

Nos. 2020-1921, -1922, -1943, -1944

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

ZAXCOM, INC.,

Appellant,

v.

LECTROSONICS, INC.,

Cross-Appellant,

v.

ANDREI IANCU, Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office,

Intervenor.

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

CORRECTED BRIEF FOR *AMICUS CURIAE* US INVENTOR, INC.
IN SUPPORT OF APPELLANT ZAXCOM, INC.

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December 31, 2020

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

CERTIFICATE OF INTEREST

Case Number 20-1921
Short Case Caption Zaxcom, Inc. v. Lectrosonics, Inc.
Filing Party/Entity US Inventor, 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: 12/31/2020

Signature: /s/ David P. Swenson

Name: David P. Swenson

<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><input 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>US Inventor, Inc.</p>	<p>US Inventor, Inc.</p>	<p>None.</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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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).

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None.		

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

None.		

TABLE OF CONTENTS

CERTIFICATE OF INTEREST i
TABLE OF CONTENTS..... ii
TABLE OF AUTHORITIES iii
STATEMENT OF AUTHORSHIP & FUNDING 1
IDENTITY & INTEREST OF *AMICUS CURIAE*..... 1
ARGUMENT 3
CONCLUSION 10
CERTIFICATE OF COMPLIANCE..... 12
PROOF OF SERVICE 13

TABLE OF AUTHORITIES

Cases

Apple, Inc. v. Samsung Electronics Co.
 839 F.3d 1034, 1053-55 (Fed. Cir. 2016) 7, 8, 9

Crocs, Inc. v. Int’l Trade Com’n
 598 F.3d 1294, 1310 (Fed. Cir. 2010).....5

Custom Accessories, Inc. v. Jeffrey-Allan Indus.
 807 F.2d 955, 960 (Fed. Cir. 1986).....5

Demaco Corp. v. F. Von Langsdorff Lic. Ltd.
 851 F.2d 1387, 1392-93 (Fed. Cir. 1988)7

Fox Factory, Inc. v. SRAM, LLC
 944 F.3d 1366 (Fed. Cir. 2019).....7, 11

Graham v. John Deere Co. of Kansas City
 383 U.S. 1, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966)9

Henny Penny Corp. v. Frymaster LLC
 938 F.3d 1324 (Fed. Cir. 2019).....8, 9

Hughes Tool Co. v. Dresser Indus., Inc.
 816 F.2d 1549, 1556 (Fed. Cir. 1987).....7

In re Caveney
 386 F.2d 917, 921-22 (C.C.P.A. 1967).....6

In re Felton
 484 F.2d 495, 501 (C.C.P.A. 1973)6

In re Thompson
 545 F.2d 1290, 1295 (C.C.P.A. 1976)6

Institut Pasteur v. Focarino
 738 F.3d 1337, 1346-47 (Fed. Cir. 2013) 6, 8, 9

Ormco Corp. v. Align Tech.
 463 F.3d 1299, 13126

Polaris Indus., Inc. v. Artic Cat, Inc.
 882 F.3d 1056, 1072 (Fed. Cir. 2018).....6

<i>Rambus Inc. v. Rea</i>	
731 F.3d 1248, 1257 (Fed. Cir. 2013).....	6, 8, 9
<i>Stratoflex, Inc. v. Aeroquip Corp.</i>	
713 F.3d 1530, 1538 (Fed. Cir. 1983).....	5, 8
<i>WBIB, LLC. V. Kohler Co.</i>	
829 F.3d 1317, 1330 (Fed. Cir. 2016).....	8, 9
Other Authorities	
Oscars.Org.....	3
U.S. Const. art. 1, § 8, cl. 8.....	2
Rules	
Fed. R. App. P. 29(a)(4)(e)	1

STATEMENT OF AUTHORSHIP & FUNDING

Pursuant to Federal Rule of Appellate Procedure 29(a)(4)(e), *Amicus Curiae* US Inventor, Inc. states that no party or its counsel authored this brief in whole or part; no party or its counsel contributed money intended to fund preparing or submitting the brief; and, no person other than *Amicus*, its members or counsel contributed money intended to fund preparing or submitting this brief.

IDENTITY & INTEREST OF *AMICUS CURIAE*

US Inventor is an inventor-led and inventor-funded non-profit advocacy organization. We represent more than 10,000 independent inventors along with the small businesses they founded, own, and operate. We seek to educate lawmakers, agencies, and courts on matters that affect our members, and participate as permitted in shaping and reforming those policies.

