

Nos. 20-1921, -1922, -1943, -1944

In the
United States Court of Appeals
for the Federal Circuit

ZAXCOM, INC.,

Appellant,

v.

LECTROSONICS, INC.,

Cross-Appellant,

ANDREW HIRSHFELD, Performing the Functions and Duties of the Under
Secretary of Commerce for Intellectual Property and Director of the United States
Patent and Trademark Office,

Intervenor.

Appeal from the United Patent and Trademark Office,
Case Nos. IPR2018-01129 and IPR2018-01130.
The Honorable **Scott Russell Boalick, Kalyan K. Deshpande** and **Lynne Pettigrew**,
Administrative Patent Judges Presiding.

PETITION FOR REHEARNG *EN BANC* OF APPELLANT ZAXCOM, INC.

RITA C. CHIPPERSON
CHIPPERSON LAW GROUP, P.C.
1250 Broadway
36th Floor
New York, New York 10001
(973) 845-9071

ROBERT P. GREENSPOON
DUNLAP BENNETT & LUDWIG, PLLC
333 North Michigan Avenue
27th Floor
Chicago, Illinois 60601
(312) 551-9500

Counsel for Appellant
Zaxcom, Inc.



**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 2020-1921, 2020-1922, 2020-1943, 2020-1944
Short Case Caption Zaxcom, Inc. v. Lectrosonics, Inc.
Filing Party/Entity Zaxcom, Inc.

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 09/14/2020

Signature: /s/ Rita C. Chipperson

Name: Rita C. Chipperson

<p>1. Represented Entities. Fed. Cir. R. 47.4(a)(1).</p>	<p>2. Real Party in Interest. Fed. Cir. R. 47.4(a)(2).</p>	<p>3. Parent Corporations and Stockholders. Fed. Cir. R. 47.4(a)(3).</p>
<p>Provide the full names of all entities represented by undersigned counsel in this case.</p>	<p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p>	<p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p>
<p><input type="checkbox"/> None/Not Applicable</p>	<p><input checked="" type="checkbox"/> None/Not Applicable</p>	<p><input checked="" type="checkbox"/> None/Not Applicable</p>
<p>Zaxcom, Inc.</p>		

Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

None/Not Applicable Additional pages attached

Flachsbart & Greenspoon, LLC	Robert Greenspoon	

5. Related Cases. Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

None/Not Applicable Additional pages attached

Zaxcom, Inc. v. Lectrosonics, Inc., 1:19-cv-00109-RB-JKR (D.N.M.)		

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None/Not Applicable Additional pages attached

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
RULE 35(b) STATEMENT.....	1
INTRODUCTION AND STATEMENT OF THE CASE.....	3
REASONS FOR GRANTING REHEARING <i>EN BANC</i>	9
1. Pre- <i>Fox Factory</i> law establishes that where, as here, a product combines both claimed and unclaimed features, a presumption of nexus is proper	10
2. <i>Fox Factory</i> did not provide a basis for departing from this precedent	13
3. The higher standard improperly imposed by <i>Fox Factory</i> both defies common sense and suppresses innovation by demoralizing inventors	16
CONCLUSION AND RELIEF SOUGHT	17

TABLE OF AUTHORITIES

	Page(s)
Cases:	
<i>Align Tech., Inc. v. ClearCorrect Operating, LLC</i> , 745 F. App'x 361 (Fed. Cir. 2018)	12
<i>Apple, Inc. v. Samsung Elecs. Co.</i> , 839 F.3d 1034 (Fed. Cir. 2016)	1, 10, 12, 13
<i>Cont'l Can Co. v. Monsanto Co.</i> , 948 F.2d 1264 (Fed. Cir. 1991)	7
<i>Demaco Corp. v. F. Von Langsdorff Licensing Ltd.</i> , 851 F.2d 1387 (Fed. Cir. 1988)	13, 15
<i>Ecolochem, Inc. v. S. Cal. Edison Co.</i> , 227 F.3d 1361 (Fed. Cir. 2000)	1, 7, 11
<i>Fox Factory, Inc. v. SRAM LLC</i> , 944 F.3d 1366 (Fed. Cir. 2019)	<i>passim</i>
<i>Henny Penny Corp. v. Frymaster LLC</i> , 938 F.3d 1324 (Fed. Cir. 2019)	<i>passim</i>
<i>PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC</i> , 815 F.3d 734 (Fed. Cir. 2016)	1, 7, 10, 12
<i>Preminger v. Sec'y of Veterans Affairs</i> , 517 F.3d 1299 (Fed. Cir. 2008)	7, 9, 14, 17
<i>Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.</i> , 24 F.4th 1406 (Fed. Cir. 2022)	15
<i>Rambus Inc. v. Rea</i> , 731 F.3d 1248 (Fed. Cir. 2013)	1, 6, 7, 8
<i>Transocean Offshore Deepwater Drilling, Inc. v.</i> <i>Maersk Drilling USA, Inc.</i> , 699 F.3d 1340 (Fed. Cir. 2012)	10, 17
<i>WBIP, LLC v. Kohler Co.</i> , 829 F.3d 1317 (Fed. Cir. 2016)	<i>passim</i>

