted in the specification, advantages of the claimed systems include speed, efficiency and conservation of processing resources. Appx70/4:28-32; Appx69/1:61-63.

Toshiba's response that the claimed invention is an automated human process fails. Human review of images for faces would not involve pre-screening. Appx274, ¶66. This lack of human performability is fully applicable to '294 claim 5, but even more applicable to claim 1, which further utilizes a pattern matching technique that identifies image windows likely to contain faces, and which uses a posterior probability function classifier to determine the presence of the face. Appx78/claim 1; Appx274, ¶67. Toshiba's allegation, Resp., 3, 6, that MPV did not previously specify this aspect of the distinctiveness and additional patentability of claim 1 is mistaken. *See* Appx389.

Toshiba's reliance upon *Leland Stanford, Gopalan, SAP, Parker and In Depth Test* is misplaced. Resp., 28-29. Each of those cases involved claims directed to mere mathematical analysis. The '294 claims involve specific improvements in facial recognition technology, aligning them more with *McRO* and *Diehr*. *See McRO v. Bandai*, 837 F.3d 1299, 1314 (Fed. Cir. 2016); *Diamond v. Diehr*, 450 U.S. 175, 187, 101 S. Ct. 1048 (1981) ("when a process...is devised which incorporates in it a more efficient solution of the equation, that process is...not barred...by § 101").

See also Thales Visionix v. United States, 850 F.3d. 1343, 1349 (Fed. Cir. 2017)

(“mathematical equation …does not doom the claims to abstraction.”).

Toshiba’s attempt to distinguish *McRO*, Resp., 28, lacks merit. *McRO*’s holding did not hinge on its animations being “physical.” *See McRO*, 837 F.3d at 1315 (“concern underlying… § 101 is not tangibility”). In any event, the improved facial recognition results of the ‘294 claims are no less “physical” than *McRO*’s animations. Further, the pattern matching that identifies image windows and the posterior probability function classifier of claim 1 provide ample rules, specificity and details, like the claims in *McRO*.

Toshiba’s attempt to analogize the ‘294 claims to those in *Secure Cam* and *RecogniCorp* falls flat. *SecureCam* involved tagging images. *RegogniCorp* involved encoding and decoding images. Neither bears any meaningful comparison to the facial recognition techniques as claimed. Instead, the claims more closely align with those in *McRO*. Claim 1’s pattern matching technique that identifies image windows likely to contain faces and a posterior probability function classifier to determine the presence of the face, Appx274, ¶67; Appx78/claim 1, for example, are akin to rules/details that resulted in the claims in *McRO* being patentable. *See McRO*, 837 F.3d at 1314. Toshiba’s allegation, Resp., 3, 6, that MPV did not specify this aspect of the additional inventiveness of claim 1 in the district court is mistaken. *See Appx389.*

Here and elsewhere on this same issue of the district court erroneously failing to address limitations in claims not mentioned in the district court's opinion, Toshiba's reliance upon *DataScape* is misplaced because MPV did in fact present separate bases for eligibility beyond the allegedly representative claims, namely '294 claim 1. Appx. *See Data Scape v. Western Digital*, 816 F. App'x 461, 464 (Fed. Cir. 2020).

MPV also plausibly pled that the '294 claims, including claims 1 and 5, provide specific inventive technological improvements, including that (1) the '294 claims provide two-step process involving pre-screening for faces and analyzing the pre-screened face candidates which provides a more robust algorithm for reliable face detection while requiring less processing and less processing capability, thus making it viable for cameras with limited memory and resources; and (2) an algorithm interface adapter. Appx273-275, ¶¶63, 68. Further, claim 1 comprises the additional inventiveness of the first algorithm for determining a plurality of face candidates utilizing a pattern matching technique that identifies image windows and a posterior probability function classifier to determine the presence of the face. Appx275, ¶69. Toshiba's allegation, Resp., 3, 6, that MPV did not specify this aspect of the distinctiveness and additional patentability of claim 1 in the district court is mistaken. *See Appx389.*

MPV further plausibly pled that the '294 claimed inventions achieve their

inventive improvements in unconventional ways, including facial recognition on a camera system with limited storage and processing capabilities (enabled by the inventive two-step method). Toshiba’s allegation, Resp., 3, 6, that MPV did not address the additional unconventionality of claim 1 in the district court is mistaken. *See Appx390.*

Contrary to Toshiba’s assertion, nothing in the ‘294 specification (which was not relied upon by the district court’s opinion) states or even suggests that the claimed features noted MPV’s SAC, when properly considered as a whole and in ordered combination, are conventional. “The inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art.” *BASCOM Global Internet Services v. AT&T Mobility*, 827 F.3d 1341, 1350 (Fed. Cir. 2016).