We are neither lawyers nor lobbyists, merely inventors who were shocked and harmed by unintended consequences of policies from the past and desire a better environment so that the next generation of inventors can flourish and help society. Our directors and volunteers would prefer to be tinkering in our garages or launching new products, but we came to recognize that policymakers and courts benefit from our experiences and viewpoints as they make and apply patent law.

US Inventor was founded to support the innovation efforts of the “little guy” inventors, seeking reliable patent rights for developing our inventions, bringing

those inventions to a point where they can be commercialized, creating jobs and industries, and promoting continued innovation. In short, we are proponents of “securing for limited times to ... inventors the exclusive right to their ... discoveries” in order to “promote the progress of Science and Useful arts”. U.S. Const. art. 1, § 8, cl. 8. Our broad experience with the patent system, new technologies, and creating companies, gives us a unique perspective on the important issues presented in this appeal.

Appellant Zaxcom, Inc. and Intervenor Iancu consented to the filing of this brief. Cross-Appellant Lectrosonics, Inc. declined to grant its consent.

ARGUMENT

Although these consolidated appeals appear also to present legitimate questions about the Patent Trial and Appeal Board's constructions of the claims of Patent Owner Zaxcom, Inc.'s U.S. Patents Nos. 7,929,902 and 8,385,814, what is extraordinary and most concerning about these Board decisions is how they further chip away at inventors' ability to defend the validity of their claims in the inter partes review process against obviousness challenges. Here, the Board misreads decades of precedent regarding industry praise to rebuttal effectively strike from law the presumption of a nexus between the industry praise and the scope of the claimed subject matter.

Shockingly, the disregarded industry praise at issue in these appeals for the claimed wireless recording system with wearable audio devices comes from the highest imaginable sources in the relevant industry. Zaxcom's commercial product won both an Engineering Emmy in 2016 and a Technical Achievement Award Oscar in 2017. The Oscar citation still accessible at Oscars.org reads as follows:

To **Glenn Sanders** and **Howard Stark** for the design and engineering of the Zaxcom Digital Wireless Microphone System.

The Zaxcom system has advanced 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.¹

¹ <https://www.oscars.org/news/18-scientific-and-technical-achievements-be-honored-academy-awards-0>

The public record of this high praise quite explicitly addresses the product as a whole, and is not limited to the feature of fixing dropouts. Zaxcom backed up this public record with additional evidence and the testimony of multiple witnesses, including one directly involved in the deliberations leading to one of the awards. The motion picture industry's effort to effectively record sound synchronized with film dates back to the late 1800s, including contributions from no less than Thomas Edison.² Recognition of Zaxcom's advancement of this art by the top-level awards of the industry itself strongly suggests the claimed invention was not obvious. Unless the PTAB Precedential holding on nexus is reversed, it is unlikely that any inventor will be able to rely on this Court's law on industry praise to defend their patent at the PTAB.

It is impossible to reconcile this record and the objective evidence of what was praised with the Board's decisions. The Board inexplicably narrowed its view of the evidentiary record in order to deny even a presumption of nexus:

We determine that Patent Owner has not demonstrated a nexus exists between the evidence presented and the merits of the claimed invention because the evidence is directed to features that are not required by the claims. We determine that the evidence submitted by Patent Owner is primarily directed towards the feature of fixing dropouts. However, the feature of repairing dropouts by replacing data

² See generally <https://www.oscars.org/news/18-scientific-and-technical-achievements-be-honored-academy-awards-0>

is not required by claims 7, 8, and 11, which instead are directed to locally recording and timestamping audio data.³

Amazingly, the Oscar citation literally refers to the two specific elements (“local recording capability” and “time-code distribution”) that the Board cites as key elements of claims 7, 8, and 11. The point at this stage is not that Zaxcom wins on obviousness. This analysis merely goes to the first step of whether or not Zaxcom is entitled to a rebuttable presumption that a nexus exists between the industry praise and its claimed invention.

Going back to its inception, this Court has stressed that “[i]t is jurisprudentially inappropriate to disregard any relevant evidence in any case, patent cases included. Thus evidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.”⁴ As routinely quoted, the *Stratoflex* decision went on to point out that “evidence of secondary considerations may often be the most probative and cogent evidence in the record.”⁵ It “enables the [adjudicator] to avert the trap of hindsight.”⁶ In the process, while “objective indicia of non-obviousness

³ Appx34 (citations omitted).

⁴ *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.3d 1530, 1538 (Fed. Cir. 1983) (citing cases including from the Court of Customs and Patent Appeals dating back to 1973).

