

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

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

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**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*

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

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**CORRECTED CROSS-APPELLANT LECTROSONICS, INC.'S  
REPLY BRIEF**

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**U.S. Patent No. 8,385,814 – proposed substitute claim 50, Appx120-121  
(amending claim 1, Appx90-91)**

**50.** A system for locally recording locally generated audio and remotely recording the locally generated audio comprising:

**at least one remote recorder;**

at least one master timecode generator for generating a plurality of master timecodes; and

at least one local audio device wearable by a creator of said locally generated audio including:

at least one local audio device receiver for receiving [**at least one of the group consisting of**] digital commands, **a transport status**, said master timecodes, and non-local audio data;

at least one audio input port for receiving said locally generated audio from an audio input device;

at least one memory;

**a wireless transmitter transmitting said locally generated audio to said at least one remote recorder;**

at least one local timecode generator for generating a plurality of local timecodes **said local timecode generator is synchronized by said master timecodes**; and

at least one control unit electrically coupled to said local audio device receiver, said audio input device, said memory, and said local timecode generator for creating stamped local audio data from said locally generated audio and storing said stamped local audio data in said memory;

wherein said stamped local audio data includes at least one local timestamp to reference at least a portion of said stamped local audio data to at least one of said local timecodes[.];

**said at least one remote recorder receiving said locally generated audio and remotely recording said locally generated audio as remote audio data; receiving said stamped local audio data, and replacing a portion of said remote audio data with said stamped local audio data.**

**U.S. Patent No. 7,929,902 – proposed substitute claims 21, 24 (Appx42-44)  
(amending claims 7, 12 respectively, Appx4-5)**

**21.** A system for locally recording locally generated audio and remotely recording the locally generated audio comprising:

**at least one remote recorder;**

at least one master timecode generator for generating a plurality of master timecodes; and

at least one local audio device wearable by a creator of said locally generated audio including:

at least one local audio device receiver for receiving [**at least one of the group consisting of**] digital commands and said master timecodes;

at least one audio input port for receiving locally generated audio from an audio input device;

at least one memory;

**a wireless transmitter transmitting said locally generated audio to said at least one remote recorder;**

at least one local timecode generator for generating a plurality of local timecodes, **said local timecode generator is synchronized by said master timecodes;** and

at least one control unit electrically coupled to said local audio device receiver, said audio input device, said memory, and said local timecode generator for creating stamped local audio data and storing said stamped local audio data in said memory;

wherein said stamped local audio data includes at least one local timestamp to reference at least a portion of said stamped local audio data to at least one of said local timecodes; [**and**]

wherein said stamped local audio data includes at least one identifier selected from the group consisting of track identifiers, local audio device identifiers, performer identifiers, and combinations thereof[.]; **and**

**said at least one remote recorder receiving said locally generated audio and remotely recording said locally generated audio as remote audio data; receiving said stamped local audio data, and replacing a portion of said remote audio data with said stamped local audio data.**

**24.** A method of wirelessly recording local audio, said method comprising:

locally receiving said local audio generated by at least one performer during an audio event;

wirelessly transmitting said local audio to at least one of the group consisting of a recorder, a receiver, and combinations thereof;

locally recording said local audio as local audio data in at least one memory of at least one **wearable** local audio device; and

remotely recording said transmitted local audio via at least one of the group consisting of a recorder, a receiver, and combinations thereof as remote audio data;

**[wherein] retrieving at least a portion of said local audio data [is retrieved] during or subsequent to said audio event and [is combined with said remote audio data] combining said remote audio data with said local audio data by replacing a portion of said remote audio data with said local audio data;**

wherein said local audio data includes at least one identifier selected from the group consisting of track identifiers, local audio device identifiers, performer identifiers, and combinations thereof.

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

**CERTIFICATE OF INTEREST**

**Case Number** 2020-1921, -1922, -1943, -1944

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

**Filing Party/Entity** Lectrosonics, 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: 10/22/2021

Signature: /s/ Cory C. Bell

Name: Cory C. Bell

<p><b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).</p>	<p><b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).</p>	<p><b>3. Parent Corporations and Stockholders.</b> 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><input checked="" type="checkbox"/> None/Not Applicable</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 checked="" type="checkbox"/> None/Not Applicable</p>
<p>Lectrosonics, 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

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Justin Muehlmeier	Peacock Law P.C.	

**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.	No. 1:17-cv-03408 (E.D.N.Y.)	
Zaxcom, Inc. v. Lectrosonics, Inc.	No. 2:17-cv-02840 (D.N.J.)	
Zaxcom, Inc. v. Lectrosonics, Inc.	No. 2020-1350 (Fed. Cir.)	

**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




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## INTRODUCTION

In granting Zaxcom’s Motion to Amend the claims of U.S. Patent Nos. 7,929,902 B1 (“the ’902 patent”) and 8,385,814 B2 (“the ’814 patent”), the Board prejudicially erred. It incorrectly found that Zaxcom’s secondary considerations evidence demonstrated sufficient nexus without the predicate showings, relying on purported “industry praise” and long-felt need to overcome obviousness in the amended claims. Appx60-72; Appx136-148.

Notwithstanding that Lectrosonics extensively briefed the issue of the Board’s procedural missteps in granting the amendments—including its “complaint [] that the material was not presented in the motion to amend”—Intervenor simply responds that, “[t]here is nothing improper about considering record arguments and evidence relevant to the proposed substitute claims.” Intervenor Br. (D.I. 55) 39-40 (citing *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1325 (Fed. Cir. 2017) (en banc)); *contra* Lectrosonics Br. (D.I. 50) 54, 57-61. According to Intervenor:

Lectrosonics acknowledges *Aqua Products* but suggests that it applies only to “the unique context of vetting and challenging amendments as unpatentable.” There was no error in the Board’s procedure here, where the Board considered properly presented record arguments and evidence on objective indicia of nonobviousness relevant to proposed substitute claims.

