

Nos. 20-1350, -1405

IN THE
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ZAXCOM, INC.,
Appellant

v.

LECTROSONICS, INC.,
Cross-Appellant

v.

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

Appeals from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in No. IPR2018-00972.

**LECTROSONICS, INC.'S COMBINED PETITION FOR
PANEL REHEARING AND REHEARING EN BANC**

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

CERTIFICATE OF INTEREST

Case Number 2020-1350, -1419

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: April 4, 2022

Signature: /s/ Cory C. Bell

Name: Cory C. Bell

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

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Deborah Peacock	Peacock Law P.C.	
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).

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Zaxcom, Inc. v. Lectrosonics, Inc.	No. 1-19-cv-00109 (D.N.M.)	

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None/Not Applicable Additional pages attached

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STATEMENT OF COUNSEL

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of this Court: *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1325 (Fed. Cir. 2017) (en banc); *Nike, Inc. v. Adidas AG*, 955 F.3d 45, 51 (Fed. Cir. 2020); *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366 (Fed. Cir. 2019); *In re Magnum Oil Tools Int'l, Ltd.*, 829 F.3d 1364 (Fed. Cir. 2016); *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1332-33 (Fed. Cir. 2009).

Based on my professional judgment, I believe this appeal requires an answer to this precedent-setting question of exceptional importance:

Whether the Board may make its own arguments based on the entirety of the record in order to find substitute claims patentable and grant a motion to amend, even when the material was not presented in the motion to amend and the opposing party was not given a chance to respond.

/s/ Cory C. Bell
Cory C. Bell
Attorney for Cross-Appellant

POINTS OVERLOOKED OR MISAPPREHENDED BY THE PANEL

While *Aqua* and its progeny hold that the Board may rely on the entire record to find proposed amendments *unpatentable*, the opposite occurred in these cases—the USPTO has asserted the ability of the Board to make its own arguments in order to find Zaxcom’s substitute claims *patentable*. D.I. 55 (Intervenor Br. (20-1921)) at

39-40. Lectrosonics signaled this matter of first impression to the Federal Circuit panel, stating:

The USPTO assumes for itself, without explanation, an unwarranted expansion of the Board’s authority post-*Aqua*. 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 arguments to justify patentability and **grant[ing]** amended claims where the Motion to Amend was destitute of such rationale.

D.I. 65 (Lectrosonics Grey Br. (20-1921)) at 20 (citation omitted); *see also* D.I. 50 (Lectrosonics Blue Br. (20-1921)) at 58-59; D.I. 35 (Lectrosonics Blue Br. (20-1350)) at 2-3; D.I. 46 (Lectrosonics Grey Br. (20-1350)) at 2, 11-12.

The Board noted the lack of Zaxcom’s arguments to support “nexus” of secondary considerations in the Motions to Amend. Appx62 (20-1921) (stating that Zaxcom “does not provide any more analysis in its Motion to Amend”); Appx138 (20-1921) (same); Appx52 (20-1350) (same). But rather than deny the facially deficient motions, the Board *sua sponte* fashioned various nexus arguments for Zaxcom based on the “totality of the evidence.” *See* Appx62-72 (20-1921); Appx138-148 (20-1921) (same); Appx52-63 (20-1350) (same).

According to Intervenor, there was nothing improper about the Board making its own arguments from any evidence it deemed “relevant,” even while conceding that “the material was not presented in the motion to amend.” *See* D.I. 55 (Intervenor Br. (20-1921)) at 39-40; D.I. 39 (Intervenor Br. (20-1350)) at 32-33. This, however,

runs afoul the requirement that the Board “base its decision on arguments that were advanced by a party, and to which the opposing party was given a chance to respond.” *Magnum Oil*, 829 F.3d at 1381; *see* D.I. 50 (20-1921) at 58-61; D.I. 46 (20-1350) at 12.