D. The ‘484 Claims are Patent Eligible.

1. *Toshiba’s Response, like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘484 Claim Eligibility.*

MPV plausibly pled that the ‘484 claimed inventions provide specific technological solutions to technical problems. Appx265-266, ¶44-45; Appx90/4:45-58, 5:10-16. MPV also plausibly pled that the ‘484 claimed inventions provide specific inventive technological improvements, including that a digital image of a promotional product is designated with a predetermined location for application of

a user-supplied image, and the user supplied digital image is modified to simulate an application of the at least a portion of the user-supplied image to the promotional product. Appx265, ¶45; and achieve those improvements in unconventional ways, Appx264, ¶43; Appx265-266, ¶46.

Toshiba’s focus on the input devices for the system, *e.g.*, imaging devices, being standard components is irrelevant because the claims are directed to inventive processes after images are input. Although it is true that “[c]ombining a digital image with a pre-stored image [was] known,” Appx91/5:17-22; it must also be accepted as true that having a *modified* user image constrained to be disposed within the bounds of a *pre-determined* image location was not known or conventional. Appx266, ¶47.

2. Toshiba’s Attempts to Stretch the ‘484 Claims to Fit Inapposite Cases is Meritless.

Toshiba’s attempt to mischaracterize the ‘484 claims as “upselling,” Resp., 38, is meritless. Just because the improved imagery of the patented claims could be used for an upsell does not mean that the claims are directed to methods of upselling. Further, Toshiba’s reliance upon *Yu* and *American Needle* is misplaced. Resp., 38; *see Yu v. Apple*, 2021 U.S. App. LEXIS 17434, 2021 WL 2385520 (Fed. Cir. June 11, 2021); *American Needle v. Zazzle*, 2016 U.S. Dist. LEXIS 6208 (N.D. Ill. Jan. 19, 2016). The *Yu* patent was directed to a camera with two lenses where a photo taken by one lens was enhanced with data from the photo taken from another lens –

apparently a conventional practice at the time. The *American Needle* patent was superficially directed to certain image technology, but it (like the patent in *Yu*) lacked, among other things, the important ‘484 elements noted in the section above.

Toshiba’s allegation that MPV did not raise *McRO* in its district court briefing is mistaken. Appx390 (“An analogous case for all claims at issue in the Motion is *McRO*.”) Toshiba’s attempt to distinguish *McRO* on the basis of that invention being “physical” fails for the same reasons addressed above. Further, the simulations of the ‘484 claims are no less “physical” than *McRO*’s animations.

E. The ‘762 Claims are Patent Eligible.

1. *Toshiba’s Response, Like the District Court’s Opinion, Fails to Credit MPV’s Well-Pled Facts for ‘762 Claim Eligibility.*

MPV pled that the ‘762 claimed inventions address technical problems (including that the graphical user interfaces of digital cameras were complex and difficult to customize), Appx256, ¶¶21-22, provide specific technological solutions, Appx256, ¶23, provide specific inventive technological improvements (including programming the programmable memory of the digital camera to enable a first desired camera feature and disable a second desired camera feature when a camera is used by the first user, vice versa), Appx256, ¶23-24, and achieve their inventive improvements in unconventional ways, including with software executed external to

the camera. Appx256, ¶21; Appx258, ¶25. The district court should have accepted all these plausible allegations as true at the pleadings stage.

Toshiba's contention, Resp., 3, 6, that MPV did not previously specify the additional technological improvement and unconventionality of claim 1 (*i.e.*, the claimed customization taking place via customization software executed *external* to the digital camera). is mistaken. *See* Appx256-57, ¶24; Appx403.