Intervenor Br. 40 (quoting Lectrosonics Br. 58). This would be an expansive, new power for the Board in the context of facially deficient amendment motions—the ability to make arguments from the record at large on behalf of movant in order to

*grant* substitute claims appears to be a matter of first impression. *See* Intervenor Br. 39-40; Lectrosonics Br. 54, 57-61. But Intervenor provides no explanation for why this practice should be permitted in the IPR amendment context, and the Court should reject this erroneous procedure. *Id.*; *see infra* § II.B.1-2.

Intervenor agrees, however, that the Board correctly found that Zaxcom failed to establish a nexus *presumption*. Intervenor Br. 19, 32-35. Intervenor notes, *id.*, that the Court has reiterated that entitlement to a presumption of nexus attaches only “when the patentee shows that the asserted objective evidence is tied to a specific product and that product ‘embodies the claimed features, and is coextensive with them.’” *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019) (quoting *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018)), *cert. denied*, 141 S. Ct. 373 (2020); *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000). The “coextensiveness requirement is to ensure that nexus is only presumed when the product tied to the evidence of secondary considerations ‘is the invention disclosed and claimed.’” *Fox Factory*, 944 F.3d at 1374 (quoting *Demaco Corp. v. F. von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988)).

Zaxcom still contends that the recent rearticulation of the law in *Fox Factory* “is in disharmony, a situation that must, of necessity, trigger the rule that an earlier Federal Circuit panel decision controls in case of conflict.” Zaxcom Resp. (D.I. 59)

24-25. Zaxcom is wrong. *See, e.g.*, Intervenor Br. 19, 32-34. *Fox Factory* is good law and prohibits Zaxcom's would-be "presumption" to shift the burden and eviscerate a strong case of obviousness. *See infra* §§ I, III.

Intervenor also noted that Zaxcom should have instead been required to carry its burden to show nexus in the ordinary manner. Intervenor Br. 19, 32-34 (citing *Demaco*, 851 F.2d at 1392 ("When the [product] . . . is not coextensive with the patented invention[,] . . . the patentee must show prima facie a legally sufficient relationship between that which is patented and that which is sold.")). Zaxcom still argues that it merited "a presumption that the exceptional EMMY and OSCAR awards . . . had a 'nexus' to the claimed invention." Zaxcom Resp. 23. But these Hollywood awards have not been shown to fit in this case as commensurate in scope with the amended claims. In fact, the very patent claims that Zaxcom touted in its application for such accolades (e.g., Appx4384) have now been held unpatentable. So while no one suggests that "Zaxcom bamboozled the EMMY and OSCAR committees into bestowing the highest industry awards by mistake," it underscores the problematic circularity of using patents to get awards and using those awards to get patents. Zaxcom Resp. 44; *see also* Lectrosonics Br. 66 n.16.

Applying *Fox Factory*, Intervenor correctly confirms Zaxcom was not entitled to *presumption* of nexus on these claims. However, Intervenor refuses to recognize that the Board erred in conferring a nexus absent necessary determinations in its

IPR2018-01129 and IPR2018-01130 decisions. Intervenor defends the Board’s finding of a “sufficient nexus” between the industry praise and the amended claims, Intervenor Br. 40-41. The decision should be reversed because the Board made Zaxcom’s nexus argument for it, but without an adequate basis or warning to Lectrosonics. *See infra* § II.B.1-2. Notably, the “replacing” limitation of the substitute claims was already known in the art and Zaxcom did not show that its secondary considerations evidence was commensurate in scope with the amended claims to create legally sufficient nexus. The *Fox Factory* decision, which issued shortly before the Final Written Decisions appealed here, brought the Board’s errors into sharp focus. *Landgraf v. USI Film Prods.*, 511 U.S. 244, 264 (1994) (a court must “apply the law in effect at the time it renders its decision” (citation omitted)).

## **ARGUMENT**

### **I. This Was a “Strong” Case of Obviousness**

As argued, precedent mandates that especially strong obviousness cases ought to be less influenced by the objective indicia analysis, notwithstanding that such evidence must always be considered before reaching a determination. *See* Lectrosonics Br. 48 (collecting cases). The Supreme Court has long instructed that secondary considerations are beneficial mainly in weak cases of obviousness *where there may be a risk of hindsight*—but in a strong case, e.g., where the prior art itself provides an express path to the invention alleged to be obvious, there is less need to



glean from other sources a contemporaneous understanding of the state of the art. *See Jungersen v. Ostby & Barton Co.*, 335 U.S. 560, 566-67 (1949) (“Where, as here, however, invention is plainly lacking, commercial success cannot fill the void.” (citations omitted)); *accord Dow Chem. Co. v. Halliburton Oil Well Cementing Co.*, 324 U.S. 320, 330 (1945).

Intervenor argues that the Board found it “nonobvious to add Wood’s dropout repair” and deemed “Lectrosonics’ obviousness case weak,” Intervenor Br. 3-4. But it clearly was not “weak.” *See* Lectrosonics Br. 48-49. In fact, few obviousness cases are as strong, where the primary reference disclosing all elements but one—Strub—is combined with a second reference for the last element—Wood—which also expressly teaches the entire motivation to combine. *See* Appx1419, 1:8-26 (Wood identifying the problem of dropouts in video and audio transmissions); Appx1419-1420, 1:31-2:13 (Wood disclosing sending a request when a dropout is detected so that the content can be re-sent to replace the previously received audio to repair the dropout); Appx1419, 1:28-30 (Wood disclosing improved signal quality via dropout repair); Appx1421, 3:4-6 (Wood specifically identifying advantage of a “program free of dropouts”).