Moreover, the Board’s erroneous approach in granting these amendments occurred in a Final Written Decision now designated “precedential” by the Board, so its overreach in this case is highly visible and consequential. *See* D.I. 50 (20-1921) at 60 (referring to *Lectrosonics, Inc. v. Zaxcom, Inc.*, No. IPR2018-01129, Paper 33 (PTAB Jan. 24, 2020) (precedential), and *Lectrosonics, Inc. v. Zaxcom, Inc.*, Nos. IPR2018-01129, -01130, Paper 15 (PTAB Feb. 25, 2019) (precedential)). As a Board precedential decision, it is “binding authority” at the USPTO and a model governing future motions to amend. But serious questions were raised by Lectrosonics regarding the procedures applied in this case, and the disposition of the cross-appeal by the panel was limited to a just few sentences with no mention of these issues. *See infra* § I.

The panel decision, in fact, incorporated the entire nexus decision of the related appeal of U.S. Patent No. 9,336,307 into the appeal on U.S. Patent Nos. 7,929,902 and 8,385,814. Yet this further contravenes the teaching of *Fox Factory* and perpetuates the Board’s error. *See* 944 F.3d at 1378 (“The same evidence of

secondary considerations cannot be presumed to be attributable to two different combinations of features.”); *see also infra* § II.

The en banc Court, respectfully, should grant these petitions for rehearing, vacate the panel’s cross-appeal decisions in both matters (20-1921 and 20-1350), and reverse the Board’s grant of all substitute claims in the three underlying IPRs.

STATEMENT OF THE CASE

In its two cross-appeals, Lectrosonics challenged the Board’s determinations that Zaxcom’s *substitute* claims are *not unpatentable*. The Federal Circuit panel affirmed the Board’s handling of the Motions to Amend, issuing just one opinion on nexus for both cases. D.I. 92 (slip op. (20-1921)) at 5 (incorporating in relevant part D.I. 71 (slip op. (20-1350)) at 5-6).¹

A. Board Proceedings

In separate IPRs, the Board correctly deemed unpatentable the challenged *original* claims of the ’902 and ’814 patents (appealed by Zaxcom in 20-1921), and the ’307 patent (appealed by Zaxcom in 20-1350). The Board held that there was no nexus with respect to the original claims such that Zaxcom’s alleged secondary considerations of industry praise and long-felt need could not overcome the obviousness combination raised by Lectrosonics. Appx31-32 (20-1921); Appx114

¹ Inasmuch as the panel addressed together in one opinion all the nexus issues cross-appealed, the decisions are identical and Lectrosonics has filed the same en banc petition in both matters, changing only the title page and preliminary certifications.

(20-1921); Appx23 (20-1350). The Federal Circuit correctly affirmed the unpatentability of the original claims, in part because nexus could not be shown for secondary considerations. D.I. 71 (20-1350) at 4-5; D.I. 92 (20-1921) at 4-5.

But the nexus showing was even worse in Zaxcom’s Motions to Amend—they contained a single sentence relating to industry praise. Appx466 (20-1921) (“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.”); Appx440 (20-1350) (same). The same was true for long-felt need, also a conclusory afterthought of just one sentence. Appx466 (20-1921) (“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.”); Appx440 (20-1350) (same). Zaxcom thus failed to undertake even a basic explanation of its nexus positions in the Motions to Amend. *See generally* Appx429-466 (20-1921); Appx402-440 (20-1350).

For example, Zaxcom never defines the specifics of how these secondary considerations mapped onto the amendments’ language with new limitations. *See generally* Appx429-466 (20-1921); Appx402-440 (20-1350). And while Zaxcom’s expert, Mr. DeFilippis, briefly pays lip service to “nexus” once in discussing the

now-cancelled original claims, he never mentioned “dropout repair”—*the sole element at issue in the amendments*. See, e.g., Appx4598-4600 (20-1921), ¶ 92; Appx61 (20-1921); Appx137 (20-1921). At bottom, there is nothing in the Motions to Amend tying the objective indicia of nonobviousness to the specific features in the narrowed claims.