⁵ *Id.*

⁶ *Crocs, Inc. v. Int’l Trade Com’n*, 598 F.3d 1294, 1310 (Fed. Cir. 2010), quoting *Custom Accessories, Inc. v. Jeffrey-Allan Indus.*, 807 F.2d 955, 960 (Fed. Cir. 1986).

must be tied to the novel elements of the claims at issue,” they “need only be reasonably commensurate with the scope of the claims.”⁷

Precedent focuses primarily on a few ways in which commercial objective indicia of non-obviousness analogous to this appeal fall short of the “reasonably commensurate” threshold. The first involves scenarios where the alleged success of the invention is attributable to features found in the prior art—which traces back at least to Judge Rich’s 1967 opinion from *In re Caveney*.⁸ Even then, “objective evidence of non-obviousness lacks a nexus if it *exclusively relates to* a feature that was ‘known in the prior art.’”⁹ But no argument appears here that the industry praise relied upon is tied to a feature in the prior art or patented by someone else.¹⁰

A more common basis for refusing to presume or ultimately find a nexus between the successful or praised product and the claims arises when “the patented invention is only a component of a commercially successful machine or product.”¹¹

⁷ *Institut Pasteur v. Focarino*, 738 F.3d 1337, 1346-47 (Fed. Cir. 2013), quoting *Rambus Inc. v. Rea*, 731 F.3d 1248, 1257 (Fed. Cir. 2013).

⁸ See 386 F.2d 917, 921-22 (C.C.P.A. 1967).

⁹ *Rambus*, 731 F.3d at 1257, quoting *Ormco Corp. v. Align Tech.*, 463 F.3d 1299, 1312 (Fed. Cir. 2006) (emphasis added).

¹⁰ Another successful argument against nexus has been that the success of the product was attributable to advertising, see, e.g., *In re Thompson*, 545 F.2d 1290, 1295 (C.C.P.A. 1976); *In re Felton*, 484 F.2d 495, 501 (C.C.P.A. 1973), or to “improvements to marketing,” see *Polaris Indus., Inc. v. Artic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018).

¹¹ *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366 (Fed. Cir. 2019); see also *Polaris*, 882 F.3d at 1072 (repeating the “only a component” exception to finding nexus).

The *Fox Factory* decision relied upon by the Board warns of an absurd outcome where claims to “brake pads” could be seen as entitled to a nexus presumption based on “commercial success or praise of the automobiles” that include the claimed brake pads.¹² Even so, *Fox Factory*, however, seems to miss the point of this Court’s *Demaco* decision on which it purports to rely. *Demaco* did not hold that nexus is precluded when only a component of a larger product is claimed but a larger product is sold. Rather, this Court elaborated that the patentee must show a “legal sufficient relationship between that which is patented and that which is sold.”¹³ Indeed, *Demaco* in turn discusses *Hughes Tool*, which did find a nexus between a multi-component bit for use in oil and gas drilling and successful commercial products, even though it was one particular feature, “the minimum 10% squeeze” in compressing an O-ring, that was copied in the products sold.¹⁴

More recently, this Court *en banc* in *Apple, Inc. v. Samsung Electronics Co.*, addressing one of Apple’s patents-in-suit (the ’721 Patent) held that industry praise for Apple’s claimed “slide to unlock feature” in an iPhone was sufficiently linked to the commercial product, although it is indisputably only one feature amongst

¹² *See id.* at 1376-77.

¹³ *Demaco Corp. v. F. Von Langsdorff Lic. Ltd.*, 851 F.2d 1387, 1392-93 (Fed. Cir. 1988).

¹⁴ *See id.*; *see Hughes Tool Co. v. Dresser Indus., Inc.*, 816 F.2d 1549, 1556 (Fed. Cir. 1987).

many in a complex device.¹⁵ The decision relies on *Stratoflex* and *Intitut Pasteur*.¹⁶ This is consistent with numerous opinions of the Court, before and after *Apple*, reminding us that, above all, “the obviousness inquiry centers on whether the claimed invention as a whole would have been obvious.”¹⁷

In 2019, this Court tied together most of the above, and similar issues found in the present appeals, in *Henny Penny Corp. v. Frymaster LLC*.¹⁸ Much like Zaxcom, Frymaster won two industry awards in 2015 and 2016 for its system to measure total polar materials (TPMs) in a deep fryer to monitor the freshness of the oil.¹⁹ Frymaster fended off an obviousness challenge, in part based on this industry praise and its nexus to the claimed invention.²⁰ As Zaxcom’s opening brief in this appeal points out, the Court at one point in *Henny Penny* set forth the standard for a presumption of nexus as whether the objective evidence of non-obviousness “is co-extensive with [the claimed features].”²¹ In actually applying this standard to affirm the presumption of nexus here, though, the Court relied on

¹⁵ See 839 F.3d 1034, 1053-55 (Fed. Cir. 2016) (en banc) (“This record overall contains substantial evidence of a nexus between the slide to unlock feature and the iPhone’s commercial success . . .”).

