

No. 20-1760

IN THE
Supreme Court of the United States

ILIFE TECHNOLOGIES, INC.,
Petitioner,

v.

NINTENDO OF AMERICA, INC.,
Respondent.

On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

Respondent offers no persuasive reason to deny iLife's request for a hold pending disposition of the petition filed in *American Axle* (No. 20-891), which presents the same questions concerning the substantive and procedural application of 35 U.S.C. § 101.

Respondent's waiver theory fails because both questions presented were pressed and passed upon below, and iLife was not required to prophetically preserve a right to reconsideration based on an intervening decision by this Court. Because this case remains open on direct appeal and the decision below turned entirely on the application of § 101, any interpretation of § 101 by this Court in *American Axle* will retroactively control, and likely require reconsideration of, the eligibility of iLife's patent.

Respondent's attempt to distinguish this case from *American Axle* based on differences in subject matter and § 101 exceptions ignores that neither question presented mentions, much less turns on, the particular subject matter or § 101 exception at issue. Just as the Court's disposition in *Alice* controlled the Federal Circuit's decision in *American Axle* despite involving different subject matter and § 101 exceptions, the Court's disposition in *American Axle* will control the Federal Circuit's reconsideration of this case. Respondent's emphasis on the number of cases potentially affected by *American Axle* is a reason to hold and grant this petition—not deny it.

iLife's petition should be held pending the Court's disposition of the *American Axle* petition, then disposed of accordingly.

I. There Is No Waiver.

A. iLife cannot waive any retroactive effect of *American Axle*.

If this Court interprets § 101 in *American Axle*, that interpretation will govern the application of § 101 to iLife’s patent regardless of whether iLife predicted it below. When this Court announces a rule, “the integrity of judicial review requires that [it] apply that rule to all similar cases pending on direct review.” *Griffith v. Kentucky*, 479 U.S. 314, 322-23 (1987); accord *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86, 97 (1993) (announcement of “rule of federal law” becomes “controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review and as to all events, regardless of whether such events predate or postdate [the Court’s] announcement of the rule”). This principle “precludes [courts] from ‘[s]imply fishing one case from the stream of appellate review, using it as a vehicle for pronouncing new [] standards, and then permitting a stream of similar cases subsequently to flow by unaffected by that new rule.’” *Griffith*, 479 U.S. at 323.

While the Court cannot, “[a]s a practical matter, ... hear each case pending on direct review and apply the new rule,” it routinely “fulfill[s] [its] judicial responsibility by instructing the lower courts to apply the new rule retroactively to cases not yet final.” *Id.* This is the equitable purpose of a GVR order—“an order that grants certiorari, vacates the judgment below, and remands the case to the lower court for reconsideration in light of an intervening Supreme Court ruling”—preceded “in many cases” by petitions

“held by the Court pending its plenary review.” Stephen M. Shapiro et al., SUPREME COURT PRACTICE 5-38 (11th ed. 2019) (collecting cases). GVR permits reconsideration of decisions in open cases based on “intervening developments” that “may determine the ultimate outcome of the litigation.” *Lawrence v. Chater*, 516 U.S. 163, 168 (1996); *see also id.* at 166-67, 173 (“[A]ll are agreed that a wide range of intervening developments ... may justify a GVR order,” including “our own decisions”); *see, e.g., RPM Int’l Inc. v. Stuart*, No. 20-314, 2021 WL 2637821, at *1 (June 28, 2021) (granting certiorari, vacating judgment, and remanding to the Federal Circuit “for further consideration in light of *United States v. Arthrex, Inc.*, 594 U.S. ---- (2021).”).

Retroactive application of newly-announced legal standards is not limited to litigants who happen to predict them. As Justice Kagan has observed, the failure to raise an argument “based on an intervening Supreme Court decision ... reflects not a lack of diligence, but merely a want of clairvoyance.” *Joseph v. United States*, 135 S. Ct. 705, 706 (2014) (statement respecting denial of certiorari). “[I]nsisting on preservation” of such intervening changes in law would force litigants to raise arguments “that are squarely foreclosed by circuit and even Supreme Court precedent on the off chance that a new decision will make them suddenly viable.” *Id.* (cleaned up). For that reason, traditional rules of waiver and forfeiture do not apply to arguments pursuant to “judicial interpretations of existing law after decision below and pending appeal” that “if applied might have materially altered the result.” *Hormel v. Helvering*, 312 U.S. 552, 558 (1941); *see also Curtis*

Pub. Co. v. Butts, 388 U.S. 130, 142-43 (1967) (failure to raise argument “prior to the announcement of a decision which might support it cannot prevent a litigant from later invoking such a ground”). In such cases, the “known right or privilege” required for “an effective waiver” simply cannot exist. *Curtis*, 388 U.S. at 143.

iLife’s petition requests that this case be held pending the Court’s disposition of the questions presented in *American Axle*, and then “vacated ... and remanded for further consideration under the standard articulated by the Court.” Pet. 7. iLife is entitled to the retroactive application of any legal standard announced in *American Axle* that could affect the result below—regardless of whether iLife had the “clairvoyance” to ask for that legal standard below.