The Board expressly noted this lack of analysis in Zaxcom’s Motions to Amend. See Appx138 (20-1921) (“Patent Owner does not provide any more analysis in its Motion to Amend”); Appx62 (20-1921) (same); Appx52 (20-1350) (same). Rather than deny the motion due to movant’s failure—as is typical in motions practice—the Board explained that *it* would cobble together a nexus argument *for Zaxcom* based on statements elsewhere in the record under the “totality of the evidence.” See Appx62 (20-1921); Appx138 (20-1921); Appx52 (20-1350). Notably, in the ten pages of the Board’s nexus arguments, no citation in support is taken from the sequence of briefs associated with the Motions to Amend. Appx62-72 (20-1921); Appx138-148 (20-1921); Appx52-62 (20-1350).

Using a process that sidestepped the Motions to Amend, *all* substitute claims were eventually granted by the Board, avoiding the same fate as the unpatentable original claims for lack of nexus. Appx72-73 (20-1921); Appx148-149 (20-1921); Appx63-64 (20-1350). What is more, the erroneous procedure has now been deemed

“precedent” by the Board, purportedly providing guidance on submitting and securing amendments. *Lectrosonics*, No. IPR2018-01129, Paper 33.²

B. USPTO on Appeal

In the face of the Board finding that Zaxcom “does not provide any more analysis in its Motion to Amend,” Appx62 (20-1921); Appx138 (20-1921); Appx52 (20-1350), the USPTO never denies that the Board made its own nexus arguments. *See generally* D.I. 55 (20-1921) at 39-40; D.I. 39 (20-1350) at 32-33. In the end, the USPTO invokes *Aqua* and embraces the power to *grant* amendments using the entire record:

[Lectrosonics’s] complaint is that the material was not presented in the motion to amend. There is nothing improper about considering record arguments and evidence relevant to the proposed substitute claims. 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.

² Once designated “precedential,” the USPTO considers it “binding authority concerning major policy or procedural issues, or other issues of exceptional importance, including constitutional questions, important issues regarding statutes, rules, and regulations, important issues regarding case law, or issues of broad applicability to the Board.” *See* USPTO, Decisions, Precedential and informative decisions, <https://www.uspto.gov/patents/ptab/decisions> (last visited Apr. 1, 2022).

D.I. 55 (20-1921) at 39-40 (quoting D.I. 50 (20-1921) at 59). This statement recognizes that the “material was not presented in the motion to amend,” but condones the Board making its own arguments from evidence it finds “*relevant* to the proposed substitute claims” *See id.* (emphasis added).

C. Panel Decisions

On appeal, the panel ignored the secondary considerations issues raised by Lectrosonics and quickly disposed of the cross-appeal on the '902 and '314 patents: “Lectrosonics’s arguments in its cross-appeal are materially the same as the cross-appeal arguments we have rejected in the '307 *Decision*. We see no need for a separate discussion of the cross-appeal here.” D.I. 92 (20-1921) at 5 (referring to D.I. 71 (20-1350) at 5-6). The nexus discussion in the appeal of the '307 patent for the substitute claims again does not address the *Aqua* procedural issues raised. *See* D.I. 71 (20-1350) at 6.

Moreover, by conflating the nexus decisions in this way, the panel decision perpetuated a further problem raised by Lectrosonics:

In related but different IPRs, the Board held that another patent elicited the same praise and long-felt need credited to the amended claims in this case. That is to say, across *different* IPRs, Zaxcom has convinced the *same* factfinders that three *different* patents, claiming *different* inventions directed to solving the *same* problem, were each independently responsible for the *same* praise and long-felt need of the *same* products. This result cannot be defended.

D.I. 50 (20-1921) at 52 (citing *Lectrosonics, Inc. v. Zaxcom, Inc.*, No. IPR2018-00972, Paper 41 (PTAB Nov. 7, 2019) (on appeal at Nos. 2020-1350, -1405)).³

ARGUMENT

I. The Board cannot make its own arguments in order find substitute claims patentable when the material was not presented in the motion to amend and the opposing party was not given a chance to respond.