Wood identifies within its four corners a solution for creating a “program free of dropouts” in the context of broadcast TV signals. Appx1419-1421, 1:31-3:6. Labeling this combination “weak” ignores that the correct legal standard requires

looking at the reasons to modify *Strub* and not *the '902 and '814 patents*—an analytical error made first by the Board and now repeated in the briefing. Intervenor does not deny this flaw. *See* Intervenor Br. 42-43 (“Lectrosonics also . . . fault[s] the Board for failing to look for ‘reasons to modify Strub’ rather than the involved patents. But Strub, like the ‘902 and ‘814 patents, focuses on post-production audio data manipulation.” (quoting Lectrosonics Br. 49)); *see also id.* at 29-30 (“[T]he Wood reference, identified by Lectrosonics in its opposition to the motion to amend, teaches that functionality, but for use in the different context of received television broadcast signal[s] rather than post-production audio work.”). Properly assessed, however, Strub used conventional TV broadcast signals for its wireless transmissions, though Wood expressly recognized the problem with Strub’s use of conventional TV broadcast signals and provided a complete solution. Lectrosonics Br. 47-52. In fact, Zaxcom’s own expert, Mr. DeFilippis, conceded during his expert cross-examination that the dropout repair of the amendment was known before 2005. Appx1772-1776, 17:11-21:12; Lectrosonics Br. 13. Wood simply confirms this.<sup>1</sup>

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<sup>1</sup> Zaxcom tries to resurrect a failed argument that there is no motivation to combine because Wood requests retransmission by a “fixed wire” connection. Zaxcom Resp. 37; Appx351-352. Lectrosonics has already pointed out that this is a strawman, because Zaxcom’s argument ignores disclosures that contemplate any communication channel for such a request, not just a fixed wire. *See* Appx593. The petition “does not use Wood’s fixed wire—it uses ‘one of the multiple transmission channels in Strub or the wired connection in Strub.’” Appx593 (quoting Appx281) (citing Appx1328, 36:10-29; Appx1343, 66:7-14). The Board never credited

Given Wood’s express teaching, it is difficult to imagine more favorable facts for finding a “strong” case of obviousness and, conversely, a more arbitrary decision finding such a direct route “a weak case.” *See* Intervenor Br. 43. With the tight link between Wood and Strub, risk of hindsight is minimized because the asserted prior art itself contains the rationale for the combination, indisputably before the time of invention. *See* Lectrosonics Br. 47-52. Inasmuch as the USPTO deems this a “weak” obviousness showing, the Court, respectfully, should clarify the guidelines that the Supreme Court has discussed and define the relative impact of the objective indicia that must be considered. *See Merck Sharp & Dohme Corp. v. Hospira, Inc.*, 874 F.3d 724, 731 (Fed. Cir. 2017); *contra id.* (Newman, J., dissenting) (“It is time to remedy our inconsistent treatment of the procedures and burdens in applying the evidentiary factors of obviousness . . .”).

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Zaxcom’s argument. Indeed, the Board agreed with Lectrosonics that “Wood is analogous art, as it is reasonably pertinent to the problem faced by the inventors of the ’902 patent.” Appx59; Appx135.

## **II. No Nexus Has Been Demonstrated for Secondary Considerations in This Strong Case of Obviousness**

### **A. The Board Correctly Found That the “Presumption of Nexus” Was Unavailable to Zaxcom Based on Applicable Law**

#### **1. Zaxcom Incorrectly Rejects the Coextensiveness Requirement for a Presumption of Nexus**

In its opening brief on appeal, Zaxcom incorrectly rejects the coextensiveness predicate for obtaining a presumption of nexus. *See* Zaxcom Br. (D.I. 24) 49-60. Because of this continuing blind spot, Zaxcom’s brief doubles down after the Intervenor briefing to argue that the coextensiveness requirement in *Fox Factory* is “onerous.” Zaxcom Resp. 25; *but see* Intervenor Br. 19, 31-35. According to Zaxcom, the law in *Fox Factory* “is in disharmony, a situation that must, of necessity, trigger the rule that an earlier Federal Circuit panel decision controls in case of conflict . . . .” Zaxcom Resp. 25.<sup>2</sup> Not so.

As recognized by Intervenor, “*Fox Factory* is consistent with this Court’s prior case law.” Intervenor Br. 31. It correctly restated existing law on nexus—that question was fully explored and rehearing en banc was denied, without dissent, as was the certiorari petition. *See* Lectrosonics Br. 43. It is agreed that this Court’s

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<sup>2</sup> Two amicus briefs also argue that *Fox Factory* conflicts with this Court’s prior en banc and/or panel decisions. *See* D.I. 25; D.I. 26; Zaxcom Resp. 24. As discussed in more details below, the arguments are unavailing. *Fox Factory*, as Intervenor also points out with respect to the amici, is consistent with this Court’s longstanding holding regarding presumption of nexus. *See* Intervenor Br. 31-33.

nexus precedent requires that the commercial product be commensurate in scope with the patented invention. *Id.*; Intervenor Br. 31. Intervenor plainly concludes that “it makes sense to require coextensiveness; if an applicant wants to show that, *e.g.*, industry praise was really praise for the claimed invention, he should have to show that the basis for that praise is reasonably commensurate in scope with the claimed invention.” *Id.* at 32. This has also been Lectrosonics’s argument throughout these proceedings. *See* Lectrosonics Br. 41-46; *accord* Intervenor Br. 31-35.

Intervenor also correctly rejects “Zaxcom’s related assertions that ‘*Fox Factory* was a mere panel decision’ and that it ‘does not show awareness of [an alleged earlier] *en banc* standard’ cannot undo the precedential nature of the decision.” Intervenor Br. 32-33 (quoting Zaxcom Br. 57-60). Zaxcom’s brief suggests instead that *Apple Inc. v. Samsung Electronics Co.*, 839 F.3d 1034 (Fed. Cir. 2016) (*en banc*), mandates that a “presumption” of nexus arise even without a coextensiveness showing:

*Apple en banc* further confirmed that it “weighs against an assertion that the same claimed invention would have been obvious” when there is industry praise of “a claimed invention or a product that embodies the patent claims [full stop].” These are crystal clear expressions of what little a patentee must show to get a nexus presumption. There is no harm to the public to reaffirm these bedrock legal principles.