2. *Toshiba's Reliance Upon ZKey, IV, Customedia and Simio is Misplaced.*

Toshiba relies upon inapposite cases. The claims in *ZKey* were directed to sending transaction histories over the internet based upon user profiles. *See Zkey Investments v. Facebook*, 225 F. Supp.3d 1147, 1154-55 (C.D. Cal. 2016). The claims in *IV* were directed to tracking financial transaction to determine whether they exceed a pre-set spending limit. *Intellectual Ventures I v. Capital One Bank*, 792 F.3d 1363, 1367-68 (Fed. Cir. 2015). Nothing about *ZKey* or *IV* is reasonably analogous to the '484 claims. Further, since the '484 claims cannot be distilled to only improving user experience (by Toshiba's flawed logic, seemingly any technological solutions/improvements could somehow be boiled down to user experience), neither *Customedia* nor *Simio* bears any reasonable analogy. Even if they could, an improved user experience is certainly not fatal to eligibility. *See Core Wireless* 880 F.3d at 1356 (finding eligibility where the invention improves "the efficiency of using the electronic device" and the "speed of a user's navigation"); *Trading Techs.*

Intl. v. CQG, 2017 U.S. App. LEXIS 834, 2017 WL 192716 (Fed. Cir. Jan. 18, 2017) (improvements in graphical user interface found eligible). Toshiba cannot adequately distinguish, and the district court did not attempt to distinguish *Core Wireless*. Even Toshiba’s own description of the limitations found eligible in *Core Wireless* tracks closely with the limitations of the ‘762 claims. *See* Resp., 46.

3. *Toshiba’s Attempt to Dismiss the Inventive and Unconventional External Customization Software is Meritless.*

MPV’s well-pled facts establish that the claimed customization taking place via customization software executed external to the digital camera is both inventive and unconventional. Appx256, ¶21; Appx256-57, ¶24. Toshiba’s lawyer argument and misstatements of the specification cannot trump MPV’s well-ped facts, especially at the pleadings stage. Rather than stating anything about the customization software being “standard,” as misstated by Toshiba, Resp., 45, at Appx109-110/4:67–5:3 the patent merely states that the software is “provided with” preferred digital camera. At Appx109/3:32-48, the ’762 patent refers to a method “[i]n accordance with the present invention.” Further, nothing in Toshiba’s broad citation to “Appx109-110 at 3:32-5:32,” Resp., 65-66 states that the claimed customization software is conventional.

F. Toshiba’s Vague Allegations of Conclusoriness Lack Merit.

The district court did not specifically find that any of MPV’s well-pled facts were mere conclusions and this Court should reject Toshiba’s request to so find for

the first time on appeal. Resp., 3. Many of MPV’s well-pled facts are taken directly from each respective patent specification and prosecution history, the “most significant source of the legally operative meaning of disputed claim language.” *Vitronics v. Conceptronic*, 90 F.3d 1576, 1582 (Fed. Cir. 1996); *see also Secured Mail Sols. v. Universal Wilde*, 873 F.3d 905, 913 (Fed. Cir. 2017) (district court should “accept as true...the patent specification”). The allegations do much more than baldly allege that the patented inventions are eligible – they identify plausible and specific problems, specific solutions, and unConventionality discussed at length above and in MPV’s Opening Brief.

Toshiba’s speculation that the district court might have considered MPV’s pled facts and it might have disregarded them as legal conclusions, Resp., 13-14, is meritless. Nothing within the opinion suggests that the district court considered MPV’s well-pled factual allegations or that it decided to disregard those well-pled factual allegations as being conclusory or legal conclusions.

Toshiba’s reliance upon *Bridge & Post*, *Ubisoft* and *Simio* is misplaced. *See* Resp., 14. MPV’s well-pled factual allegations, including ones directly from the specification, are not mere conclusions. Further, Toshiba ignores that it has the burden of proof, and that it has put forth no factual basis for conventionality or lack of inventiveness beyond misstatements of the specifications and over-

generalizations of what is stated therein—that is, Toshiba has put forth no factual basis for conventionality or lack of inventiveness.