The Board found that Zaxcom lacked sufficient analysis in its Motions to Amend. Appx62 (20-1921) (“Patent Owner does not provide any more analysis in its Motion to Amend”); Appx138 (20-1921); Appx52 (20-1350). That should have ended the amendment inquiry. The Board, however, proceeded to draw on “the totality of the record” and formulate its own nexus arguments in favor of granting the substitute claims. *See supra* § A.

Intervenor does not deny that the Board found a presumption of nexus for Zaxcom without it ever being “advanced by a party,” *Magnum Oil*, 829 F.3d at 1381, and it also added other nexus arguments from various parts of the record. *See* D.I. 46 (20-1350) at 12-13 (citing D.I. 39 (20-1350) at 31-33); D.I. 55 (20-1921) at 39-40. Intervenor doubles-down, acknowledging that this “material was not presented

³ In regard to the ’902 and ’814 patents, Lectrosonics further noted that “Zaxcom specifically identified certain patents on its self-promoting application for the EMMY, *but none of the patents-at-issue in this appeal [20-1921] are even listed.* This further demonstrates just how far Zaxcom is stretching . . . to have it cover dozens and dozens of original and amended claims from at least three different patents.” D.I. 50 (20-1921) at 52 n.13 (emphasis added) (citing Appx4384 (20-1921)).

in the motion to amend,” but suggesting “[t]here is nothing improper about considering record arguments and evidence *relevant* to the proposed substitute claims.” D.I. 55 (20-1921) at 39-40 (emphasis added) (citing *Aqua*, 872 F.3d at 1325). This would be an expansive new power—the ability of the Board to make arguments from the record on behalf of movant, entirely bypassing the Motion to Amend if other evidence is deemed “relevant.” *See id.* The USPTO’s approach would decouple the amendment analysis from the Motion to Amend itself, leaving the Board free to advance whatever theory it sees fit. But “rather than create (another) agency-led, inquisitorial process,” “Congress chose to structure a process in which it’s the petitioner . . . who gets to define the contours of the proceeding,” “all the way from institution through to conclusion.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1355, 1357 (2018).

This case is also unique in that the Board’s arguments were used to *grant* Zaxcom’s substitute claims. The USPTO now goes farther than *Aqua* and subsequent authorities ever have. Those cases are clear in only referring to propositions of *unpatentability* when allowing the Board to develop its own arguments from the totality of the record. *See Aqua*, 872 F.3d at 1311 (O’Malley, J.) (“*it is the Board* that must justify any finding of *unpatentability* by reference to the evidence of record” (second alteration added)); *Samsung Elecs. Am., Inc. v. Prisia Eng’g Corp.*, 948 F.3d 1342, 1352 (Fed. Cir 2020) (“[T]he Board’s authority with respect to new

and amended claims” “necessarily extends to other possible grounds of *unpatentability*” (emphasis added)); *Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1040 (Fed. Cir. 2017), *as amended on reh’g in part* (Mar. 15, 2018) (same); *Nike*, 955 F.3d at 51-52 (“the Board must determine whether the patent owner’s newly-presented, narrower claims are ‘supported by the patent’s written description’ and ‘*unpatentable* in the face of the prior art cited in the IPR’” (emphases added) (quoting *Aqua*, 872 F.3d at 1314)); *cf. Hunting Titan, Inc. v. DynaEnergetics Eur. GmbH*, Nos. 2020-2163, -2191, 2022 U.S. App. LEXIS 7755, at *24-25 (Fed. Cir. Mar. 24, 2022) (affirming where “the [PTAB] Panel identified circumstances in which the Board should advance ‘a ground of *unpatentability* that a petitioner did not advance, or insufficiently developed, against substitute claims in a motion to amend’” (emphasis added) (citation omitted)).