Zaxcom, Inc. v. Lectrosonics, Inc.,
Nos. 2020-1921, -1922, -1943, -1944, 2022 U.S. App. LEXIS 4430,
2022 WL 499848 (Fed. Cir. Feb. 18, 2022)1, 5, 8

Statutes & Other Authorities:

Federal Rule of Appellate Procedure 35 1
Federal Rule of Appellate Procedure 35(b) 1
Federal Rule of Appellate Procedure 35(b)(1)9

RULE 35(b) STATEMENT

Under Rule 35 of the Federal Rules of Appellate Procedure, Plaintiff-Appellant Zaxcom, Inc. respectfully files this Petition for Rehearing En Banc of the panel opinion in *Zaxcom, Inc. v. Lectrosonics, Inc.*, Nos. 2020-1921, -1922, -1943, -1944, 2022 U.S. App. LEXIS 4430, 2022 WL 499848 (Fed. Cir. Feb. 18, 2022).

Based on my professional judgment, I believe the panel decision is contrary to the following decision(s) of the Supreme Court of the United States or the precedent(s) of this court: *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324 (Fed. Cir. 2019); *Apple, Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034 (Fed. Cir. 2016) (en banc); *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317 (Fed. Cir. 2016); *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 734 (Fed. Cir. 2016); *Rambus Inc. v. Rea*, 731 F.3d 1248, 1257 (Fed. Cir. 2013); and *Ecolochem, Inc. v. S. Cal. Edison Co.*, 227 F.3d 1361 (Fed. Cir. 2000).

/s/ Robert P. Greenspoon

Robert P. Greenspoon
DUNLAP BENNETT & LUDWIG PLLC
333 N. Michigan Avenue, Suite 2700
Chicago, Illinois 60601
Telephone: (312) 551-9504
Facsimile: (312) 551-9501
Email: rgreenspoon@dbllawyers.com

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance: Does the

presumption of nexus apply to industry praise where the praised product is an embodiment of the claim and the claim is for the whole system (not a small component), regardless of the presence of any unclaimed or prior art features in the product, leaving it for a challenger's rebuttal to address unclaimed or prior art features?

/s/ Robert P. Greenspoon

Robert P. Greenspoon
DUNLAP BENNETT & LUDWIG PLLC
333 N. Michigan Avenue, Suite 2700
Chicago, Illinois 60601
Telephone: (312) 551-9504
Facsimile: (312) 551-9501
Email: rgreenspoon@dbllawyers.com

INTRODUCTION AND STATEMENT OF THE CASE

A panel of this Court refused to weigh the two highest awards in the industry (an Emmy and an Oscar) against a finding of obviousness because both claimed and unclaimed features existed in the product that won those technology awards.¹ In doing so, the panel followed a previous panel precedent—*Fox Factory, Inc. v. SRAM LLC*, 944 F.3d 1366 (Fed. Cir. 2019)—but that earlier precedent conflicted sharply with this Court’s en banc and panel precedents on this very point. Before *Fox Factory*, the nexus presumption in an industry praise case hinged simply on a “yes” answer to one question: (1) is the product an embodiment of the claim; and a “no” answer to another question: (2) is the claim scope merely a “small component” of such a product. *Fox Factory* confused the law by adding a third question. Now, to get a rebuttable presumption of nexus, a patentee must also prove that (3) the product has no “critical” unclaimed features that materially impact its functionality.

A legal presumption that is supposed to *help* patentees avert hindsight bias in the obviousness analysis has morphed into a rabbit warren of proof standards far removed from the underlying purpose of a having a nexus presumption in the first place. Over time, all of the work otherwise tasked to challengers to try to decouple

¹ This Petition addresses only claims held obvious, not anticipated, in the underlying matter. It is nearly identical to a co-filed Petition in the companion appeal, App. No. 2020-1350. The patent claims in No. 2020-1921 involve a more difficult nexus-rebuttal than in No. 2020-1350, but the legal question of entitlement to a presumption raised in these Petitions is identical across both matters.

marketplace achievements from the merits of patentability via rebuttal has landed on the shoulders of innovators to address at the outset. Lost is the key point—if the real world bestows recognition of excellence on a technology, a tribunal must take heed of such real-world evidence before accepting a challenger’s conclusion that the technology would have been “obvious.” A patentee like Appellant deserves at least some weight, not zero weight as the panel thought, when an embodiment of its patented invention receives strong industry praise.

