

Nos. 2020-1921, -1943, -1944

**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.

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

**BRIEF OF *AMICUS CURIAE* HON. PAUL R. MICHEL (RET.)
IN SUPPORT OF PETITION FOR REHEARING EN BANC**

Matthew J. Dowd
Dowd Scheffel PLLC
1717 Pennsylvania Ave., NW
Suite 1025
Washington, D.C. 20006
(202) 559-9175
mdowd@dowdscheffel.com

CERTIFICATE OF INTEREST

Counsel for Amicus Curiae Hon. Paul R. Michel (ret.) states the following:

1. **Represented Entities.** Provide the full names of all entities represented by undersigned counsel in this case. Fed. Cir. R. 47.4(a)(1).

Honorable Paul R. Michel (ret.)

2. **Real Party in Interest.** 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. Fed. Cir. R. 47.4(a)(2).

N/A

3. **Parent Corporations and Stockholders.** 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. Fed. Cir. R. 47.4(a)(3).

None.

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).

Dowd Scheffel PLLC: Matthew J. Dowd

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.

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.

I certify the preceding information is accurate and complete to the best of my knowledge.

Date: March 31 2022

/s/ Matthew J. Dowd

Signature of counsel

Matthew J. Dowd

Counsel for Appellant

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INTEREST OF *AMICUS CURIAE*¹

Amicus Curiae Paul R. Michel is a former U.S. Circuit Judge of the U.S. Court of Appeals for the Federal Circuit, appointed in 1988 and serving until his retirement as Chief Judge in 2010. Since his retirement, Judge Michel has actively advocated in support of the U.S. innovation environment, working to advance policy perspectives that strengthen U.S. patent law's innovation-promoting goals. Judge Michel submits this amicus brief to assist the Court's consideration of the petition for rehearing en banc, which raises an important issue concerning the presumption of nexus in the context of objective indicia of non-obviousness.

ARGUMENT

The Court's decision here, as well as in several other recent cases, has created unintentional confusion and conflict in this Court's obviousness jurisprudence. What started as a relatively straightforward evidentiary presumption to facilitate the obviousness analysis under 35 U.S.C. § 103 has now morphed into a complex analysis "requir[ing] the fact

¹ This brief was not authored in whole or in part by any party's counsel; no person or entity other than *Amicus* financially contributed to its preparation or submission; and *Amicus* has no stake in the parties or case outcome. All parties have consented to or not opposed the brief's filing.

finder to consider the unclaimed features of the stated products *to determine their level of significance* and their impact on the correspondence between the claim and the products.” *Teva Pharms. Int’l GmbH v. Eli Lilly & Co.*, 8 F.4th 1349, 1362 (Fed. Cir. 2021) (emphasis added) (citing *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1375 (Fed. Cir. 2019)).

In addition to the new “level of significance” factor, recent cases have imposed an “essentially claimed” factor in the presumption analysis. *See, e.g., Quanergy Sys., Inc. v. Velodyne Lidar USA, Inc.*, 24 F.4th 1406, 1418 (Fed. Cir. 2022) (stating that the presumption-of-nexus analysis “requires the patentee to demonstrate that ‘the product is *essentially* the claimed invention” (quoting *Teva Pharms.*, 8 F.4th at 1361) (emphasis added)).

These new “requirements” of the presumption-of-nexus analysis conflict with this Court’s precedent. As explained below, a presumption of nexus is used to allocate the initial burden to produce evidence of a nexus between the claimed invention and the objective indicia of non-obviousness. *See, e.g., Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392–94 (Fed. Cir. 1988) (explaining the presumption vis-à-vis *prima facie* nexus and the burden of production).

The rebuttable presumption of nexus should generally apply if the commercial product at issue is an embodiment of the claimed invention. The new “requirements,” however, depart far from the correct analysis. Instead, the new “requirements” insert fuzzy factors that unnecessarily complicate what should be a simple application of the rebuttable presumption for allocating the initial burden of producing evidence.