G. Toshiba’s Vague Allegations that the Pled Facts are Somehow Contradicted by the Patent Specifications are Meritless

Toshiba’s vague and sweeping allegation that all of MPV’s pled facts, which Toshiba mis-characterizes as legal conclusions, “are contradicted by the claims and specifications of the patents,” Resp., 3, 14, is meritless. Nothing stated in MPV’s briefing to be unconventional is contradicted as being conventional in a specification. Specific aspects for the lack of contradiction are further noted in the discussion of each patent in MPV’s Opening Brief and above. What Toshiba mischaracterizes as contradictions are a limited number of statements about a limited number of isolated aspects. All patent claims rely on some conventional aspects; however, the proper focus of this inquiry is on the unconventional features and on the ordered combination. *See Berkheimer v. HP*, 881 F.3d 1360, 1366 (Fed. Cir. 2018); *Sci. Applications Int'l v. United States*, 135 Fed. Cl. 661, 667 (2018) (claims “build on the previous techniques”); *Fromson v. Advance Offset Plate*, 755 F.2d 1549, 1556 n.3 (Fed. Cir. 1985) (“Only God works from nothing. Men must work with old elements.”). For example, in *Cellspin*, the well-pled facts “identif[ed] several ways in which its application of capturing, transferring, and publishing data was unconventional.” *Cellspin Soft v. Fitbit*, 927 F.3d 1306, 1316-17 (Fed. Cir. 2019). Further, in *Aatrix*, this Court properly

credited pled facts indicative of the “claimed combination” not being “well-understood, routine, or conventional.” *Aatrix Software v. Green Shades Software*, 882 F.3d 1121, 1128 (Fed. Cir. 2018). Further, in *Berkheimer*, this Court cited “an inventive feature that stores parsed data in a purportedly unconventional manner.” *Berkheimer*, 881 F.3d at 1369.

Toshiba misstates the district court’s opinion when it alleges that the district court “correctly noted” where the patents “expressly identify the abstract, generic, and conventional aspects of the claimed inventions.” Resp., 3. The district court did no such thing. Instead, it made a few vague, unsupported statements about unspecified generic hardware being allegedly present. *See Appx7-11* (e.g., “As with the other Asserted Patents, the ’762 Patent runs on generic computer hardware.”).

H. Toshiba’s Attempt to Defend the District Court for “Recognizing that the Patent Claims are...Long Practiced by Humans” Seeks to Credit the District Court for Findings it Never Made.

Toshiba’s attempt to defend the district court for “recognizing that the patent claims are abstract ideas long practiced by humans,” Resp., 4, seeks to credit the district court for findings it never made. Further, any such findings would have been erroneous. The only statement in the district court’s opinion that even approaches this is its overgeneralization of “’064 patent,” which states that, “humans can practice this method without technological assistance by remembering or manually noting.” Appx7. However, this statement is factually wrong, including as already

noted in Section II.A.3 above. *See Appx291, ¶106; Appx027/2:21-30.* Even if it was correct, it cannot be squared with this Court’s eligibility decisions. *Enfish*, for example, would similarly fail if a human simply committed a database to memory. *See Enfish v. Microsoft*, 822 F.3d 1327 (Fed. Cir. 2016).

I. Toshiba’s Argument that MPV “Forfeited its Ability to Argue that Other Claims are Separately Patent Eligible” and its Apparent Alternative Position that MPV’s Arguments for such Other Claims Should be Disregarded as Conclusory, Lack Merit.

Toshiba’s vague argument that MPV offered “only conclusory arguments against the representative nature of the claims and [did] not identify or explain why other claim limitations may be distinctive,” Resp., 7, is meritless. Different aspects, including unconventional and inventive aspects, of non-allegedly representative claims were noted in MPV’s district court briefing [*e.g.*, Appx386-388 (addressing ‘095, claim 9), Appx388-395 (addressing ‘294, claim 1), Appx402-406 (addressing ‘762, claim 1)],¹ in MPV’s Opening Brief, and also above. Further, the district court did not even designate a representative claim of the ‘095 patent. Instead, it vaguely deemed the entire ‘095 “patent” to somehow be “similar” to claim 8 of the ‘064 patent. Appx007-008.

¹ Toshiba argues that the district court ruled ‘762 claim 19 as representative and ineligible despite its opinion referring to ‘762 claim 1. Resp., v, n.1. The district court’s cursory, two sentence analysis of the “‘762 Patent” is not indicative of actually scrutinizing either claim.

