

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

RØDE MICROPHONES, LLC AND
FREEDMAN ELECTRONICS PTY LTD,
Petitioners,

v.

ZAXCOM, INC.,
Patent Owner.

IPR2025-00231

Patent 7,929,902

**PETITIONERS' RESPONSE TO PATENT OWNER'S MOTION
TO TERMINATE IPR2025-00231 UNDER 35 U.S.C. § 315(b)**

Petitioners RØDE Microphones, LLC, and Freedman Electronics Pty Ltd (“Petitioners,” “RØDE” or “Freedman”) are not time-barred under 35 U.S.C. §315(b) from maintaining this *inter partes* review (“IPR”) against U.S. Patent No. 7,929,902 (the “’902 Patent”). The motion of Patent Owner Zaxcom, Inc. (“Zaxcom”) (Paper 15, “Mot.”) presents no basis to find that Lectrosonics, Inc. (“Lectrosonics”) is a real party-in-interest (“RPI”) or privy.

The RPI standard requires evidence as to “whether a non-party ‘desires review of the patent’ and whether a petition has been filed at a non-party’s ‘behest.’” *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 at 26-27 (PTAB Oct. 2, 2020) (precedential) (citing *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (“AIT”)). Zaxcom provides no such evidence. Its privy arguments are equally meritless. Petitioners’ evidence conclusively refutes Zaxcom’s motion.

I. Lectrosonics Is Not an RPI

A parent-subsidary relationship, without more, cannot make a subsidiary an RPI. *TRW Automotive US LLC v. Magna Elecs. Inc.*, IPR2014-01497, Paper 7 at 10 (PTAB Mar. 19, 2015). Zaxcom’s citation to *Power Integrations, Inc. v. Semiconductor Components Indus., LLC* (Mot. 1-2), is inapposite. The Petitioner had “admitted” that the non-party was a RPI after filing and before institution, but argued that the filing date should control. 926 F.3d 1306, 1310 (Fed. Cir. 2019).

Thus, the holding merely concerned time of assessment. Also, unlike with Lectrosonics, the parties in *Power Integrations merged* together rather than the non-party becoming Petitioners' subsidiary, which "does not by itself indicate that [Lectrosonics] has any ability to control the present IPR proceeding." *Petroleum Geo-Services Inc. v. WesternGeco LLC*, Case IPR2014-00687, Paper 100 at 39 (PTAB Dec. 15, 2015).

Despite Zaxcom's speculation, the evidence is conclusive that the Petition was not at the "behest" of Lectrosonics. There have been no "agreements or understandings" with Lectrosonics concerning the IPR, and it has not "played any role in the preparation, drafting, strategy, prior art selection, argument selection, or filing of [the Petition,]....provided any direct or indirect funding or documents for any of the IPRs," or had any other "input, influence, direction, or control over any of the IPRs filed by Petitioners." Ex. 1041, ¶¶ 17-18; Ex. 1043, 12, 14-15.

Zaxcom wrongly argues from some 2024 emails that the entire Lectrosonics acquisition was motivated by Petitioners' and Lectrosonics's supposed mutual interest in opposing Zaxcom's patents (Mot. 2, 4). One such email attached a message board post by "Joey Sound" referencing the district court litigation between Zaxcom and Petitioners. (Mot. 4 (quoting Ex. 2030, 4)). Instead, however, the acquisition resulted from initial discussions about a potential joint product development, not Zaxcom's patent. Ex. 1041, ¶¶ 8-10. And the telephone call

referenced in the emails cited by Patent Owner never even happened. Ex. 1041, ¶ 12; Ex. 1042, ¶¶ 3-4 (Schillebeeckx).