I. A Rebuttable Presumption Of Nexus Should Apply When The Product Is An Embodiment Of The Claimed Invention

First, this Court’s precedents have long settled how a patentee obtains a presumption of a nexus between the proffered objective evidence of non-obviousness and the claim at issue. “A prima facie case of nexus is generally made out when the patentee shows both that there is commercial success, and that the thing (product or method) that is commercially successful is the invention disclosed and claimed in the patent.” *E.g., Demaco*, 851 F.2d at 1392–93.

On the second prong of assessment, the presumption generally applies when (1) the “proffered objective evidence relates to” a specific product, and (2) the product is an “embodiment[] of the invention as claimed in the asserted claims.” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1329

(Fed. Cir. 2016); accord *J.T. Eaton & Co. v. Atl. Paste & Glue Co.*, 106 F.3d 1563, 1571 (Fed. Cir. 1997) (same); *Demaco*, 851 F.2d at 1392–93.

The rebuttable presumption should thus apply once the patent owner establishes that the objective-indicia evidence relates to a commercial embodiment falling within the scope of the asserted claims. Keeping the rebuttable presumption analysis as straightforward as possible is consistent with this Court’s law, which has explained that “[a] patentee is not required to prove as part of its prima facie case that the commercial success of the patented invention is not due to factors other than the patented invention.” *Demaco*, 851 F.2d at 1394.

A. Specific Cases Have Followed the Embodiment Approach

This Court has routinely applied the embodiment approach when determining whether the rebuttable presumption has been applied.

One clear example is *WBIP*. There, the patent owner “presented evidence that specific products (i.e., Weserbeke’s Safe-CO gen-sets and Kohler’s accused products) are embodiments of the invention as claimed in the asserted claims.” 829 F.3d at 1329. The Court concluded that the “embodiment” finding was sufficient to apply the rebuttable presumption

and then proceeded to the weight of all evidence. *Id.* at 1330 (“This showing—that the specific products are *embodiments* of the claimed invention and that the proffered objective evidence relates to these products—is *sufficient* to establish the presumption of nexus for the objective consideration at issue in this case.” (emphasis added)).

The Court similarly applied a straightforward application of the presumption-of-nexus analysis in *Ormco Corp. v. Align Technology, Inc.*, 463 F.3d 1299 (Fed. Cir. 2006). There, the invention related to the Invisalign product for straightening teeth. *Id.* at 1302. Numerous claims of varying scope were asserted, including system and method claims. *Id.* at 1302–04. In assessing the evidence of secondary considerations, the Court first concluded that the commercial Invisalign product was an embodiment of the various asserted claims and then proceeded to assess the evidence presented to rebut the presumption. *Id.* at 1312 (concluding that “the evidence clearly rebuts the presumption that Invisalign’s success was due to the claimed and novel features”).

In concluding that the presumption was overcome, the Court noted that the patent owner’s own testing showed that “commercial success was due to unclaimed or non-novel features of the device.” *Id.* The Court had

accepted the presumption once it was shown that the commercial product was a claim embodiment. *Id.* It then considered the objective-indicia evidence as a whole—staying true to the embodiment rule applied in other precedents. *E.g., Ecolochem, Inc. v. S. Cal. Edison Co.*, 227 F.3d 1361, 1378 (Fed. Cir. 2000) (applying presumption even though commercial embodiment had unclaimed mobility feature); *Brown & Williamson Tobacco Corp. v. Philip Morris, Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000) (holding that “a nexus should be presumed because the Capri encompasses the claimed features”).

B. Unclaimed Features in the Commercial Embodiment Do Not Preclude the Rebuttable Presumption of Nexus

Another accepted tenet—and consistent with the Court’s embodiment approach—is that the nexus-presumption generally applies “even when the product has additional, unclaimed features.” *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 747 (Fed. Cir. 2016). Thus, if the commercial embodiment has one or more features that are not expressly set forth as claim limitations, the initial rebuttable presumption should still apply. But the patent challenger could of course overcome the rebuttable presumption, in part by establishing that the

objective evidence of non-obviousness is attributable to those unclaimed features.