J. Toshiba’s Harmless Error Argument is Meritless.

Toshiba falls back on “harmless error” to save the district court’s decision. Resp., 15. But in *Bridge & Post*, relied on by Toshiba, any error in the district court’s failure to address the pled facts was harmless because no pled facts, taken as true, would have affected the outcome. *Bridge & Post v. Verizon Communs.*, 778 Fed. Appx. 882, 894, 2019 U.S. App. LEXIS 20045 (Fed. Cir. July 5, 2019). Here, Toshiba’s allegation of harmless error is unpersuasive because when MPV’s well-pled facts are accorded proper deference at the pleadings stage, the only just and correct result is reversal.

Toshiba’s argument that the district court might have “benefit[ed]” from Toshiba’s briefing, *see, e.g.*, Resp., 42, is speculative, and its citation to *Lowder* for non-analysis being sufficient, Resp., 17 and 22 fn. 6, is misplaced. In *Lowder*, an administrative law judge did not explicitly discuss several contentions the petitioner made regarding whether his federal service qualified as “law enforcement officer” service. *Lowder v. Dep’t of Homeland Sec.*, 504 F.3d 1378, 1383 (Fed. Cir. 2007). This Court determined that the administrative judge’s detailed opinion convincingly explained its position. *Id.* In the context of a § 101 analysis, however, *Lowder* does not support Toshiba’s contention that a court can disregard a relevant, and here, potentially dispositive, “case, argument, or issue” when resolving eligibility.

Indeed, Toshiba’s acknowledgement of the district court’s sparse opinion,

and its misplaced reliance on *Lowder*, underscores that the district court should have provided this Court with a reviewable decision commensurate with the issues before it. *See Nazomi Communications v. ARM Holdings*, 403 F.3d 1364, 1371 (Fed. Cir. 2005) (“must be furnished with 'sufficient findings and reasoning to permit meaningful appellate scrutiny.' This...applies with equal force to issues of law . . . and issues of fact”) (quoting *Gechter v. Davidson*, 116 F.3d 1454, 1458 (Fed. Cir. 1997); *Realtime Data v. Reduxio Sys.*, 831 Fed. Appx. 492, 2020 U.S. App. LEXIS 33527, 831 Fed. Appx. 492 (Fed. Cir. Oct. 20, 2020) (“the district court’s short analysis is insufficient to facilitate meaningful appellate review”).

Toshiba’s attempts to distinguish *Nazomi* and *Realtime Data* only serve to highlight the deficiencies in the district court’s decision. As Toshiba points out, the district court in *Nazomi* limited its claim construction analysis to a single paragraph and failed to consider the intrinsic evidence. Similarly, the district court here provides one or two paragraphs for its sparse review of each step of the *Alice* inquiry. Also, like *Nazomi*, there is no evidence that the district court considered MPV’s well-pled facts.

The facts of *Realtime Data* are also more like the facts of this case. For example, the five transcript pages discussing a single patent family in *Realtime Data* are as sparse as the six pages discussing four unrelated patents in this case. In *Realtime Data*, the district court did not identify a representative claim. Here,

the district court analyzes the “patents.” And, most importantly, neither the district court in *Realtime Data* nor the district court here assessed the analogous cases in which this Court previously held similar claims to be directed to eligible subject matter.

K. Toshiba’s Argument that *BSG Tech* and *Bridge & Post* Permit the District Court’s Overgeneralization of the Claims and Disregard of Meaningful Limitations is Meritless.

Toshiba’s argument—which it repeats multiple times, *see* Resp., 12, 27-28, 41, 42—that *BSG Tech* and *Bridge & Post* permit the district court’s overgeneralization of the claims and disregard of meaningful limitations is meritless. *See BSG Tech v. Buyseasons.*, 899 F.3d 1281 (Fed. Cir. 2018); *Bridge & Post*, 778 F. App’x at 890. *BSG Tech* and *Bridge & Post* stand for the general proposition that narrow claims can still be abstract. They do not permit courts to overgeneralize claims and disregard meaningful limitations, as the district court erroneously did.

Here and throughout its Response, Toshiba repeatedly makes the unwarranted leap that its allegations are somehow “confirmed by the fact that the patent claims fall squarely within consistent decisions of this Court invalidating similar claims.” Resp., 3. Rather than deal with the facts and actual claims, Toshiba seeks to instead rely upon over-generalizations, superficially alleged high-level similarities cherry picked from claims, and high-level summaries of inapposite patents in inapposite cases.