Intervenor dismisses out of hand the logical restraint identified by Lectrosonics for Board-made arguments, i.e., “the unique context of vetting and challenging amendments as unpatentable.” *See* D.I. 55 (20-1921) at 40 (quoting D.I. 50 (20-1921) at 59). This distinction makes sense, however. When an opposing party quits the litigation, only the Board is left to assess the proposed amendment; if there have been unpatentability issues detected in the evidence of record, the Board may independently develop those grounds to deny the substitute claim. *See Nike*, 955 F.3d at 51 (“Otherwise, were a petitioner not to oppose a motion to amend, the Patent

Office would be left with no ability to examine the new claims.”). The opposite is not true—the USPTO cites no case or compelling reason for allowing the Board to develop arguments in aid of *granting* amendments. *See* D.I. 55 (20-1921) at 39-40.

Aggravating the error, Lectrosonics did even not have a chance to respond to the Board-manufactured rationale, seeing it for the first time in the Final Written Decisions. *See* D.I. 46 (20-1350) at 13 (“The presumption raised for the first time in the Final Written Decision blindsided Lectrosonics, without a fair chance to respond.”). 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.” *Magnum Oil*, 829 F.3d at 1381; *Nike*, 955 F.3d at 52 (citing 5 U.S.C. §§ 554(b)-(c), 557(c)); *Honeywell Int’l Inc. v. Mexichem Amanco Holding S.A. De C.V.*, 865 F.3d 1348, 1358-59 (Fed. Cir. 2017) (party “was not on notice that it needed to respond to that argument”); *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1350-51 (Fed. Cir. 2016) (“[A]n agency may not change theories in midstream without giving respondents reasonable notice of the change’ and ‘the opportunity to present argument under the new theory.’” (quoting *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015))).

The panel should not have refused to address the Board’s overreach, effectively endorsing the procedure used in this “precedential” USPTO decision on

amendment practice. The Court should correct this important issue and grant en banc rehearing to clarify the process for the public, practitioners, and future PTAB panels.

II. The same evidence of secondary considerations cannot be presumed attributable to three different amended patents in multiple proceedings where there has been no finding that the inventions are identical.

In the '307 patent case, the Board held that the amended claims elicited the same praise and long-felt need that is credited with saving the amended claims of the '902 and '314 patents. *Compare* D.I. 92 (20-1921) at 5, *with* D.I. 71 (20-1350) at 5-6. According to the panel: “We see no need for a separate discussion of the cross-appeal here.” D.I. 92 (20-1921) at 5 (referring to D.I. 71 (20-1350) at 5-6)). This disposition on appeal underscores the error made by the Board in granting nexus based on the same secondary considerations raised in the separate actions.

Lectrosonics highlighted that across several IPRs, Zaxcom was claiming that at least three *different* patents of *different* inventive scope each benefited under its nexus theory from the *same* praise and long-felt need identified. D.I. 50 (20-1921) at 52 & n.13; D.I. 35 (20-1350) at 27-28; D.I. 46 (20-1350) at 14 n.4. This was rejected in *Fox Factory*:

Between these two proceedings, the Board presumed nexus between the independent claims of both patents and the secondary considerations evidence submitted by SRAM, even though (a) SRAM relies on essentially the same evidence of secondary considerations in both proceedings; and (b) the '027 and '250 patent claims cover different inventions. *The same evidence of secondary*

considerations cannot be presumed to be attributable to two different combinations of features.