PPC Broadband illustrates this tenet well. There, the Court applied the presumption because the commercial products (“the Signal-Tight connectors”) were embodiments of “the invention disclosed and claimed in the patent.” 815 F.3d at 747. The Court expressly stated that the presumption applies “even when the product has additional, unclaimed features.” *Id.* Other cases have applied the rebuttable presumption in the same manner. *See, e.g., Ecolochem*, 227 F.3d at 1378 (applying nexus-presumption when embodiment had unclaimed mobility feature); *J.T. Eaton*, 106 F.3d at 1571 (presumption applicable even when product has additional, unclaimed features).

Properly read, *Demaco* and its progeny at most say what the patent law routinely says in this circumstance, namely, that the claim covers an embodiment so long as it has the elements recited by the claim at issue. Stated differently, if the commercial product practices the claim, the presumption generally applies. *See also Apple Inc. v. Samsung Elecs. Co.*,

839 F.3d 1034, 1055 (Fed. Cir. 2016) (en banc) (noting that Apple’s expert “testified that the iPhone practiced the asserted claims”).²

II. *Fox Factory* And Other Recent Cases Have Created Further Conflict And Confusion

In conflict with the established embodiment test, more recent cases have complicated the nexus-presumption analysis and imposed stricter requirements. Most notable is *Fox Factory*, but it is not alone. *E.g.*, *Teva Pharms.*, 8 F.4th at 1362. These cases have attached unnecessary confusion and complexity to what should be a simple application of a presumption that can later be rebutted with additional evidence.

First, the Court’s newer cases now “require the fact finder to consider the unclaimed features of the stated products *to determine their level of significance* and their impact on the correspondence between the claim and the products.” *Id.* (emphasis added). There, the panel relied expressly on *Fox Factory*. The problem with this new requirement, of course, is what is meant by “their level of significance.” This new, fuzzy

² As noted below, two limited exceptions to the embodiment rule can apply. But those two limited exceptions do not justify *Fox Factory*’s new expansive “requirements.” Nor do they support *Fox Factory*’s expansive reading of *Demaco*. See 994 F.3d at 1376–77.

factor adds a level of complexity unsupported in the case law and inconsistent with the application of a straightforward rebuttable presumption.

Cf. Demaco, 851 F.2d at 1392.

Fox Factory's new "insignificance" requirement opens the formerly straightforward presumption analysis to a host of considerations. How does a factfinder assess whether "the unclaimed features amount to nothing more than additional insignificant features"? *Fox Factory*, 944 F.3d at 1374.

Depending on the circumstances, the new "insignificant features" test might involve assessing the technical significance of a patent's particular claim elements. It would become a case within a case. In addition to assessing infringement of the accused products, the factfinder now must conduct a technical analysis of whether the patent owner's commercial embodiment has "additional insignificant features." *Fox Factory* itself illustrates the expansive analysis now required to assess the "insignificant features" requirement. *See id.* at 1374–78.

This complex approach goes far beyond the generally applicable embodiment rule, and it far exceeds anything *Demaco* contemplated or requires. Under this Court's 30-year-plus case law, a patentee generally

triggers the nexus-presumption upon meeting the two-part test recited above. *E.g.*, *Demaco*, 851 F.2d at 1393–94. The accused infringer may then rebut the presumption by showing that unclaimed features or factors, such as marketing, contributed to, *e.g.*, the claimed product’s commercial success, industry praise, or other objective indicia of non-obviousness. *Id.*

Second, *Fox Factory* imposed the requirement that the embodiment relating to the objective evidence must be “essentially” identical to the invention recited in the claim-at-issue. *See* 944 F.3d at 1374–75; *id.* at 1377. While the new “essentially” requirement may appear to have roots in cases discussing a commercial product’s co-extensiveness with the asserted claims, *e.g.*, *Brown & Williamson*, 229 F.3d at 1130, the “essentially” analysis raises the bar and injects uncertainty and vagueness. *Cf. Quanergy*, 24 F.4th at 1419 (discussing “critical unclaimed features” as part of the presumption analysis).

Part of the confusion relates to *Fox Factory*’s ratcheting up of the nexus-presumption through a misreading of *Demaco*. Specifically, it thrice emphasized *Demaco*’s phrase that, for the presumption to apply,

the patentee must show that the relevant “product ‘is the invention disclosed and claimed.’” *Fox Factory*, 944 F.3d at 1373–74, 1377 (quoting *Demaco*, 851 F.2d at 1392) (emphasis in original). But that terse *Demaco* phrase cannot mandate that, for the presumption to apply, the product and claim cannot have any differences, let alone any additional, unclaimed features.