Zaxcom's argument that Lectrosonics is an RPI because it is a "clear beneficiary" in the outcome of this IPR and because post-acquisition it had a "preexisting, established relationship with Petitioners" based on three common board directors and one common officer (Mot. 2-3) is wrong. No one from Lectrosonics assumed any management position for Petitioners. Ex. 1041, ¶¶ 15-16. Freedman kept Lectrosonics's management intact (Ex. 2038; Ex. 1043, 17-21), except for Mr. Wilson becoming corporate secretary and treasurer, and he and two others joined the board. Ex. 1041, ¶ 15. In any event, "mere overlap of personnel between [parent and subsidiary] does not indicate a sufficient blurring of corporate separation such that the parent corporations could have controlled the filing and participation of the Petition." *Syngenta Crop Protection AD v. FMC Corp.*, Case PGR2020-00028, Paper 8, at 15-16 (PTAB Sept. 15, 2020). Whereas *Syngenta* concerned whether a *parent* was an RPI to a *subsidiary's* petition, Zaxcom's argument is even weaker. Because Lectrosonics is the subsidiary, not the parent, Lectrosonics does not influence or control its parent Petitioners' legal strategies. Ex. 1041, ¶¶ 17-18.

Further, the only preexisting "business relationship" between Petitioners and Lectrosonics is the purchase of the latter's shares to become a subsidiary. And the

information shared in consummating that acquisition “did not include any documents relating to Zaxcom's concluded patent litigation or [IPR] proceedings with Lectrosonics.” Ex. 1041, ¶ 11.

Zaxcom argues that “Lectrosonics’s status as a wholly owned subsidiary of RØDE creates a mutual interest in the commercial and financial success of each other.” Mot., 4. That is not enough. Lectrosonics is not selling products accused of infringement by Zaxcom and therefore has no present interest in cancelling the claims. Ex. 1041, ¶ 20; Ex. 1043, 13-14, 21-22. The PDR product accused in the Zaxcom-Lectrosonics litigation was discontinued in 2019 and Lectrosonics has no interest in selling it. *Id.*; Ex. 1044. Were the ’902 patent’s claims to be cancelled and Zaxcom’s right to exclude ended, Lectrosonics would stand no greater opportunity to benefit than any other member of the public. Zaxcom asserts that Lectrosonics “will benefit from the ability to add internal recording to its products.” Mot., 4. This disregards that Lectrosonics is currently selling wireless microphone products with internal recording already that Zaxcom does not accuse of infringement. Ex. 1045, 6-7, 11-12, 28; Ex. 1046, 9-11 (describing transmitter and recorder functions); Ex. 1041, ¶ 20. Thus, Lectrosonics has no specific or particular interest in cancelling the claims of the ’902 patent.

Zaxcom’s “contention that [Lectrosonics] is an RPI solely because [Lectrosonics] has a preexisting, established relationship with Petitioner[s] and is a

clear beneficiary of the Petition” (Mot. 2-5) “is an incomplete reading of *AIT* and unavailing.” *Merck Sharp & Dohme Corp. v. Glaxosmithkline Biologicals Sa*, No. IPR2018-01229, Paper 13 at 12 (PTAB Dec. 18, 2018). “The RPI analysis set out in *AIT* and the common law require more than simply confining the analysis to determining whether a party benefits generally from the filing of this Petition and also has a relationship with the Petitioner.” *Unified*, IPR2018-00883, Paper 36 at 14-15 (citing *AIT*, 897 F.3d at 1351). Zaxcom’s motion, however, fails to do more.

II. Petitioners and Lectrosonics Are Not In Privy

Having a corporate relationship is insufficient to make an entity a real party in interest or privy under § 315(b). *Puzhen Life USA, LLC v. ESIP Series 2, LLC*, Case IPR2017-02197, Paper 24 at 8-9 (PTAB Feb. 27, 2019) (“[T]he traditional rule is that mere status as a corporate parent is insufficient to render an entity a real party in interest (or even as falling within the broader category of a privy).”) (citing *AIT*, 897 F.3d at 1351). “As the Federal Circuit has held, ‘control of a party... through stock ownership or corporate officership is not enough to create privy....’” *Id.* at 8-9 (quoting *Gillig v. Nike, Inc.*, 602 F.3d 1354, 1362 (Fed. Cir. 2010)). Petitioners’ acquisition of Lectrosonics does not establish privy. See *Toshiba Memory Corp. v. Anza Tech., Inc.*, IPR2018-01597, Paper 12 at 20-21 (PTAB Mar. 12, 2018) (“[C]orporate ownership...without more does not establish the type of control necessary to make the subsidiary a privy of the parent.”).