Zaxcom Resp. 29 (alteration in original) (quoting *Apple*, 839 F.3d at 1053).

Yet despite Zaxcom’s assertion, the *Fox Factory* decision did not fail to cite *Apple* or *WBIP* because it lacked “awareness” of the Court’s own jurisprudence, but

because these cases were inapposite to its disposition. *Apple* has nothing to do with “what little a patentee must show to get a nexus presumption,” *id.*, but merely discusses carrying a nexus showing in the typical fashion. 839 F.3d at 1053. And, as Intervenor agrees, *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317 (Fed. Cir. 2016), expressly recognized a coextensiveness requirement: “[T]here is a presumption of nexus for objective considerations when the patentee shows that the asserted objective evidence is tied to a specific product and that product ‘is the invention disclosed and claimed in the patent.’” *Id.* at 1329 (emphasis added) (quoting *J.T. Eaton & Co. v. Atl. Paste & Glue Co.*, 106 F.3d 1563, 1571 (Fed. Cir. 1997)); Intervenor Br. 32-33. The coextensiveness requirement was in effect well before *WBIP*, which never purports to alter it (nor could it). *See id.*

Intervenor correctly confirms the Board’s decision that “Zaxcom was not entitled to a presumption of nexus because ‘Patent Owner does not provide an analysis demonstrating that its products are coextensive (or nearly coextensive) with the challenged claims.’ *See* Appx33; Appx82-83.” Intervenor Br. 34 (“Zaxcom does not identify where in the administrative record it attempted to show coextensiveness.”). Given the noted lack of argumentation below, *id.*, this issue is waived by Zaxcom, *see* Lectrosonics Br. 42 n.8.

Zaxcom is confusing *prima facie* nexus with *presumptive* nexus. To obtain an inference that nexus exists, i.e., “a presumption of nexus,” the product praised in the

industry must embody the claims *and* be coextensive with the claims. *Brown & Williamson*, 229 F.3d at 1129-30 (“if the marketed product embodies the claimed features, and is coextensive with them, then a nexus is presumed” (citing *J.T. Eaton*, 106 F.3d at 1571)). An additional coextensiveness requirement for securing a presumption in this context is logical—when the commercial product embodies and is commensurate in scope with all claimed features, there remains little risk that the industry praise is attributable to unclaimed features. *Fox Factory*, 944 F.3d at 1374 (“[T]he purpose of the coextensiveness requirement is to ensure that nexus is only presumed when the product tied to the evidence of secondary considerations ‘is the invention disclosed and claimed.’” (citation omitted)). It understandably requires more to shift the burden to the “party asserting obviousness to present evidence to rebut the presumed nexus.” *Brown & Williamson*, 229 F.3d at 1129-30.

Zaxcom argued that “*WBIP* states that it is ‘sufficient’ for a coextensiveness conclusion (thus permits a nexus presumption) in an industry praise context if a product embodies the patent claims, except for a limited exception when the claim covers a mere component of a praised product and the praise does not reach that component.” Zaxcom Resp. 24-25 (citing *WBIP*, 829 F.3d 1329, n.7). According to Zaxcom’s reading of *WBIP*, however, a patentee automatically gets the presumption every time a praised product practices a patent. *Id.* Such a reading of *WBIP* would *sub silencio* eliminate coextensiveness entirely.

Other decisions also refute Zaxcom’s assertion that *WBIP* allows a presumption of nexus even where “the patented invention is only a small component of the product tied to the objective evidence.” *Henny Penny Corp. v. Frymaster LLC*, 938 F.3d 1324, 1332-33 (Fed. Cir. 2019) (citing *Polaris*, 882 F.3d at 1072 (“product ‘embodies the claimed features, and is coextensive with them’” (citation omitted))). As Intervenor correctly points out, the product involved in *WBIP* “embodied the asserted marine engine claims, and was ‘tied to the claimed gen-sets achieving safe carbon monoxide levels.’” Intervenor Br. 32-33 (quoting *WBIP*, 829 F.3d at 1329-30). There is no indication in *WBIP* of any unclaimed but valuable feature of the commercial product. Here, in fact, there are many, significant unclaimed features in Zaxcom’s commercial product.<sup>3</sup> Lectrosonics Br. 62-63; *see infra* § II.B.2.

## **2. The Board Correctly Rejected Zaxcom’s “Presumption of Nexus” Argument**

Applying *Fox Factory*, the Board correctly found that “Zaxcom was not entitled to a presumption of nexus” for either the original *or* substituted claims

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<sup>3</sup> With respect to the list of seven unclaimed features praised in the EMMY, *see infra* § II.B.2, Zaxcom admits that “*Fox Factory* adds additional requirements. These requirements withhold a coextensiveness conclusion (thus do *not* permit a nexus presumption) if a product has additional ‘critical’ unclaimed features claimed by a different patent that materially impact the product’s functionality.” Zaxcom Resp. 25 (quoting *Fox Factory*, 944 F.3d at 1375). Zaxcom does not deny therefore that the industry praise encompassed at least seven other features not in the amended claims. *See id.* There is no Board finding, moreover, that these unclaimed features are not “critical”—indeed, there are no citations to the record amid any of this Zaxcom attorney argument. *Id.*; *see infra* § II.B.2.



because “Patent Owner does not provide an analysis demonstrating that its products are coextensive (or nearly coextensive) with the challenged claims.” Intervenor Br. 34 (quoting Appx33) (citing Appx82-83). Intervenor agrees that Zaxcom never mentioned such a presumption during the trial proceedings nor did it ever show how its secondary considerations evidence aligned with the amended claims. *Id.* For example:

- Zaxcom’s Patent Owner Response never argued for a “presumption of nexus” for its industry praise. Appx473-552. In fact, the Patent Owner Response only ever mentions the word “nexus” once. Appx540-541 (quoting Appx4598-4600, ¶ 92). There is no attempt to define the specifics of what is allegedly praised, nor to show how this maps onto the claim language—requirements for even a routine “nexus” showing, much less a presumption. *Id.*; Appx765-766, 23:8-24.
- Zaxcom’s Motion to Amend also never argued for a “presumption of nexus” and has but one line related to alleged industry praise. Appx466 (“The invention received industry praise and recognition including an Emmy award and a Technical Achievement Award from the Academy of Motion Picture Arts and Sciences.”). That is all. Long-felt need also had just one conclusory sentence: “There was a long felt need for a wearable, wireless device that could reliably capture sound data from actors recording a movie or television show and the invention recited in the substitute claims satisfied this need with a wireless, wearable, transmitter/recorder device that could replace audio segments that were not transmitted or received properly.” Appx466. At bottom, there is no analysis in the Motion to Amend from which to credit objective indicia to specific features in the amended claim, such as dropout repair. Appx429-466. Significantly, Mr. DeFilippis’s lip service regarding “nexus” does not even mention “dropout repair”—the sole element at issue in the amendments. Appx4598-4600, ¶ 92; Appx61; Appx137.
- Zaxcom’s statements at the hearing never mentioned a “presumption of nexus,” nor did it make the necessary showings for such. Appx743-802.

With this, the Board properly determined that Zaxcom provided no analysis demonstrating that its products are coextensive with the challenged claims and denied a presumption of nexus. *See* Appx33; Appx115.<sup>4</sup> Intervenor confirms that the Board “correctly found that under *Fox Factory*, Zaxcom had failed to establish a nexus presumption, or otherwise demonstrate nexus, between that evidence and original claim 7 of the ’902 patent. So, too, with original claim 1 of the ’814 patent.” Intervenor Br. 19. Zaxcom offers nothing to disturb these holdings.

**B. Zaxcom Did Not Meet Its Burden to Demonstrate Prima Facie Nexus for Either Industry Praise or Long-Felt Need**

Beyond presumptive nexus, the Board also properly held that Zaxcom failed to prove a nexus in ordinary course, as between the inventions recited in the original claims and its proffered evidence, which “primarily is directed towards the feature of fixing dropouts.” *See id.* at 35 (quoting Appx34) (citing Appx84).

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<sup>4</sup> In the companion IPR2018-00972 involving a related patent—U.S. Patent No. 9,336,307 (“the ’307 patent”)—the Board incorrectly held that Zaxcom’s conclusory secondary considerations evidence *did* warrant a “presumption of nexus” without necessary showings. *Lectrosonics, Inc. v. Zaxcom, Inc.*, IPR2018-00972, Paper No. 41, 55-56 (P.T.A.B. Nov. 7, 2019). The Board’s decision issued a month before this Court’s restatement of nexus standards in *Fox Factory*, which corrected the misapplication of “presumptive” nexus repeated in this case. The Court emphasized that “the coextensiveness requirement is to ensure that nexus is only presumed when the product tied to the evidence of secondary considerations ‘is the invention disclosed and claimed.’” *Fox Factory*, 944 F.3d at 1374 (citation omitted).

### 1. Zaxcom Failed to Demonstrate Nexus for Its Secondary Considerations

Zaxcom should have made a prima facie case for the nexus between its product and the secondary considerations relied on.<sup>5</sup> *Polaris*, 882 F.3d at 1072 (“[W]hen the thing that is commercially successful is *not* coextensive with the patented invention—for example, if the patented invention is only a component of a commercially successful machine or process—the patentee must show prima facie a legally sufficient relationship between that which is patented and that which is sold.” (quoting *Demaco*, 851 F.2d at 1392) (emphasis added)). The use of secondary considerations evidence to rebut a validity challenge is not among the bundle of rights that comes with a patent; thus, *Zaxcom* bore the burden of establishing nexus “because the patentee affirmatively seeks to establish a proposition not relied on by the patent challenger and not a necessary predicate for the unpatentability claim asserted.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1375-76 (Fed. Cir.

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<sup>5</sup> To be sure, this is different from the overall burden of persuasion to show obviousness under 35 U.S.C. § 103, which is indisputably petitioner’s at all times. *In re Magnum Oil*, 829 F.3d at 1376-77 (“[P]etitioner continues to bear the burden of proving unpatentability after institution, and must do so by a preponderance of the evidence at trial.”); *ZUP, LLC v. Nash Mfg., Inc.*, 896 F.3d 1365, 1373-74 (Fed. Cir. 2018) (“While this burden of persuasion remains with the challenger, a patentee bears the burden of production with respect to evidence of secondary considerations of nonobviousness.”). There is no debate that the Board left with Lectrosonics the ultimate burden of proving unpatentability, including for the amended claims. 35 U.S.C. § 316(e).