In this case, co-inventors Glenn Sanders and Howy Stark received an Emmy Award from the Academy of Television Arts and Sciences for Zaxcom’s digital recording wireless products that embody the claimed invention of the ’902 and ’814 Patents. (Appx4344.) This Emmy was awarded “[n]ot for a single component but for the system as a whole,” including its “innovations” of “[d]igital recording of microphone signal in the wireless transmitter to provide backup recording of the original microphone signal,” and “[d]istribution to each digital wireless body pack of a common time code signal”—the very inventions claimed in the Patents. (*Id.*) One member of the awards committee even agreed to serve as an expert witness for Zaxcom, and testified that the Emmy was “for the Zaxcom, Inc. digital recording wireless products that embody the claimed invention of the” Patents. (Appx4597-4598, ¶ 90.)

The Academy of Motion Picture Arts and Sciences also awarded Sanders and Stark the Technical Achievement Award, the Oscar, for these products. (Appx4346.) This award stated that it was awarded for “advanc[ing] the state of wireless microphone technology by creating a fully digital modulation system with a rich feature set, which includes local recording capability within the belt pack and a wireless control scheme providing real-time transmitter control and time code distribution.” (*Id.*)

Many motion picture and television sound technicians of ordinary skill in the art at the time of the invention of the Patents, who have decades of experience crafting well-known movies and television shows, also lavished industry praise upon the claimed invention. (*E.g.*, Appx4351, ¶ 6 (“I can’t emphasize enough the revolution these recording radios brought on.”), Appx4357, ¶ 5 (referring to the fact that the transmitter could record as a “game changer”).)

But the panel (affirming the Board²) disregarded all of this evidence for original claims found unpatentable by the Board, affirming a finding that Appellant had failed to show a nexus between the praise and the claimed inventions. *Zaxcom, Inc. v. Lectrosonics, Inc.*, Nos. 2020-1921, -1922, -1943, -1944, 2022 U.S. App. LEXIS 4430, at *5, 2022 WL 499848 (Fed. Cir. Feb. 18, 2022). The Board did not rely on any rebuttal evidence but instead held that the presumption of nexus did not

² The panel also rejected a cross-appeal from Lectrosonics.

apply and that a nexus was not otherwise shown. (Appx33-34.) In so holding, the Board relied upon the panel decision in *Fox Factory*, which issued after the initial briefing before the Board. (Appx32.)

The Board cited *Fox Factory*'s statement that that a presumption of nexus does not arise unless the industry-praised product is "coextensive" with the patent claims and that "[a] patent claim is not coextensive with a product that includes a 'critical' unclaimed feature that is claimed by a different patent and that materially impacts the product's functionality." (*Id.* (quoting *Fox Factory*, 944 F.3d at 1375).) Applying *Fox Factory*, the Board attempted to identify a single feature that was supposedly the "primary" basis for the praise and, upon determining that the praise "primarily is directed towards [an unclaimed] feature," concluded that there was no nexus between the praise and the claimed invention. (Appx34.) This is in contrast to this Court's longstanding case law, which holds that "objective evidence of non-obviousness lacks a nexus if it *exclusively* relates to a [previously-known] feature." *Rambus Inc. v. Rea*, 731 F.3d 1248, 1257 (Fed. Cir. 2013) (emphasis added). Notably, prior to *Fox Factory*, this Court had never denied a nexus presumption on non-coextensiveness grounds in an industry praise case.

The pre-*Fox Factory* case law is clear that a product that practices a patent is entitled to a presumption of nexus unless "the patented invention is only a small component of the product," *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324,

1333 (Fed. Cir. 2019), and that outside this “limited exception,” unclaimed features merely serve as potential rebuttal evidence, *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1329 & n.3 (Fed. Cir. 2016).³

However, the Board and the panel both denied this presumption based on the higher standard set forth in *Fox Factory*. By deviating from established law, the *Fox Factory* panel precedent has triggered a need for en banc review. *E.g.*, *Preminger v. Sec’y of Veterans Affairs*, 517 F.3d 1299, 1309 (Fed. Cir. 2008) (“A prior precedential decision on a point of law by a panel of this court is binding precedent and cannot be overruled or avoided unless or until the court sits en banc.”).