944 F.3d at 1377-78 (emphasis added) (citations omitted).

The panel here held in both appeals that “the Board determined that Zaxcom’s evidence of industry praise and long-felt need was entitled to a presumption of nexus, noting that these indicia were commensurate in scope with the claims as now narrowed, a determination that comports with the legal standards for a presumption.” D.I. 71 (20-1350) at 6 (citations omitted) (citing *Fox Factory*, 944 F.3d at 1373). Yet the claims in this case are not identical to those claims at issue in the other matter. Significantly, the addition of further limitations related to what Zaxcom highlights as “timecode management” in the claims-at-issue in the 20-1921 proceeding, which it argues was the subject of the industry praise. *See* D.I. 59 (20-1921) at 26 (“On Zaxcom’s direct evidence pointing (*e.g.*) to EMMY materials and testimony highlighting the significance of praise for the products’ timecode management features (undisputedly embodied in the claimed master timecode generator architecture of claim 7 of the ’902 Patent and claim 1 of the ’814 Patent)”). The “timecode management” elements were not at issue in the ’307 patent or in amended claim 24 of the ’902 patent. *Compare* D.I. 65 (20-1921) at i-iv, *with* D.I. 46 (20-1350) at i-ii.

The purported secondary considerations that Zaxcom relies on across the various proceedings is indisputably the same, but the Board permitted this would-be

objective evidence of nonobviousness to cover amended claims from three different patents. There has been no Board factfinding indicating that the amended claims in the '307 patent constitute the same invention claimed as substitutes in the '902 and '814 patents. *Fox Factory* thus prohibits the result arrived at here, and the issuance of a one-size-fits-all opinion for both cases further demonstrates why this issue should be reheard en banc.

III. In the long-felt need analysis, the Board cannot find that there has been no showing of a specific date identifying the problem but still hold that this secondary consideration has weight as a matter of law.

Lastly, the Board found insufficient evidence of “the date when the problem to be solved was identified and efforts were made to solve the problem.” *See* Appx67 (20-1921) (citation omitted); Appx143 (20-1921) (same); Appx58 (20-1350) (same). The Board held that, “[a]lthough 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.” *See* Appx67 (20-1921) (citation omitted); Appx143 (20-1921) (same); Appx58 (20-1350) (same). Intervenor, too, recognized that “the Board disagreed that Zaxcom had shown a precise date for when the long-felt need began.” *See, e.g.*, D.I. 39 (20-1350) at 30.

This failure of evidence on a critical element of the long-felt need showing should have defeated Zaxcom’s argument. *Perfect Web*, 587 F.3d at 1332-33

(finding evidence insufficient because patent owner “provided no evidence to explain how long this need was felt, or when the problem first arose”); *cf. Apple Inc. v. Samsung Elecs. Co.*, 816 F.3d 788, 804-05 (Fed. Cir.) (“[T]o demonstrate long felt need, the patentee *must* point to . . . [‘]evidence of efforts to solve that problem’ which were, before the invention, unsuccessful.” (emphasis added) (citation omitted)), *vacated in part on reh’g en banc*, 839 F.3d 1034 (Fed. Cir. 2016). With this necessary element missing, long-felt need was not established as a matter of law. *See Perfect Web*, 587 F.3d at 1332-33; *Apple*, 816 F.3d at 804-05. The Board should not have credited Zaxcom’s long-felt need argument at all. *But see* Appx67-68 (20-1921) (“We determine that the evidence of long-felt need weighs in favor of nonobviousness.”); Appx58 (20-1350) (same). The panel did not address this issue, despite Lectrosonics raising it throughout its cross-appeals. D.I. 35 (20-1350) at 51-55; D.I. 50 (20-1921) at 55-56.

CONCLUSION

For the reasons expressed, the Court en banc should grant the petitions, vacate the panel decisions in the cross-appeals, and reverse the Board’s grant of all substitute claims in both cross-appeals.

Date: April 4, 2022

Respectfully submitted,

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ADDENDUM

NOTE: This disposition is nonprecedential.

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

ZAXCOM, INC.,
Appellant

v.

LECTROSONICS, INC.,
Cross-Appellant

v.

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

2020-1350, 2020-1405

Appeals from the United States Patent and Trademark
Office, Patent Trial and Appeal Board in No. IPR2018-
00972.

Decided: February 18, 2022

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

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

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

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

TARANTO, *Circuit Judge*.