B. The questions presented were pressed and passed upon below.

Even so, the questions presented are properly before the Court. This Court may review questions “pressed or passed upon below.” *United States v. Williams*, 504 U.S. 36, 41 (1992). An issue is “passed upon” if it is “addressed by the court below.” *Lebron v. Nat. RR. Passenger Corp.*, 513 U.S. 374, 965 (1995) (emphasis added). This rule “is applied with some discretion and with an eye toward the realities of litigation.” Shapiro et al., SUPREME COURT PRACTICE at 6-110.

Respondent’s waiver theory fails on both fronts: The questions presented were both pressed by iLife and passed upon by the lower courts.

1. iLife pressed the first question presented—“the appropriate standard” for determining whether a patent claim is “directed to” patent ineligible subject matter under step one of this Court’s § 101 framework—by directly challenging the district court’s “directed to” determination on appeal, including whether it applied the correct standard. App. 3a; *see, e.g.*, C.A. Corrected Opening Br. 26-30 (argument section entitled: “A patent claim is not ‘directed to’ an abstract idea if it focuses on a technical improvement or is analogous to claims this court held eligible at step one.”); *id.* at 43-51 (argument section entitled: “The district court’s step-one analysis improperly articulated what claim 1 is ‘directed to.’”). iLife did not “waive” review of a dispositive ground for the district court’s decision and iLife’s appeal.¹

Further, the Federal Circuit addressed “the appropriate standard” governing the “directed to” inquiry at step one. Under the heading “*Alice* Step One,” the Federal Circuit invoked and applied its own rule that “claims directed to gathering and processing data are directed to an abstract idea.” App. 4a. Even Respondent concedes that the court of appeals “appl[ied] *Alice* step one” to determine whether iLife’s patent claim was “directed to” patent-

¹ Respondent’s contention that iLife “thought the law was [] well-settled” or at least not “unclear” (Opp. 12) is contradicted by the record. Before the district court, iLife characterized patent eligibility under § 101 as, among other things, “a notoriously difficult legal question,” “unpredictable in application,” “need[ing] clarification by higher authority,” and “introduc[ing] substantial uncertainty.” Motion to Defer Ruling on Costs Pending Appeal or Alternatively Deny an Award of Costs in No. 3:13-cv-04987 (N.D. Tex.), Doc. 375, pp. 6-8.

ineligible subject matter. Opp. 19. iLife may properly seek review of the legal basis for that decision. *See Stevens v. Department of Treasury*, 500 U.S. 1, 8 (1991) (rejecting waiver “because the Court of Appeals, like the District Court before it, *decided* the substantive issue presented”) (emphasis added).

2. iLife also pressed the second question presented—whether patent eligibility “at each step of the Court’s two-step framework” involves questions of law or fact. As an independent ground for reversal, iLife argued in the Federal Circuit that “[t]he record requires reversal at step two regardless of th[e] [] disposition at step one” because Respondent “did not present any competent evidence, much less clear and convincing evidence, that [iLife’s invention] was, as a whole, well-understood, routine, and conventional before the critical date.” C.A. Corrected Opening Br. 52, 62-63. iLife grounded this argument on the Federal Circuit’s decision in *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), *cert. denied*, 140 S. Ct. 911 (2020), which held—for the first time—that § 101 may involve “a question of fact” that “must be proven by clear and convincing evidence.” *Id.* at 1368. At no point did Respondent or the Federal Circuit suggest that iLife had “waived” this argument.

Respondent contends that waiver should now apply because iLife “treated patent eligibility as a question of law” in the district court. Opp. 12-13. But this glosses over the fact that the *Berkheimer* decision—widely recognized as an intervening change in

law²—did not issue until after the parties had fully briefed § 101 before the district court. iLife was permitted to question the legal-factual dichotomy of eligibility before the Federal Circuit, and iLife is permitted to question it here.

The Federal Circuit likewise addressed the second question presented by deciding to affirm “judgment *as a matter of law*” on both steps of the two-step framework, including the determination that iLife’s patent claim “fail[ed] to recite an inventive concept” despite iLife’s contention that fact questions required reversal. App. 1a, 3a, 7a-8a.

II. Resolution Of The Questions Presented In *American Axle Controls The Outcome Here.*

Though Respondent acknowledges that this case and *American Axle* “both involve Section 101,” it contends that “*any* resolution of the questions presented in *American Axle* will not affect the outcome here.” Opp. 14 (emphasis added). Respondent’s argument is unpersuasive.