This Court has warned against unduly “strict requirements” in evaluating nexus. *Rambus*, 731 F.3d at 1257. Nowhere is the wisdom of this warning more apparent than in the present case. Here, it is undisputed that products embodying the

³ *See, e.g.*, *Henny Penny*, 938 F.3d at 1334 (holding that “industry praise is probative of nonobviousness even if it was not precisely limited to the point of novelty”); *WBIP*, 829 F.3d at 1329 (indicating that unclaimed features do not prevent a presumption of nexus from arising but instead serve as rebuttal evidence); *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 747 (Fed. Cir. 2016) (collecting cases holding that a nexus is presumed “even when the product has additional, unclaimed features”); *Rambus*, 731 F.3d at 1257 (holding that “objective evidence of non-obviousness lacks a nexus if it exclusively relates to a[n] [unclaimed] feature”); *Ecolochem, Inc. v. S. Cal. Edison Co.*, 227 F.3d 1361, 1378 (Fed. Cir. 2000) (holding that the challenger “had the burden of disproving that the [claimed feature] contributed to the success”); *Cont’l Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1273 (Fed. Cir. 1991) (“It is not necessary, however, that the patented invention be solely responsible for the commercial success, in order for this factor to be given weight appropriate to the evidence, along with other pertinent factors.”).

claimed invention (Zaxcom's wireless audio recording system) received industry praise, including a technical Oscar and an Emmy. (Appx4360-4382, Appx4815.) Lectrosonics did not contend that the claimed invention is just a "small component" of this system. Under this pre-*Fox Factory* standard, this entitles Zaxcom to a presumption of nexus. Yet the Board and the panel not only rejected this presumption but quixotically failed to find that the claimed invention received any industry praise, because they found that another feature contributed to the praise but was not required by the claims. *Zaxcom*, Nos. 2020-1921, -1922, -1943, -1944, 2022 U.S. App. LEXIS 4430, at *5, 2022 WL 499848. Put another way, the decisions below disregarded the fact that products embodying the claimed invention undisputedly received the equivalent of not just one Nobel Prize in its field, but two.

The panel mirrored the Board's application of the higher standards created by *Fox Factory* instead of applying the correct standards under pre-*Fox Factory* law. Compare *id.* (assuming that industry praise is irrelevant unless it "was directed primarily to" the claimed feature) with, e.g., *Henny Penny*, 938 F.3d at 1333-34 (indicating that the question is not whether the patented invention is the "primary" feature praised but whether "the patented invention is only a small component of the product") and *Rambus*, 731 F.3d at 1257 (holding that "objective evidence of non-obviousness lacks a nexus if it exclusively relates to a[n] [unclaimed] feature"). It did so even though two panel stage *amici* urged otherwise, including former Chief

Judge Paul Michel. Moreover, the Director named the Board decision in the present case “precedential,” amplifying the disruption in the law.

To correct *Fox Factory*’s inconsistency with established law, and to prevent the destabilizing impact of holding that inventors can win *both* of the top awards in their field and still lose their patents as “obvious” without any consideration or weighing of such awards, rehearing en banc is necessary.

REASONS FOR GRANTING REHEARING EN BANC

This Court may grant rehearing en banc when “the panel decision conflicts with a decision of” this Court or “the proceeding involves one or more questions of exceptional importance.” Fed. R. App. 35(b)(1). Here, the panel decision conflicts with numerous prior cases, instead following the rubric used in *Fox Factory*. However, a panel decision such as *Fox Factory* cannot deviate from prior precedent. *E.g., Preminger, 517 F.3d at 1309*. When the panel here relied on standards first announced in *Fox Factory* to deviate from earlier precedent, it did so improperly.

This case also presents a question of exceptional importance. Many later cases have followed the broader language of *Fox Factory* rather than the “limited exception” that was established by decades of earlier precedent. This new rule is not only procedurally improper (such changes may only be made by the en banc Court), but also greatly restricts the value of industry praise by requiring the praising party to clairvoyantly itemize the claimed features (and only the claimed features) of the

invention. This strict restriction all but abolishes patent owners' ability to use industry praise—or any objective evidence—in cases where the final product combines both claimed and unclaimed features, leaving obviousness determinations as open to hindsight bias as they were before this Court's multi-decade effort to eradicate it.

1. Pre-Fox Factory law establishes that where, as here, a product combines both claimed and unclaimed features, a presumption of nexus is proper.