2016); *ZUP*, 896 F.3d at 1373. Its arguments in this regard were wholly insufficient, however:

- Regarding industry praise, Zaxcom’s Motion to Amend has but a single, twenty-five-word sentence on this point. Appx466 (“The invention received industry praise and recognition including an Emmy award and a Technical Achievement Award from the Academy of Motion Picture Arts and Sciences.”). It failed to undertake even a basic explanation of its positions. There is no attempt to define the specifics of what is allegedly praised nor show how it mapped onto the amended claims (*see* Appx466)—requirements for even a routine “nexus” showing if, as here, “the patented invention is only a component of a commercially successful machine or process.” *Polaris*, 882 F.3d at 1072; *Demaco*, 851 F.2d at 1392. Zaxcom never attempted to define the specifics of what was allegedly praised or map it onto the amended claims. There is simply no analysis from which to credit objective indicia to specific features in the amended claim, such as dropout repair. Appx429-466. Lectrosonics specifically raised Zaxcom’s failure of evidence at the oral hearing:

The Patent Owner has not shown that the product embodies the claimed features. . . . The alleged product is also not coextensive with the claims, because it is part of an overall system that includes unclaimed features. . . . The Emmy Award itself says it is not for a single component, but for the system as a whole. And we list just some of the touted features in the literature for the

Emmy that have nothing to do with the claims . . . . [W]e see features here that the Patent Owner listed in its Patent Owner response as being praised with respect to its awards, but as we can see, the underlying features here are not claimed. . . . Accordingly, there's no nexus between the evidence of praise and the merits of the claimed invention, thus there can be no showing of industry praise that overcomes the obviousness in this case.

Appx765-766.

- Regarding long-felt need, similarly, just one conclusory sentence in its Motion to Amend: “There was a long felt need for a wearable, wireless device that could reliably capture sound data from actors recording a movie or television show and the invention recited in the substitute claims satisfied this need with a wireless, wearable, transmitter/recorder device that could replace audio segments that were not transmitted or received properly.” Appx466. There was no explanation for how this applied to the amended claims. *Id.* Moreover, Zaxcom did not establish that its assertion even met the legal requirements for long-felt need, which must be proven—it cannot be presumed. *In re Kahn*, 441 F.3d 977, 990-91 (Fed. Cir. 2006). Intervenor in fact concedes that “Zaxcom had not shown a precise date upon which the need arose,” which should have been dispositive as a matter of law. *See* Intervenor Br. 44. By finding no evidence of “the date when the problem to be solved was identified and efforts were made to solve the problem,” Zaxcom did not prove prima

facie nexus. Appx67; Appx143 (quoting *Tex. Instruments Inc. v. U.S. Int'l Trade Comm'n*, 988 F.2d 1165, 1178 (Fed. Cir. 1993)); *see also* Appx67; Appx143 (“Although Mr. Sarokin generally asserts that there was a long-felt need as of 2005, Patent Owner’s lack of further evidence regarding a specific date of the identified problem and efforts to solve the problem does not provide additional weight in favor of Patent Owner.”); *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1332-33 (Fed. Cir. 2009) (rejected because patent owner “provided no evidence to explain how long this need was felt, or when the problem first arose”). Without identifying a precise date upon which the need arose, reliance on debunked long-felt need evidence cannot support nonobviousness. *See* Intervenor Br. 44.

Tellingly, the Board expressly noted the paucity of analysis in the Zaxcom Motion to Amend. Appx62; Appx138 (“Patent Owner does not provide any more analysis in its Motion to Amend”). So the Board took it upon itself to cobble together whatever fragments it could to make the case. *See* Appx62-72; Appx138-148. Thus, no coherent argument on nexus was ever “advanced by a party,” and nothing concrete even emerged until the Final Written Decision. *In re Magnum Oil*, 829 F.3d at 1381. It is the *patentee* that must prove a nexus between secondary considerations evidence and the merits of the claimed invention, however. *Demaco*, 851 F.2d at 1392 (“The burden of proof as to this connection or nexus resides with the

patentee.”). Zaxcom failed to carry this burden. *Henny Penny*, 938 F.3d at 1332 (“To determine whether the patentee has met that burden, we consider the correspondence between the objective evidence and the claim scope.”).

Intervenor does not deny but simply dismisses Lectrosonics’s legitimate “complaint” made throughout these proceedings “that the material was not presented in the motion to amend.” Intervenor Br. 39. But that was a prejudicial defect, surprising Lectrosonics for the first time in the Final Written Decisions—Zaxcom had never demonstrated prima facie nexus and the Board had no way to fairly undertake that analysis or make the necessary findings on its own. *In re Magnum Oil*, 829 F.3d at 1381.<sup>6</sup> And Lectrosonics was not given sufficient warning. *See* Lectronics Br. 54-61.

Intervenor is incorrect that this was just a matter of “considering record arguments and evidence relevant to the proposed substitute claims,” expressly citing

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<sup>6</sup> Intervenor states that “[w]here two different conclusions may be warranted based on the evidence of record, the Board’s decision to favor one conclusion over the other is the type of decision that must be sustained by this court as supported by substantial evidence.” Intervenor Br. 21 (citation omitted). The issue is not whether the Board came to a “conclusion”—it is whether it actually provided notice, adequate explanation, and a reasoned basis for nexus to the amended claims. The Board must “base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.” *In re Magnum Oil*, 829 F.3d at 1381; *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015) (“an agency may not change theories in midstream without giving respondents reasonable notice of the change” (citation omitted)). It did not. *See* Lectronics Br. 54, 57-61.

*Aqua Products, Inc.* at 1325. Intervenor Br. 39-40 (“There was no error in the Board’s procedure here, where the Board considered properly presented record arguments and evidence on objective indicia of nonobviousness relevant to proposed substitute claims.”). The USPTO assumes for itself, without explanation, an unwarranted expansion of the Board’s authority post-*Aqua*. *See id.* This was not a matter of *denying* amendments based on the totality of record evidence, but rather standing in for the patentee and making new patentability arguments to justify patentability and *grant* amended claims where the Motion to Amend was destitute of such rationale. Appx62 (“Patent Owner does not provide any more analysis in its Motion to Amend”). This procedural error should lead to reversal. *See infra* n.6.