L. Toshiba’s Argument that the Prosecution History is Irrelevant Lacks Merit.

Toshiba argues that the prosecution history is irrelevant, Resp., 41. It is not. MPV’s SAC specifically alleges that the prior art noted in the prosecution history represented conventional art as of the invention date of each patent. *See, e.g.*, Appx170, ¶23 (“Conventional prior art is represented by the primary references cited during prosecution...”); Appx175-176, ¶35; Appx182, ¶50; Appx187, ¶61). These plausible facts should have been accepted as true at the pleadings stage, and the juxtaposition of the inventive, unconventional solutions versus less inventive, conventional prior art of record should have been credited by the district court.

Toshiba relies on *Adaptive Streaming* and *Two-Way Media* for the proposition that the eligibility analysis is distinct from the novelty analysis. Resp., 25. *See Adaptive Streaming v. Netflix*, 836 F. App’x 900, 904 (Fed. Cir. 2020). That evidence of unconventionality overlaps with evidence of novelty does not render the former irrelevant. Where MPV has come forward with specific facts, like those drawn from the prosecution history, Toshiba has responded with lawyer argument. Mere lawyer argument cannot carry Toshiba’s burden of proving conventionality by clear and convincing evidence.

M. Toshiba’s Argument Implying that the District Court Might Have Distilled what the Allegedly Represented Claims were “Focused” Upon or “Directed

To” is Meritless.

The district court erred in considering entire “patents” and not claims of patents and in holding each “patent” to be invalid. Appx6-11. Toshiba’s argument that the district court “may have, in some instances, used shorthand to refer to a ‘patent’ rather than the ‘claims,’” Resp. 23, constitutes an unsupportable stretch of the district court’s opinion. Further, Toshiba’s argument implying that the district court distilled what the allegedly represented claims were focused upon or “directed to”², Resp., 8, 11, is meritless. There is nothing in the district court’s cursory assertions of each “patent” being ineligible is indicative of an attempt at a proper focus/directed to analysis for the *claims*.

N. Toshiba’s Defense of the District Court’s Failure to Consider the Issue of Preemption is Meritless.

Toshiba argues that the “absence of complete preemption” does not demonstrate eligibility. Resp. 22. However, the district court made no findings about the absence of complete preemption, including because it erroneously failed to

² Step 1 of Alice requires courts examine the focus of the claim, *i.e.*, its character as a whole, in order to determine whether the claim is directed to an abstract idea. *SAP Am. v. InvestPic*, 898 F.3d 1161, 1167 (Fed. Cir. 2018). Nothing about the district court’s opinion suggests that it attempted doing this, much less accomplished the task.

consider the issue of preemption at all. This violated the principle that the risk of preemption is an important consideration in the analysis of patent eligibility. *See Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 216, 134 S. Ct. 2347 (2014); *Bilski v. Kappos*, 561 U.S. 593, 611-12, 130 S. Ct. 3218 (2010); *ChargePoint v. SemaConnect*, 920 F.3d 759, 755 (Fed. Cir. 2019); *Ariosa Diagnostics v. Sequenom*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). Toshiba argues that the *Alice* test answers the question of preemption, which should not be the law, and even if it was, the district court did not apply a proper *Alice* analysis, as noted in MPV's Opening Brief and herein.

O. The District Court Erred in Dismissing Under §101 with Prejudice and Without Leave to Amend.

Toshiba defends the district court's dismissals with prejudice on the basis that "MPV had already twice amended its complaint." Resp., 49. However, MPV's first amendment, made in response to a license issue raised by a related defendant, was merely to drop one of the patents and that entity.¹ Appx166-206. As no Rule 12 challenges had been raised at that time, MPV's first amended complaint made no amendments except dropping that entity and that patent. Compare Appx118-165 with Appx166-206. *see* Appx252-309. Further, the district court did not base its § 101 dismissal with prejudice upon the existence of prior amendments. Instead, contrary to this Court's precedents in *Berkheimer* and *Aatrix*, the district court

concluded that more well-pled facts via pleading amendment could not possibly overcome its determination of abstractness. Appx7-10 (*e.g.*, “...leave to amend could not cure a finding of invalidity...”). *See Berkheimer v. HP*, 881 F.3d 1360, 1368 (Fed. Cir. 2018); *Aatrix Software v. Green Shades Software*, 882 F.3d 1121, 1125 (Fed. Cir. 2018).