Where, as here, a patent challenger claims obviousness, “evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not.” *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1349 (Fed. Cir. 2012). Such evidence should be considered when it has a “nexus” with the claimed invention. A nexus exists when the industry praise is for either (1) “a claimed invention or [(2)] a product that embodies the patent claims.” *Apple, Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1053 (Fed. Cir. 2016) (en banc). Such a showing “is *sufficient* to establish the presumption of nexus.” *WBIP*, 829 F.3d at 1330 (emphasis added). This is so “even when the product has additional, unclaimed features.” *E.g., PPC Broadband*, 815 F.3d at 747 (collecting cases). Such features can, at most, serve as rebuttal evidence.⁴

⁴ This distinction is critical. Here, the Board placed the burden of proving which features contributed to the industry praise solely on Zaxcom. (Appx33-34.) If the

WBIP, 829 F.3d at 1329 (including “additional unclaimed features” among the “extraneous factors” to which the challenger may attempt to attribute the product’s success, alongside “external factors, such as improvements in marketing”).

As for the question of when some factor might prevent a presumption of nexus, this Court has set forth the following standard: When “the patented invention is only a small component of the product tied to the objective evidence, there is no presumption of nexus.” *Henny Penny*, 938 F.3d at 1333. This Court has described this as a “limited exception” and indicated that where, as here, this exception does not apply, unclaimed features will not prevent the presumption of nexus from arising. *WBIP*, 829 F.3d at 1329 n.3.

The Court’s ruling in *Ecolochem* is instructive here. In that case, the Court found that “the commercial success of Ecolochem’s product was, in fact, based on two factors: the [patented] improved filtration process, and the [unclaimed] mobility of the commercial embodiment.” *Ecolochem*, 227 F.3d at 1378. The patent challenger attempted to attribute the success to the unclaimed mobility, and the district court agreed. *Id.* This Court reversed, holding that the challenger “had the burden of disproving that the improved filtration process contributed to the success of the invention,” and had failed to do so. *Id.*

unclaimed features had been made part of Lectrosonics’ rebuttal argument, as *WBIP* requires, Zaxcom could have relied on the presumption while the burden would have been on Lectrosonics to prove of a lack of a nexus. *See WBIP*, 829 F.3d at 1329.

Similarly, in *WBIP*, the challenger argued that the patentee “had to show that the objective evidence was tied to the two . . . features . . . that [the prior art] d[id] not disclose.” 829 F.3d at 1330. This Court disagreed, holding that “proof of nexus is not limited to only when objective evidence is tied to the supposedly ‘new’ feature(s).” *Id.* Instead, the patentee “was entitled to the presumption of nexus . . . because it established that the specific products . . . [we]re embodiments of the invention in the asserted claims.” *Id.* at 1331.

In short, a presumption of nexus is proper where, as here, the industry praise is for “a product that embodies the patent claims,” *Apple*, 839 F.3d at 1053 (en banc), and the claimed invention is not “only a small component of th[at] product,” *Henny Penny*, 938 F.3d at 1333, regardless of any unclaimed features.

This Court consistently applied this rule until the panel holding in *Fox Factory*. *E.g.*, *PPC Broadband*, 815 F.3d at 747 (holding that the presumption was proper because there was no argument “why the [product] fail[ed] to embody the claimed features, or what claimed features in particular are missing from the [product]”); *Align Tech., Inc. v. ClearCorrect Operating, LLC*, 745 F. App’x 361, 367 (Fed. Cir. 2018) (“To the extent that Align argues that an obviousness determination should take account of commercial success (or industry praise) that is partly but not fully attributable to the merits of the invention, we agree.”).

2. *Fox Factory* did not provide a basis for departing from this precedent.

Only three months after *Henny Penny* applied this standard, the panel decision in *Fox Factory* replaced it with a new one. The panel first noted that the presumption of nexus is proper “if the patentee shows that the asserted evidence is tied to a specific product and that the product ‘*is the invention disclosed and claimed.*’” *Id.* at 1373 (quoting *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988)). The panel then turned this sufficient condition into a necessary one, stating “that nexus is only presumed when the product tied to the evidence of secondary considerations ‘*is the invention disclosed and claimed.*’” *Id.* at 1374. However, this Court’s en banc ruling in *Apple* made clear that a nexus exists where the industry praise is for “a claimed invention *or* a product that embodies the patent claims.” 839 F.3d at 1053 (en banc) (emphasis added); *see also WBIP*, 829 F.3d at 1330 (holding that a showing that the praised products “are embodiments of the claimed invention . . . is sufficient to establish the presumption of nexus”). But the *Fox Factory* decision did not follow, or even acknowledge, the en banc ruling in *Apple*. *See Fox Factory*, 944 F.3d at 1372-78.