Lectrosonics, Inc. petitioned the Patent and Trademark Office to institute an inter partes review, under 35 U.S.C. §§ 311–19, of all claims of U.S. Patent No. 9,336,307, which is owned by Zaxcom, Inc. After institution of the requested review, Zaxcom filed a motion to replace the original claims 1–14 with fourteen corresponding claims—substitute claims 15–28—if the Patent Trial and Appeal Board held the original claims unpatentable. The Board issued a final written decision holding all original claims unpatentable, and it therefore addressed Zaxcom’s proposed substitute claims, which it allowed to be added to the patent because Lectrosonics had not proved them unpatentable. *Lectrosonics, Inc. v. Zaxcom, Inc.*, No. IPR2018-00972, 2019 WL 5849856, at *29 (P.T.A.B. Nov. 7, 2019). Zaxcom appeals the Board’s rejection of the original claims, and Lectrosonics appeals the Board’s approval of the substitute claims. We affirm both determinations.

I

The '307 patent describes and claims a system and method for recording and processing audio received from wireless devices. The specification describes at least the following arrangement: Each of a plurality of wireless devices, upon picking up audio, both self-records the audio and sends it wirelessly to a remote recorder. '307 patent, col. 2, line 54, through col. 3, line 14. The recordings are time-synchronized so that “multiple individually recorded audio tracks” can be “combined into one or more multitrack audio files.” *Id.*, col. 4, lines 3–14. One reason for the local recording is that wireless transmission to the remote recorder may be imperfect due to dropout or noise, *id.*, col. 4, lines 15–25, and the locally maintained data can be used for repair—specifically, to replace corrupted data received wirelessly at the remote recorder, *id.*, col. 12, lines 59–63.

The patent had two independent original claims: an apparatus claim (claim 1) and a method claim (claim 12). Both claims require wearable local audio devices that wirelessly transmit local audio to a remote recorder and also locally record audio in the memory of the device. And both claims required that local audio data be “combined” with remotely recorded audio data. *See id.*, col. 23, lines 22–42 (claim 1); *id.*, col. 24, lines 15–32 (claim 12).

We agree with the Board’s construction of the claims to encompass both embodiments described in the specification, *i.e.*, both the repair of dropouts and the creation of a multitrack file. *Lectrosonics*, 2019 WL 5849856, at *4. Under the claims’ broadest reasonable interpretation (BRI), local and remote audio data may be “combined” either to repair corrupted audio data received by the remote recorder or to create a multitrack audio file. In adopting that construction under the BRI standard, the Board correctly rejected Zaxcom’s argument for a requirement that the claimed “local audio data” and “remote audio data” derive from the same source (*i.e.*, the same local audio event). *Id.*

Given the claim construction, the Board had substantial evidence to support its findings underlying the conclusion that claims 1–11 were unpatentable for obviousness over Strub (U.S. Patent No. 6,825,875) when combined with either Nagai (U.S. Publication No. 2002/0159179 A1) or Gleissner (U.S. Publication No. 2004/0028241 A1), as well as its finding that claims 12–14 were anticipated by Strub. The Strub patent discloses a “small, lightweight, wearable recording unit,” Strub, col. 4, lines 29–31, that records and transmits audio data that can be used by other units, *id.*, col. 12, lines 4–39, and “blend[s]” audio recordings from different devices, *id.*, col. 86, lines 1–9. The Board had substantial evidence for its determination that Strub alone anticipated claims 12–14. *Lectrosonics*, 2019 WL 5849856, at *11. And it also had substantial evidence that a relevant artisan would have been motivated to combine Strub with either Nagai or Gleissner, both of which undisputedly disclose the “audio input port” of claims 1–11. *Id.* at *7–10.