## **2. The Board Did Not Explain How It Found Alleged Nexus for the Amended Claims**

By not actually performing a comparison between the alleged secondary considerations and the amended claims, the Board failed to recognize the numerous ways that Zaxcom’s conclusory statements did not create a legally sufficient nexus. Appx466; Appx72. Most of Intervenor’s briefing on the amendments is a post hoc attempt to fill these gaps—it is the Board itself, however, that must set forth a sufficiently detailed explanation of its determinations to enable meaningful judicial review. *Pers. Web Techs., LLC v. Apple, Inc.*, 848 F.3d 987, 991-93 (Fed. Cir. 2017); *In re NuVasive, Inc.*, 842 F.3d 1376, 1382-83 (Fed. Cir. 2016).



“In particular, the Board (1) ‘must make the necessary findings and have an adequate evidentiary basis for its findings’ and (2) ‘must examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made.’” *Google Inc. v. Intellectual Ventures II LLC*, 701 F. App’x 946, 953 (Fed. Cir. 2017) (quoting *Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1043 (Fed. Cir. 2017)). Because the Board provided no such “affirmative narrative” to explain “*how* and *why* [it] reached its conclusion,” its failure should result in reversal. *Id.* at 954 (emphases in original) (citation omitted); *Mullins v. U.S. Dep’t of Energy*, 50 F.3d 990, 992 (Fed. Cir. 1995) (“[F]ailure to provide such an explanation is grounds for striking down the action.”).

First, among the most significant features praised in Zaxcom’s products was *digital wireless transmission* ability, an element not even in the claims, original or amended. Lectrosonics Br. 65-70; Appx4346; Appx4370; *see also supra* pp. i-iv. Try as it might, Zaxcom cannot tie this primary object of praise to the language of the claimed invention. Nor did the Board. Zaxcom—without citing Board-made findings—provides pages of attorney argument suggesting that this “was unnecessary, and would have been redundant, to affirmatively include the term ‘digital’ in the express language of the claims.” Zaxcom Resp. 38-40. This admits more than it clarifies. Without Board findings to this effect, it is merely Zaxcom’s unfounded speculation.

Second, as mentioned, the industry praise cited by Zaxcom encompassed at least *seven* other features also missing from the amended claims. Zaxcom does not deny this. *Id.* at 31-32 (citing Appx4370). Indeed, the EMMY received was expressly “[n]ot for a single component but for the system as a whole,” but praising numerous *unclaimed* features:

- “audio file format (MARF) that includes time code stamps to facilitate synchronization of the recorded audio with video as well as the conversion to Broadcast Wave Format (BWA V)”;
- “audio file protection in case of power failure or media removal using a unique file directory structure”;
- “a common time code signal as well as digital, low latency IFB (interrupted fold back) audio return signal”;
- “Full-range microphone audio capture (126dB) using dual precision A/D converters”;
- “Low latency digital compression and transmission (3.5mS)”;
- “Efficient, high quality digital compression to increase the number of wireless microphone channels available”; and
- “Wireless digital remote control of the wireless microphone transmitter including pre-amp gains.”

Appx4370. Although relying on the EMMY descriptions above, nowhere does the Board grapple with these overtly praised but *unclaimed* features or compare them to the invention as amended. Appx64-72; Appx140-148.

On the prevalence of unclaimed features, Intervenor must admit as an analytical matter that

[a]ccepting Zaxcom’s position that it suffices for nexus purposes that the claimed features simply relate to, or work with, an unclaimed feature underlying the secondary considerations evidence would undercut the purpose of the nexus requirement in the first instance—namely, to ensure that the evidence speaks to the claimed invention’s patentability.

Intervenor Br. 34-35. Praise for so many admittedly unclaimed features, well beyond anything in the amendments, dilutes “nexus.”

Yet Intervenor subsequently contradicts itself by recognizing a nexus when the evidence even loosely “*correlates* its praise to the dropout repair functionality reflected in the ‘replacing’ limitation.” *Id.* at 40 (emphasis added) (citing Appx64-65; Appx4348-4351; Appx540; Appx69). The Board watered down *In re Kao* to suggest all that is required is that “there . . . be a *nexus to some aspect* of the claim not already in the prior art.” Appx61; Appx115-116 (emphasis added) (quoting *In re Kao*, 639 F.3d 1057, 1068-69 (Fed. Cir. 2011)). This erred on the law and in its application here; the Board missed the main teaching of *In re Kao*: “Evidence of secondary considerations must be reasonably commensurate with the scope of the claims.” 639 F.3d at 1068; *Tokai Corp. v. Easton Enters., Inc.*, 632 F.3d 1358, 1369-70 (Fed. Cir. 2011) (to establish a nexus, the offered secondary consideration must actually result from what is both claimed and novel in the patent). As such, the Board did not properly address “the correspondence between the objective evidence and

the claim scope,” a necessary determination for nexus. *Fox Factory*, 944 F.3d at 1373 (citation omitted).

Third, neither Zaxcom nor Intervenor squarely addresses Lectrosonics’s assertions that

[t]he EMMY also does not discuss “replacing” or dropout repair. Instead, it only references “recording of microphone signal in the wireless transmitter to provide backup recording of the original microphone signal.” Appx4370. And the OSCAR does not even mention backup. Appx4345.

Lectrosonics Br. 72. These are critical claimed features. Intervenor chooses its words very carefully in rebuttal, stating only that “[t]he Board found that the evidence ‘*primarily* is directed toward the feature of fixing dropouts.’” Intervenor Br. 15 (emphasis added) (citing Appx34-35). For that proposition, however, the Board tellingly cites only to Appx4385 and Appx4370 (Emmy award entry describing how Zaxcom’s innovation “advances the state of the art” by, first, “allow[ing] for the elimination of lost audio due to wireless transmission problems”). *But this is merely self-promoting language taken from Zaxcom’s own application for the EMMY.* Appx34-35 (citing Appx4385; Appx4370). The Board itself did not explain why it credited this contest “entry” form (Appx4385) or the EMMY’s subsequent description (Appx4370) as evidence of industry praise specifically tied to dropout repair or “replacing,” i.e., the amended limitation. Appx34-35. It could not. The EMMY does not discuss “replacing” or dropout repair—instead, it only references

“recording of microphone signal in the wireless transmitter to provide backup recording of the original microphone signal.” Appx4370. And the OSCAR does not even mention backup. *Id.* at 72 (citing Appx4370; Appx4345). Nor does Zaxcom ever claim to have invented dropout repair. *Id.* at 11-12, 72-73.