But *Fox Factory* did not stop there. Applying this faulty premise, the panel went on to state that “[a] patent claim is not coextensive with a product that includes a ‘critical’ unclaimed feature that is claimed by a different patent and that materially impacts the product’s functionality.” *Id.* at 1375. In so holding, *Fox Factory* turned

the longstanding standard for products combining claimed and unclaimed features on its head. Pre-*Fox Factory* case law held that where “the patented invention is only a small component of the product tied to the objective evidence, there is no presumption of nexus.” *Henny Penny*, 938 F.3d at 1333; *accord WBIP*, 829 F.3d at 1329 n.3 (describing this as a “limited exception,” and holding that because it did not apply, the unclaimed features did not prevent the presumption of nexus). *Fox Factory* inverted this standard, stating that “if the unclaimed features amount to nothing more than additional insignificant features, presuming nexus may nevertheless be appropriate.” 944 F.3d at 1374. In other words, where previous cases held that a presumption is proper unless the *claim itself* only covers a “small component” of the product, *Fox Factory* held that a presumption is improper unless the *unclaimed features* are “additional insignificant features” of the product.

Thus, in one reversal of wording, *Fox Factory* overruled cases where both claimed and unclaimed features make meaningful contributions to the product and removed the presumption of nexus from such cases. This sudden about-face surprised even the Board, which had argued that “unclaimed features are only relevant on rebuttal, and the coextensiveness requirement is met if the patent claim broadly covers the product that is the subject of the evidence of secondary considerations.” *Id.* at 1376 (footnote omitted). Such a sea change cannot be made by a panel decision such as *Fox Factory. Preminger*, 517 F.3d at 1309.

The decision in *Fox Factory* was no mere clarification of existing law. Suddenly, presumption-entitlement became “feature” focused (regardless of how much of a product a claim covers), whereas previously it had been “component” focused (withheld only when claim scope was for a small piece). The present case illustrates this difference: The original claims here were full system claims, not vulnerable to a “small component” characterization. But the panel under the standard from *Fox Factory* found unclaimed critical “features” in commercial embodiments.

Since the decision in *Fox Factory* issued, dozens of cases have erroneously followed new standard set forth by the panel decision in *Fox Factory* rather than the opposing standard set forth by all of the precedential panel and en banc decisions for decades prior. Counsel represents that, in the 117 weeks since *Fox Factory* issued, the USPTO Board has cited this panel decision at least 157 times. (Mar. 16, 2022 Shepard’s Report). That averages to over 4 citations every 3 weeks—a chilling statistic for patent owners.

Fox Factory’s new standard is so unworkable and confounding that a panel of this Court recently cited it as requiring analysis of the significance of “unclaimed features” both when assessing the presumption and when assessing the rebuttal of nexus. *Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.*, 24 F.4th 1406 (Fed. Cir. 2022). Worse than putting the “shoe on the wrong foot,” *Demaco*, 851 F.3d at 1394 (the *Demaco* quote warning against misplacement of burdens for the nexus

presumption), *Fox Factory* has put the same shoe on both feet. It has also made the rebuttal showing superfluous—if a patentee disproves that unclaimed features were critical and material, a challenger has already lost the chance to prove this factor.

En banc consideration is necessary to resolve jurisprudential confusion and protect this Court’s longstanding standards from de facto abrogation by a panel decision.

3. The higher standard improperly imposed by *Fox Factory* both defies common sense and suppresses innovation by demoralizing inventors.

The need for rehearing en banc is not just a matter of abstract legal theory, however. The new standard set forth by *Fox Factory* is intractably high and will, if not brought back in line with this Court’s longstanding authority, signal to inventors that no amount of praise will protect them from an obviousness attack. Nowhere is this clearer than in the case-at-bar.

It is difficult to imagine inventors achieving greater validation for their invention than occurred here. More so than simple commercial success, which can be attributable to superior marketing or widespread advertising, the Emmy and Oscar were awarded by committees of peers (and competitors) in a high-stakes industry based on assessments of the improvement represented by the products or services. After a century of efforts to perfect the capture and synchronicity of sound with film, including attempts by Thomas Edison himself, to be recognized in this fashion is the very antithesis of obviousness.

This reversal of the longstanding rule for handling products that combine claimed and unclaimed aspects will inevitably preclude countless less-heralded patentholders from presenting what will “often be the most probative and cogent evidence” they can muster in defense of their claims in an obviousness challenge. *Transocean*, 699 F.3d at 1349. Such a holding will chill innovation nationwide—after all, if an invention can win both an Emmy *and* an Oscar in its field and yet be found obvious because these awards were not commensurate with the claimed invention, how can any inventor hope to meet such a standard?

Because the panel’s decision follows a rule that is both legally improper under *Preminger* and damaging to America’s patent system, en banc rehearing is necessary to restore the well-reasoned standards that have governed this issue for decades.