Toshiba’s Response avoids the procedural requirement, applicable in the 9th Circuit, that if a court dismisses a complaint without granting leave to amend, it must make “written findings” sufficient to show that leave to amend would be inappropriate. *Mayes v. Leipziger*, 729 F.2d 605, 608 (9th Cir. 1984). Despite Toshiba’s suggestion otherwise, the district court did not comply with this requirement, and there would be no basis to conclude that MPV’s further amendment would have been futile.

Further, Toshiba’s attempt to distinguish *Quad City* and *TrackTime* is unpersuasive. In *TrackTime*, the court granted leave to amend because it would not be futile, not because there had not been a prior amendment. *TrackTime v. Amazon.com*, 2019 WL 2524779, at *6 n.1 (D. Del. June 19, 2019). In *Quad City*, the court relied upon *Aatrix*’s “finding abuse of discretion where district court denied leave to amend,” not upon the number of prior amendments. *Quad City Patent v. Zoosk*, 498 F. Supp. 3d 1178, 1189 (N.D. Cal. 2020).

P. MPV Sufficiently Pled its Claims for Willful Infringement

Toshiba argues, Resp., 52, that unspecified “egregious conduct” must be pled for willful infringement, but that is not the law. In *Halo*, the question was the appropriate test for enhancing damages for willfulness, which “eschew[ed] any rigid formula.” *Halo v. Pulse*, 136 S. Ct. 1923, 1932 (2016). The Court did note that “such punishment should *generally* be reserved for egregious cases typified by willful misconduct,” *id.* at 1934 (emphasis added), but did not require egregiousness, *let alone at the pleading stage*. See, e.g., *Bio-Rad Labs v. Thermo Fisher Sci.*, 267 F. Supp.3d 499, 501 (D. Del. 2017). Even if egregiousness was required, MPV plausibly pled it. Appx261-262, 280, 288-89, 296, 305, ¶¶33-35, 78-80, 97-99, 119-121 and 139-140. MPV also pled that Toshiba’s conduct was “willful, wanton, malicious, in bad-faith, deliberate, consciously wrongful and flagrant,” all of which align with *Halo*. *Halo*, 136 S. Ct. at 1932.

MPV further pled facts in support of these allegations, namely, Toshiba’s knowledge of the patents, its clear and unmistakable infringement, and its continuance of the infringing conduct. Appx262-263, 281, 289-90, 297, 306. Toshiba’s suggestion that more specific facts were required is not supported by the law. There can be little doubt that MPV’s allegations sufficed to place Toshiba on notice of MPV’s willful infringement claims, and they allow a reasonable inference of liability for the misconduct alleged. See *Bot M8 v. Sony*, 2021 U.S. App. LEXIS 20624, *16, 2021 WL 2932690 (Fed. Cir. July 13, 2021). Toshiba also argues that

it “was entitled to a reasonable belief that the patents were not infringed,” Resp., 52, but whatever defense Toshiba may wish to ultimately raise in rebuttal to MPV’s claim of willful infringement does not change the pleading requirements to advance the claim.

Toshiba’s reliance upon *Finjan* and *XpertUniverse* is misplaced. Resp., 52; see *Finjan, Inc. v. Cisco Sys. Inc.*, 2017 WL 2462423, at *5 (N.D. Cal. Jun. 07, 2017); *XpertUniverse. v. Cisco Sys., Inc.*, 2017 WL 4551519, at *6 (N.D. Cal. Oct. 11, 2017). Even if those district court cases represented controlling law, which they do not, neither case involved pled allegations that the defendant was continuing its known infringement despite such infringement being “clear [and] unmistakable.”

Here too, Toshiba’s response side-steps the procedural requirement, applicable in the 9th Circuit, that if a court dismisses a complaint without granting leave to amend, it must make “written findings” sufficient to show that leave to amend would be futile. *Mayes*, 729 F.2d at 608.