The phrase “product is the invention disclosed and claimed” cannot mean that the commercial product is exactly what is claimed (and nothing more or less). If that were the meaning, the presumption would rarely, if ever, apply—and only when the product is exactly what is claimed. Such a reading is unsupported by the purpose of the presumption and the cases applying the embodiment rule. *See supra*.

Further, the use of “is,” “coextensive,” and related phrasing from *Demaco* and other cases has to be understood in the context of two limited exceptions to the general embodiment rule. One is the small-component exception, noted in *WBIP*. The other is the “overly broad claim” exception, which appears to defeat a presumption when the claim is so much

broader than the commercial embodiment. Except for these “limited” exceptions, the presumption of nexus should apply when the product falls within the claim scope and is thus a claim embodiment.

Fox Factory goes astray because it turns the rule into a flexible, nebulous analysis “along a spectrum.” 944 F.3d at 1374. Nothing in *Demaco* suggested that the nexus-presumption analysis should be a poorly defined, complex analysis stretched across a spectrum. Nor is this new “spectrum” approach consistent with the cases discussed above.

In imposing these new and additional burdens on the patentee, *Fox Factory* contradicts this Court’s nexus-presumption precedents. *See, e.g., WBIP*, 829 F.3d at 1329–31; *J.T. Eaton*, 106 F.3d at 1571. For these reasons, *Amicus* respectfully disagrees with the Court’s attempt to reconcile the *Fox Factory* analysis with *Demaco*’s application of the presumption. *See* 944 F.3d at 1377; *see also Teva Pharms.*, 8 F.4th at 1360 (noting that *Fox Factory* “attempted to summarize the current state of the law”).

III. The Full Court Should Grant The Petition To Restore The Rebuttable Presumption Of Nexus To Its Correct Role

As a procedural tool for shifting the initial burden of production, the nexus-presumption analysis should be straightforward—and not unduly complicated with abstract factors such as “essentially” and the “insignificant features” requirement. By now incorporating these looser considerations, however, *Fox Factory* and similar cases will create disputes within disputes. The full Court should grant the petition, clarify the law, and establish the embodiment rule (with the limited exceptions) as the correct approach.

A significant problem with the new status quo is that it unfairly shifts the burden to the patent owner. By incorporating an “insignificant features” component to the presumption test, the Court now moves the burden of production to the patentee. This new approach conflicts with *Demaco*, which recognized this very problem. 851 F.2d at 1394 (“A requirement for proof of the negative of all imaginable contributing factors would be unfairly burdensome, and contrary to the ordinary rules of evidence.”). In short, imposing proof requirements on the patentee erroneously morphs the two-part embodiment test for a rebuttable presumption

into a complex assessment of the technical merits of the claims and commercial products. *E.g.*, *WBIP*, 829 F.3d at 1329–31.

Finally, the present case is a proper vehicle with which to reestablish the correct embodiment test (with limited exceptions). The co-inventors received an Emmy Award and an Oscar Award for Zaxcom’s digital recording wireless products. Pet. 4, 5. Zaxcom’s expert witness testified that the Emmy was for the digital wireless products embodying the claimed invention. *Id.* at 4. Although the award-winning product includes unclaimed features, the industry praise for the commercial embodiment was the type of evidence “sufficient to establish the presumption of nexus for the objective considerations,” *WBIP*, 829 F.3d at 1330—at least before *Fox Factory*.

CONCLUSION

For the foregoing reasons, *Amicus Curiae* retired Circuit Judge Michel respectfully requests that the Court grant the petition for rehearing en banc.

Date: March 31, 2022

Respectfully submitted,

/s/ Matthew J. Dowd
Matthew J. Dowd
Dowd Scheffel PLLC
1717 Pennsylvania Avenue, NW
Suite 1025
Washington, D.C. 20006
(202) 559-9175
mdowd@dowdscheffel.com

Counsel for Amicus Curiae

**UNITED STATES COURT OF APPEALS
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CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

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