CONCLUSION AND RELIEF SOUGHT

For the foregoing reasons, Appellant Zaxcom, Inc. respectfully requests that this Court grant this Petition for Rehearing En Banc, reaffirm the longstanding rule that unclaimed features do not preclude a presumption of nexus unless “the patented invention is only a small component of the product tied to the objective evidence,” *Henny Penny*, 938 F.3d at 1333, reverse the Board’s decision finding that the original challenged claims were obvious, or at least remand with instructions to apply the presumption of nexus between those inventions and the industry praise.

Respectfully submitted,

/s/ Robert Greenspoon

Robert P. Greenspoon
DUNLAP BENNETT & LUDWIG PLLC
333 N. Michigan Avenue, Suite 2700
Chicago, Illinois 60601
Telephone: (312) 551-9504
Facsimile: (312) 551-9501
Email: rgreenspoon@dbllawyers.com

/s/ Rita C. Chipperson

Rita C. Chipperson
CHIPPERSON LAW GROUP, P.C.
1250 Broadway, 36th Floor
New York, New York 10001
Telephone: (973) 845-9071
Facsimile: (973) 845-6176
Email: rcc@chippersonlaw.com

ADDENDUM

NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

ZAXCOM, INC.,
Appellant

v.

LECTROSONICS, INC.,
Cross-Appellant

v.

**ANDREW HIRSHFELD, PERFORMING THE
FUNCTIONS AND DUTIES OF THE UNDER
SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND DIRECTOR OF
THE UNITED STATES PATENT AND TRADEMARK
OFFICE**
Intervenor

2020-1921, 2020-1922, 2020-1943, 2020-1944

Appeals from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in Nos. IPR2018-
01129, IPR2018-01130.

Decided: February 18, 2022

ROBERT GREENSPOON, Dunlap Bennett & Ludwig PLLC, Chicago, IL, argued for appellant. Also represented by GREGORY J. GONSALVES, Vienna, VA; RITA CHIPPERSON, Chipperson Law Group, P.C., New York, NY.

CORY C. BELL, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, Boston, MA, argued for cross-appellant. Also represented by J. DEREK MCCORQUINDALE, Reston, VA.

MOLLY R. SILFEN, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA, argued for intervenor. Also represented by THOMAS W. KRAUSE, ROBERT MCBRIDE, ROBERT J. MCMANUS, FARHEENA YASMEEN RASHEED.

DAVID P. SWENSON, Patterson Thunte Pedersen, PA, Minneapolis, MN, for amicus curiae US Inventor, Inc.

MATTHEW JAMES DOWD, Dowd Scheffel PLLC, Washington, DC, for amicus curiae Paul R. Michel.

Before LOURIE, SCHALL, and TARANTO, *Circuit Judges*.

TARANTO, *Circuit Judge*.

Lectrosonics, Inc. petitioned the Patent and Trademark Office to institute two inter partes reviews, under 35 U.S.C. §§ 311–19, of claims of two patents owned by Zaxcom, Inc.—claims 7, 8, 11, 12, 14, and 15 of U.S. Patent No. 7,929,902, and claims 1–4, 9, 10, 12, 15, 31, 36, 37, and 41–45 of U.S. Patent No. 8,385,814. After institution of the requested reviews, Zaxcom filed, in each proceeding, a motion to replace the challenged original claims with corresponding substitute claims if the Patent Trial and Appeal Board held the challenged original claims unpatentable. The Board issued two final written decisions holding all challenged claims unpatentable, and it therefore addressed

Zaxcom’s proposed substitute claims, which it allowed to be added to the patents because Lectrosonics had not proved them unpatentable. *Lectrosonics, Inc. v. Zaxcom, Inc.*, No. IPR2018-01129, 2020 WL 407145, at *31 (P.T.A.B. Jan. 24, 2020); *Lectrosonics, Inc. v. Zaxcom, Inc.*, No. IPR2018-01130, 2020 WL 407146, at *27–28 (P.T.A.B. Jan. 24, 2020). Zaxcom appeals the Board’s rejection of the original claims, and Lectrosonics appeals the Board’s upholding of the substitute claims. We affirm the determinations in both IPRs.

I

The ’814 and ’902 patents share a specification, and the audio recording technology described and claimed is similar to that in U.S. Patent No. 9,336,307, discussed in the opinion we issue today in *Zaxcom, Inc. v. Lectrosonics, Inc.*, Nos. 20-1350, -1405 (“*307 Decision*”). The specification also discloses a “master timecode generator” that transmits time code references to local audio devices, which synchronize their local timecode generators with the master. ’902 patent, col. 16, lines 30–37. The ’902 patent had two challenged original independent claims: a system claim (claim 7) and a method claim (claim 12). *See id.*, col. 24, line 51, through col. 25, line 10; *id.*, col. 25, line 66, through col. 26, line 17. The ’814 patent had one challenged original independent system claim (claim 1). *See* ’814 patent, col. 23, lines 18–41.