Q. The District Court Erred in Dismissing MPV’s Claims for Induced Infringement.

Toshiba’s suggestion that more specific facts were required is not supported by the district court’s opinion and is at odds with the notice pleading requirements of Rule 8(c)(2). All that is required is factual content that allows a reasonable inference of liability for the misconduct alleged. *See Bot M8 v. Sony*, 2021 U.S. App.

LEXIS 20624, *16. It is enough to provide notice of what is being accused and to factually show a plausible claim. *Id.* Toshiba’s attempt to defend the district court’s erroneous conclusion that “[MPV] does not allege that any end users infringed the Asserted Patents, that following Defendants’ instructions would cause an end user to infringe the Asserted Patents, or that Defendants specifically intended to induce infringement,” Resp., 53-54, is meritless. *See Appx255, 259, 263-264, 277, 281-282, 285, 291, 095-295, 298-299, 302, 307* (alleging, *inter alia*, that “normal and expected usage...by customers and/or end users satisfies the claim limitations...”); Defendants “actively induced the direct infringement of customers and/or end users...with the intent that such direct infringement occur,” and “Defendants have...specifically intended to induce direct infringement by customers and/or end users”).

Toshiba’s response side-steps the procedural requirement, applicable in the 9th Circuit, that if a court dismisses a complaint without granting leave to amend, it must make “written findings” sufficient to show that leave to amend would be futile. *Mayes*, 729 F.2d at 608.

R. There is Nothing Improper About MPV’s Prudential Suggestion that a Decision on These Patentability Issues Should at Least be Held Pending Resolution of *American Axle*’s Petition for Certiorari.

Judge Newman has recently acknowledged the “inconsistency and unpredictability of adjudication” in Section 101 jurisprudence. *Yu v. Apple, Inc.*, 1 F.4th 1040, 1049 (Fed. Cir. 2021) (J. Newman, dissenting). Judge Plager has similarly written that Section 101 law is an “incoherent body of doctrine” that makes eligibility “near impossible to know with any certainty.” *Interval Licensing v. AOL*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (J. Plager, concurring and dissenting-in-part); see *Smart Systems Innovations v. Chicago Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017) (the abstract idea test is “indeterminate and often leads to arbitrary results.”) (J. Linn, dissenting and concurring in part). Further clarification of Section 101 law from the Supreme Court, therefore, could be instructive or dispositive of this appeal.³ Rather than acknowledging the potential relevance of *American Axle*, Toshiba argues this appeal should push forward without the guidance the Supreme Court may offer in that case. This Court has the inherent power to control its docket for purposes of economy of time and effort. See, e.g., *Landis v. N. Am. Co.*, 299 U.S. 248, 254, 57 S. Ct. 163, 81 L. Ed. 153 (1936). While MPV has not filed a

³ Since the date of MPV’s opening brief, the Supreme Court has requested a brief from the Acting Solicitor General in *American Axle*: <https://www.supremecourt.gov/search.aspx?filename=/docket/docketfiles/html/public/20-891.html>

motion to stay, MPV respectfully submits that a request for this Court to use its inherent power is reasonable, and certainly not sanctionable, against the backdrop of current Section 101 law.

III. CONCLUSION AND PRAYER FOR RELIEF

The district court's erroneous ruling should be reversed, and this case should be remanded for further proceedings.

Dated: August 27, 2021

Respectfully submitted,

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IV. CERTIFICATE OF SERVICE

I, John J. Edmonds, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

On August 27, 2021, a copy of the foregoing Reply Brief of Plaintiff-Appellant was filed electronically with the Clerk of the Court using the CM/ECF System, which will serve via electronic mail notice of such filing to all counsel registered as CM/ECF users.

Upon acceptance by the Court of the electronically filed document, six paper copies will be filed with the Court via courier within the time provided by the Court's rules.

Dated: August 27, 2021

/s/ John J. Edmonds
John J. Edmonds

EDMONDS & SCHLATHER, PLLC

V. CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPE-FACE REQUIREMENTS, AND TYPE-STYLE REQUIREMENTS

1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 28.1(e)(2)(A), because it contains 6,947 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).
2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This brief has been prepared in a proportionally spaced typeface using Microsoft Word, in 14 Point Times New Roman.

Dated: August 27, 2021

/s/ John J. Edmonds
John J. Edmonds

EDMONDS & SCHLATHER, PLLC