Zaxcom again misreads *Power Integrations* on privity (Mot., 6), as that case was decided based on Petitioner's admission that the non-party was a RPI before institution. 926 F.3d at 1310, 1318. The court did not need to substantively address the application of RPI or privity. In *VMWARE, Inc. v. Good Tech. Software, Inc.* (Mot., 6), Petitioner admitted the barred party "became its privy as a result of the acquisition." IPR2015-00031, Paper 11 at 2-3 (PTAB Mar. 6, 2015). Thus, both *Power Integrations* and *VMWARE* are about the timing of the § 315(b) analysis, not the particular RPI or privy status of those entities.

The six factors indicating privity comprise an exception to the general rule that a party is not precluded by the results of a litigation in which it was not involved. *Taylor v. Sturgell*, 553 U.S. 880, 893–95 (2008). None of these factors applies here, and Patent Owner only alleges that two are met: (2) a pre-existing substantive legal relationship between the parties, and (5) where the non-party acts as a proxy for the named party to relitigate the same issues. Mot., 5-6. For Factor (2) the legal relationship must relate to the *earlier litigation*.

[T]he rationale behind § 315(b)'s preclusion provision is to prevent successive challenges to a patent by those who previously have had the opportunity to make such challenges in prior litigation, the privity inquiry in this context naturally focuses on the relationship between the named IPR petitioner and the party *in the prior lawsuit*.

See *WesternGeco*, 889 F.3d at 1319 (emphasis added). But here, Petitioners played

“no role” in the prior Lectrosonics IPR or lawsuit. Ex. 1041, ¶ 18. Thus, there was no legal relationship as to the earlier Lectrosonics IPR and Petitioners had no prior opportunity to challenge the patent claims. Only after Zaxcom sued Petitioners, did Petitioners have motive to do so.

Zaxcom’s conclusory allegation that “Petitioners are a mere proxy for Lectrosonics to relitigate the same issues and arguments previously litigated in Lectrosonics IPRs” makes no sense. Mot., 6-7. Petitioners control subsidiary Lectrosonics, not the other way around. The evidence shows that there have been no agreements, understanding, funding, etc., indicating that parent Petitioners are Lectrosonics’s proxy to attack the ’902 patent, which is only asserted against Petitioners. Ex. 1041, ¶¶ 17-18, 20; Ex. 1043, 14-15. Lectrosonics was acquired to be a “stand-alone” entity to “strengthen[] our position as a global leader in professional audio solutions.” Ex. 2034, 0415-16; Ex. 2038. And as explained earlier, a call to discuss Zaxcom’s lawsuit against Petitioners never happened. Ex. 1041, ¶ 12; Ex. 1042, ¶ 4. Petitioners’ and Lectrosonics’s relationship fails to support any exception set forth in *Taylor*, and thus fails to establish privity.

III. Conclusion

Lectrosonics is not a RPI or privy, the Board should deny Zaxcom’s motion.

Dated: June 5, 2025

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CERTIFICATE OF SERVICE

I certify that today in:

RØDE Microphones, LLC., et al. v. Zaxcom, Inc., IPR2025-00231
(U.S. Patent 7,929,902)

I caused to be served a copy of:

Petitioners' Response to Patent Owner's Motion to
Terminate IPR2025-00231 under 35 U.S.C. § 315(b)
Petitioners' Updated Exhibit List
Exhibits 1041-1046

upon:

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