Original independent claim 12 of the ’902 patent and its dependent claims are relevantly similar to claim 12 of the ’307 patent and its dependent claims. The broadest reasonable interpretation of original claim 12 of the ’902 patent encompasses both multitrack creation and dropout repair. We affirm the Board’s determination as to claim 12 of the ’902 patent and its dependents for the same reasons that, in the *307 Decision*, we have affirmed the Board’s determinations as to the original claims at issue there. We

limit our discussion here to claim 7 of the '902 patent and claim 1 of the '814 patent.¹

First, we agree with the Board that the broadest reasonable construction of “wearable,” found in both independent claims, is “suitable and in a condition to be worn,” consistent with its dictionary definition. *Lectrosonics*, 2020 WL 407145, at *4. Zaxcom argues for a narrower meaning, requiring that the wearable item be “small, lightweight, unobtrusive, easily hidden, not visible, and designed to be worn on the body of a creator of audio (*i.e.*, performer).” *Id.* We see no persuasive basis, including in the prosecution history cited by Zaxcom, for disagreeing with the Board’s conclusion that the broadest reasonable interpretation is not limited by the set of restrictions proposed by Zaxcom, but extends, even in the context of these patents, to the dictionary-based construction adopted by the Board. And under that construction, there is no dispute that Strub (U.S. Patent No. 6,825,875), discloses a “wearable” device as required by the patent claims at issue here. Strub, col. 4, lines 29–31.

Second, we hold that the Board had before it substantial evidence to support its finding that Strub and Woo (U.S. Patent No. 5,479,351) disclosed a “master timecode generator,” a term for which there is no claim construction dispute in this appeal. The Board’s finding is supported by Woo’s disclosure of a master clock for synchronizing recordings “from a plurality of independent recording devices at a shared performance,” Woo, col. 4, lines 62–66, col. 7, lines 49–50, and of jam synchronization to allow “a time code generator to follow the time code off another source,” *id.*,

¹ The Board’s discussion of claim 7 of the '902 patent in IPR2018-01129 is representative of its discussion of the similar claim 1 of the '814 patent in IPR2018-01130, and thus this opinion cites only the IPR2018-01129 Board decision.

ZAXCOM, INC. v. LECTROSONICS, INC.

5

col. 3, lines 37–39, along with Strub’s disclosure of time-stamping and synchronizing recordings, Strub, col. 79, line 54, through col. 80, line 7.

Finally, the Board had substantial evidence to support its determination that Zaxcom’s evidence of industry praise and long-felt need lacked a nexus to the claims. *Lectrosonics*, 2020 WL 407145, at *14. The two independent claims at issue claim systems for time-stamping data from local audio devices, while the evidence of industry praise was directed primarily to the dropout repair capability of Zaxcom’s systems, as the Board made clear in the decision we have affirmed in the *’307 Decision*. Thus, the Board properly held all original claims unpatentable.

II

Lectrosonics, in its cross-appeal, challenges the Board’s determination that the substitute claims are not unpatentable. Lectrosonics’s arguments in its cross-appeal are materially the same as the cross-appeal arguments we have rejected in the *’307 Decision*. We see no need for a separate discussion of the cross-appeal here. We conclude that the Board properly held all substitute claims not unpatentable.

III

For the foregoing reasons, we affirm the final written decisions of the Patent Trial and Appeal Board in IPR2018-01129 and IPR2018-01130.

The parties shall bear their own costs.

AFFIRMED

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 20-1921

Short Case Caption: Zaxcom, Inc. v. Lectrosonics, Inc.

Instructions: When computing a word, line, or page count, you may exclude any items listed as exempted under Fed. R. App. P. 5(c), Fed. R. App. P. 21(d), Fed. R. App. P. 27(d)(2), Fed. R. App. P. 32(f), or Fed. Cir. R. 32(b)(2).

The foregoing filing complies with the relevant type-volume limitation of the Federal Rules of Appellate Procedure and Federal Circuit Rules because it meets one of the following:

- the filing has been prepared using a proportionally-spaced typeface and includes 3,827 words.
- the filing has been prepared using a monospaced typeface and includes _____ lines of text.
- the filing contains _____ pages / _____ words / _____ lines of text, which does not exceed the maximum authorized by this court's order (ECF No. _____).

Date: 03/17/2022

Signature: /s/ Robert P. Greenspoon

Name: Robert P. Greenspoon