¹⁶ See *id.* at 1053.

¹⁷ *WBIB, LLC. V. Kohler Co.*, 829 F.3d 1317, 1330 (Fed. Cir. 2016), quoting *Rambus*, 731 F.3d at 1257.

¹⁸ See 938 F.3d 1324 (Fed. Cir. 2019).

¹⁹ See *id.* at 1332-34.

²⁰ See *id.*

²¹ *Id.* at 1332.

the familiar “commensurate in scope” articulation of the test from *Institut Pasteur* and *Rambus*, discussed above at page 6.²² More importantly, the Court emphasized “that the evidence of praise was generally directed to the claimed invention as a whole,” reiterating the foundational requirement of any obviousness analysis under *Graham v. Deere*.²³ In particular, “the industry praise is probative of nonobviousness even if it was not precisely limited to the point of novelty of the claimed invention.”²⁴

There is no plausible way to read this precedent, as well as to consider the praise evidence consisting of and surrounding the receipt of both an Engineering Emmy and a Technical Achievement Award Oscar to the Zaxcom product that embodies the claimed invention as a whole, and then to arrive at a different result than in *Henny Penny* and in *Apple*, or before that in *Demaco*. Oddly, the Board cites the admonition from *WBIB* that “A patent owner may show, for example, “that it is the claimed combination as a whole that serves as the nexus for the objective evidence; proof of nexus is not limited to only when objective evidence is tied to the supposedly ‘new’ feature(s).”²⁵ Yet the Board immediately gives short shrift to all of this, and instead wrongly characterizes all of the evidence as solely

²² *Id.* at 1333.

²³ *See, e.g., WBIB*, 829 F.3d at 1330, quoting *Rambus*, 731 F.3d at 1257

²⁴ *Henny Penny*, 938 F.3d at 1333-34.

²⁵ Appx33; Appx116.

directed to the feature of fixing dropouts. Even so, the Board recognizes up front in the '902 Patent decision that this ability to fix dropouts is a benefit of other claimed elements such as the local audio recording and timecodes, within the scope of the invention as a whole, which allows for replacement of lost audio data.²⁶

It is difficult to imagine inventors achieving greater validation for their invention than occurred here. More so than simple commercial success, which as the case law warns 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, to be recognized in this fashion is the very antithesis of obviousness. Letting the Board raise the bar on the presumption of nexus this way for Zaxcom will inevitably preclude countless less-heralded patentholders from presenting “often . . . the most probative and cogent evidence” they can muster in defense of their claims in an obviousness challenge. This Court should not allow these Board decisions to stand to the detriment of patentholders.

CONCLUSION

The Board decisions in these appeals, if affirmed with respect to the “industry praise” issue, threaten to narrow further the hole in the needle that

²⁶ See Appx9

patentholders must thread to preserve the validity of their claims through an expensive administrative process that is widely viewed as already unfavorable to inventors. On this particular point, the Board did not dive deeply enough into this Court's robust precedent on the issue, and it misread the applicability and significance of the recent *Fox Factory* decision. *Amicus* US Inventor, Inc. and its member inventors urge this Court to take closer look at the praise for Zaxcom's claimed invention and conclude that, at the very least, it must rise to the level under this precedent to trigger a rebuttable presumption of nexus.

Respectfully submitted,

December 31, 2020

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CERTIFICATE OF COMPLIANCE

This brief complies with the word count limitation of Fed. Cir. R. 35(g), and contains 2,409 words, exclusive of the portions exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b).

This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed R. App. P. 32(a)(6) because this brief has been prepared in a proportionally-spaced typeface using Microsoft Word 2010 in 14-point Times New Roman type.

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PROOF OF SERVICE

I hereby certify that on this 31st day of December 2020 I caused copies of the foregoing CORRECTED BRIEF OF *AMICUS CURIAE* US INVENTOR, INC. IN SUPPORT OF BRIEF OF APPELLANT ZAXCOM, INC. to be served by electronic means via the Court's CM/ECF system on all counsel registered to receive electronic notices.

December 31, 2020

/s/ David P. Swenson

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