1. Respondent contends that the “Section 101 issues presented in *American Axle* and here are

² See, e.g., *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1377, 1380 (Fed. Cir. 2018) (Reyna, J., dissenting from denial of rehearing en banc) (observing that *Berkheimer* “alter[ed] the § 101 analysis in a significant and fundamental manner by presenting patent eligibility under § 101 as predominately a question of fact” and that “[t]his is a change in [Federal Circuit] law”); Dennis Crouch, *Eligibility Analysis and its Underlying Facts: A Roadmap for Surviving Dismissal on the Pleadings*, PATENTLY-O (Feb. 15, 2018) (describing *Berkheimer* and its progeny as a “precedential sea-change”), <https://patentlyo.com/patent/2018/02/eligibility-underlying-surviving.html>.

entirely distinct” because *American Axle* involved a “different category of ineligible subject matter” based on the “law of nature” exception instead of the “abstract idea” exception. Opp. 15-16. This ignores the questions presented. Neither of the “Section 101 issues presented in *American Axle*” mention, much less depend upon, any particular “category of ineligible subject matter” or judicial “exception.” The first question asks the Court to determine “the appropriate standard for determining whether a *patent claim* is ‘directed to’ a *patent-ineligible concept* under step 1”—regardless of a patent claim’s subject matter and regardless of the patent-ineligible concept alleged. The second question asks whether patent eligibility “at each step” is “a question of law ... or a question of fact”—again without regard to the subject matter or exception at issue.

That this Court’s disposition in *American Axle* will control the outcome here is demonstrated by *American Axle*’s reliance on *Alice*—a case involving a “different category of ineligible subject matter” based on a different (“abstract idea”) exception. Opp. 15-16; see *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 967 F.3d 1285, 1289-1304 (Fed. Cir. 2020) (citing *Alice* thirteen times); *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 212 (2014). Indeed, while the question presented in *Alice* more narrowly concerned the eligibility of “claims to computer-implemented inventions,” No. 13-298 Pet. I, the Court’s resolution of that question nonetheless controlled *American Axle*’s eligibility analysis for a “method for manufacturing driveline propeller shafts.” 967 F.3d at 1288. It follows that the Court’s

resolution of the *broader* questions presented in *American Axle* will control the outcome here.

2. Respondent also asserts that there are a “significant number of Section 101 cases” and “this Court should not open the floodgates” to GVR petitions tied to *American Axle*. Opp. 15. But the number of cases affected by the questions presented is a reason to grant, not deny, certiorari. *See, e.g., Mass. Trustees of E. Gas & Fuel Assocs. v. United States*, 377 U.S. 235, 237 (1964) (granting review “[b]ecause a considerable number of suits are pending in the lower courts which will turn on resolution of these issues”). Not surprisingly, the Court’s resolution of important and open questions can sometimes generate voluminous GVR orders in affected cases.³ Nevertheless, the Court does not give its decisions “full retroactive effect” in only a limited set of cases, but “in *all* cases still open on direct review.” *Harper*, 509 U.S. at 97 (emphasis added).⁴

³ One commentator observed that between 1996 and 2006, the Court issued at least two decisions generating *hundreds* of GVR orders in affected open cases, as well as a number of other decisions generating dozens of GVR orders each. Aaron-Andrew P. Bruhl, *The Supreme Court’s Controversial GVRs—And an Alternative*, 107 MICH. L. REV. 711, 719-23 (2009).

⁴ The denied petition in *Fast 101 Pty.* cannot reasonably be compared with the petition filed in this case or *American Axle*, as it presented three entirely different questions for review independent of the *American Axle* disposition, and relegated its (alternative) GVR request to a single conclusory sentence. *See* No. 20-1517 Pet. i-ii, 42. Furthermore, the patent claims asserted in *Fast 101 Pty.* were held directed to the abstract idea of *intermediated settlement*—the same abstract idea this Court identified as patent-ineligible in *Alice. Fast 101 Pty. Ltd. v. CitiGroup Inc.*, 834 F. App’x 591, 593 (Fed. Cir. 2020).

3. Respondent argues that the Federal Circuit’s use of the words “nothing more” both in this case and in *American Axle* does not merit holding this case pending *American Axle*. Opp. 17-19. Yet even Respondent acknowledges that the “concern with the ‘nothing more’ principle ... is that it invites courts to oversimplify claims.” Opp. 18. While Respondent tries to assure the Court that “there was no oversimplification ... here,” that is no substitute for reconsideration if *American Axle* resolves the questions presented in a manner that does not similarly “invi[t] courts to oversimplify” patent claims under § 101. Opp. 18. If the Court rejects or otherwise clarifies “the ‘nothing more’ principle” in *American Axle*, the application of that principle will require reconsideration here.

CONCLUSION

The petition for a writ of certiorari should be held pending disposition of *American Axle* (No. 20-891), and any further proceedings in this Court, and then disposed of as appropriate in light of the Court’s decision in that case.

Respectfully submitted,

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