And the Board had before it significant evidence that Mr. DeFilippis—Zaxcom’s expert *and* a member of the committee who granted the EMMY award—responded affirmatively when asked whether it was known before 2005 how to fix the dropout problem by replacing the lost portion of the audio with a backup copy. *Id.* at 13 (citing Appx1772-1776, 17:11-21:12). The Board did not address this admission when assessing the amended claims. Appx68-71; Appx144-147. Neither does Intervenor, recasting the EMMY as praise for “provid[ing] backup recording of the original microphone signal,” but downplaying that this is not the same thing as the *claimed* “dropout” repair of the amendments. Intervenor Br. 41 (alteration in original) (quoting Appx4370); Appx1772-1776.<sup>7</sup>

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<sup>7</sup> In fact, the only evidence from Mr. DeFilippis that the Board apparently deemed probative in assessing industry praise is a statement that by its terms is directed to only the *original* claims of the ’902 patent. Appx68-69 (“Mr. Sanders also received the Emmy award . . . for the Zaxcom, Inc. digital recording wireless products that embody the claimed invention of the ’902 patent.” (quoting Appx4597-4598, ¶ 90)). But this says nothing regarding the “replacing” limitation that came into being only after the award season of 2015-2016 and cannot be anachronistically used to support these specific amendments.

In sum, the Board’s Final Written Decisions never meaningfully tied its secondary considerations evidence to the amended claims by showing that the features were the same ones praised by industry or experiencing long-felt need. Appx64-65; Appx140-141.

### **III. In Conferring a Nexus Based on Improper Nexus Analysis, the Board Failed to Analyze All Relevant Evidence**

As Lectrosonics argued, the Board’s decision ignored material evidence proffered. Lectrosonics Br. 15. This abused discretion. *Pers. Web Techs.*, 848 F.3d at 991 (“[T]he factual components of the inquiry . . . ‘require[] examination of the “record as a whole, *taking into account evidence that both justifies and detracts from an agency’s decision.*”’” (emphasis added) (citation omitted); 5 U.S.C. § 706.

In a significant admission, for example, Zaxcom’s own witness, Mr. Wexler, recognized that forty-five years ago, it was known to both wirelessly transmit and locally record microphone audio using a mini recorder hooked up to the microphone and wireless transmitter. Lectrosonics Br. 15 (citing Appx1991-1992, 26:9-27:23 (“I was aware of the fact that there were people that had taken the SN recorder and used it in that manner.”)). Zaxcom now presents five reasons why omission of this admission was acceptable, its insistence demonstrating just how damaging the statement was.

First, Zaxcom claims that “Lectrosonics did not cite or use this testimony in any of its briefing before the Board. It is waived and forfeited.” Zaxcom Resp. 51;

*see id.* at 53 (“Lectrosonics’ cherished deposition answer is categorically forfeited for use in this appeal . . .”). This is demonstrably false—Lectrosonics raised this testimony in the proceedings below. Appx595 (Pet’r’s Reply); Appx619 (Pet’r’s Opp’n to Mot. to Amend). Zaxcom only makes Lectrosonics’s point when it further argues: “This is a court of error, not a Court for making factual findings . . . , especially on evidence never argued before the tribunal.” Zaxcom Resp. 51. Because this evidence *was* argued, it should have been considered by the Board.

Second, Zaxcom complains that “the line of questioning” eliciting the key admission from Mr. Wexler “abruptly ends with no clarification . . .” *Id.* His statement is clear, and, in any event, Zaxcom could have taken redirect testimony had it chosen to, like any deposition.

Third, Zaxcom argues that “Lectrosonics . . . has not provided one iota of corroborating evidence to prove this point.” *Id.* at 51-52. Again, incorrect—Lectrosonics provided as an exhibit Mr. Wexler’s own blog post as documentary evidence corroborating these very positions. Appx2020-2021. This, too, was ignored by the Board.

Fourth, Zaxcom argues that “the testimony is contradicted by other testimony of the same witness.” Zaxcom Resp. 51. Actually, the same witness confirmed repeatedly that the SN devices were, in fact, used back in 1975, but only equivocates as to how widespread. Appx1988-1989, 23:7-24:3 (“I’m sure it was used by

someone at some point, but I wouldn't know the circumstances."); Appx1987, 22:2-10 ("just a very, very, small portable recorder that was used"). Even Zaxcom must eventually concede that, "assuming *arguendo* that it was in usage at all, it was 'certainly not in general usage.'" Zaxcom Resp. 52 (quoting Appx1989, 24:1-2). That is just a question of degree, not contradicting actual use.

Lastly, Zaxcom creates a false distinction based on "digital recording," never raised before. *Id.* at 53. This red herring is not relevant to a secondary considerations analysis. The recording by the local audio device—digital or not—shows up in a single claim element, and the Board found this fully disclosed by Strub. Appx15; Appx98.<sup>8</sup> Since it was already in Strub, any industry praise for this feature does not benefit Zaxcom's nexus burden. *Tokai*, 632 F.3d at 1369-70 (secondary consideration must result from what is claimed and novel in the patent).

## CONCLUSION

The Court should on cross-appeal reverse the Board's grant of amended claims 21-26 of the '902 patent and claims 50-65 of the '814 patent.

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<sup>8</sup> Zaxcom has not disputed that finding on appeal.



October 22, 2021

Respectfully submitted,

*/s/Cory C. Bell*

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

**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS**

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Date: 10/22/2021

Signature: /s/ Cory C. Bell

Name: Cory C. Bell