Zaxcom argues, as to claims 1–11, that no obviousness conclusion should be drawn because its evidence of industry praise and long-felt need should have outweighed the above-recited determinations based on the prior art. But given the adopted claim construction, the Board determined that Zaxcom’s evidence of such objective indicia lacked the nexus to the claimed invention required to alter a conclusion of obviousness that would be justified based on the prior-art analysis. *Id.* at *10–11. Zaxcom specifically focused on a Technical Achievement Academy Award, J.A. 4272, an Engineering Emmy Award, J.A. 4304, and declarations from sound mixers, J.A. 4273–78; J.A. 4281–84, praising Zaxcom’s wireless recording systems. The Board reasonably found that the praise was primarily directed to the systems’ critical feature of dropout repair, while the claims of the ’307 patent, under the BRI construction properly adopted, are broadly directed to wirelessly transmitting audio data and combining local and remote

audio data from a plurality of devices—a technique already known in the prior art. The evidence, in short, says nothing to suggest non-obviousness of one of the two types of systems and methods within the claims’ coverage. We therefore agree with the Board that, based on that finding, the objective indicia evidence is insufficient to overcome the prior-art evidence of obviousness. See *Intercontinental Great Brands LLC v. Kellogg North America Co.*, 869 F.3d 1336, 1343–44, 1347 (Fed. Cir. 2017) (overall obviousness determination is a legal one based on weighing of prior-art and objective-indicia facts). Thus, the Board properly held claims 1–11 unpatentable for obviousness.

II

On Lectrosonics’s cross appeal, we affirm the Board’s determination that the substitute claims are not unpatentable. The substitute claims narrow the “combined” claim limitation to a limitation that requires “replacing” the remotely recorded data with local audio data from a device’s memory. *Lectrosonics*, 2019 WL 5849856, at *16–17. Although the claim language does not expressly limit the “replacing” to situations where there is a transmission error, Lectrosonics accepts that the substitute claims are directed to dropout repair.

We see no reversible error in the Board’s determinations that substitute claims 15–28 are not unpatentable for obviousness over Strub and Wood (Int’l Publication No. WO 2004/091219 A1), alone or in combination with Nagai or Gleissner. As to the prior-art analysis, we mention only one point—concerning the combination with Wood needed for all claims. Although Wood discloses a method of repairing dropouts in a TV broadcast signal, Wood, p. 1, lines 28–30, the Board had substantial evidence to support its finding that there was only a weak motivation to combine Wood’s (non-wearable) TV system with the wearable audio device in Strub, particularly because Strub did not contemplate repairing defects caused by transmission errors.

Lectrosonics, 2019 WL 5849856, at *23 (citing Strub, col. 48, lines 18–30, col. 85, lines 28–41).

Having found the asserted prior-art basis for an obviousness conclusion relatively weak in light of the narrowed scope of the claims, the Board determined that the objective indicia evidence was strong in light of that narrowed scope—strong enough to support an overall conclusion of nonobviousness. *Id.* at *23–29. We affirm the Board’s findings and ultimate conclusion. In particular, the Board determined that Zaxcom’s evidence of industry praise and long-felt need was entitled to a presumption of nexus, noting that these indicia were commensurate in scope with the claims as now narrowed, *id.* at *25, a determination that comports with the legal standards for a presumption, *see, e.g., Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019); *Polaris Indus., Inc. v. Arctic Cat, Inc.*, 882 F.3d 1056, 1072 (Fed. Cir. 2018). The Board also reasonably found that the evidence positively showed a nexus, *Lectrosonics*, 2019 WL 5849856, at *25, as the substitute claims are undisputedly directed to dropout repair in systems with wearable recording devices, and this feature was discussed in at least the Emmy Award, J.A. 4304, and substantial portions of the declarations, *see, e.g., J.A. 4276–77 ¶ 6, J.A. 4283–84 ¶ 6*. We see no basis for reversing the Board’s findings or the conclusion that these findings outweigh the weak prior-art case and therefore warrant rejection of the obviousness challenge to the substitute claims.

III

For the foregoing reasons, we affirm the final written decision of the Patent Trial and Appeal Board.

The parties shall bear their own costs.

AFFIRMED

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

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2020-1350, -1419

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

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Date: 04/04/2022

Signature: /s/ Cory C. Bell

Name: Cory C. Bell