

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FOX Factory, Inc.,
Petitioner,

v.

SRAM, LLC,
Patent Owner.

IPR2024-00491
U.S. Patent No. 10,328,993

**PETITIONER'S REPLY TO PATENT OWNER'S
PRELIMINARY RESPONSE¹**

¹ This Reply was authorized by the Board's June 5, 2024, email (Exhibit 1018).

TABLE OF CONTENTS

I.	The <i>Fintiv</i> Factors Favor Institution.....	1
A.	Factor 1 is Neutral: Petitioner Intends to Request a Stay Pending IPR.....	1
B.	Factor 2 Heavily Favors Institution: There is No Trial Date in the Georgia Litigation	3
C.	Factor 3 Heavily Favors Institution: Investment in the District Court Litigation Is Minimal	5
D.	Factor 4 Weighs Only Slightly in Favor of Denial: Some Overlap Exists Between Issues in the Petition and the Georgia Litigation	6
E.	Factor 5 Favors Institution Because This Panel Will Address the Invalidity Challenges First	7
F.	Factor 6 Strongly Favors Institution: The Petition Presents Compelling Merits	7
II.	Conclusion	10

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Apple Inc. v. Fintiv, Inc.</i> , IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020).....	3
<i>Gemtron Corp. v. Saint-Gobain Corp.</i> , 572 F.3d 1371 (Fed. Cir. 2009).....	10
<i>Google LLC v. Parus Holdings, Inc.</i> , IPR2020-00846, Paper 9 (P.T.A.B. Oct. 21, 2020)	7
<i>Google LLC v. Uniloc 2017 LLC</i> , IPR2020-00441, Paper 13 (P.T.A.B. July 17, 2020).....	3
<i>Huawei Tech. Co. v. WSOU Inv., LLC</i> , IPR2021-00225, Paper 11 (P.T.A.B. June 14, 2021).....	7
<i>Icon Health & Fitness, Inc. v. Strava, Inc.</i> , 849 F.3d 1034 (Fed. Cir. 2017).....	10
<i>Microchip Tech. Inc. v. HD Silicon Sols. LLC</i> , IPR2021-01042, Paper 9 (P.T.A.B. Dec. 15, 2021).....	3
<i>Microsoft Corp. v. InterDigital Patent Holdings, Inc.</i> IPR2024-00305, Paper 12 (P.T.A.B. May 10, 2024).....	3
<i>Sand Revolution II, LLC v. Cont’l Intermodal Grp. – Trucking LLC</i> , IPR2019-01393, Paper 24 (P.T.A.B. June 16, 2020).....	2, 10
<i>SunRace Roots Enterprise Co., Ltd. v. SRAM Corp.</i> , 336 F.3d 1298 (Fed. Cir. 2003).....	9
<i>Uber Technologies, Inc. v. LBT IP II LLC</i> , IPR2022-00880, Paper 8 (P.T.A.B. Dec. 7, 2022).....	7

The *Fintiv* factors do not support denial because: 1) no trial date has been set in the parallel district court case (“Georgia Litigation”) (Factors 2 and 5); 2) the Georgia Litigation is at an early stage (Factor 3); 3) the Petition presents compelling merits (Factor 6); and 4) Factor 1 is neutral because the likelihood of a stay is unknown. Although Factor 4 weighs slightly in favor of denial because of the overlapping issues between the IPR and the Georgia Litigation, Factor 4 alone cannot tip the balance in favor of denial given that all other factors support institution or are neutral.

I. The *Fintiv* Factors Favor Institution

A. Factor 1 is Neutral: Petitioner Intends to Request a Stay Pending IPR

The Court previously stayed the Georgia Litigation on May 31, 2023 pending the Court’s ruling on a motion to transfer filed by Petitioner. Ex. 1014. The stay was lifted when the Court denied the motion to transfer on March 6, 2024. Ex. 2001. Petitioner intends to request a stay if the Board institutes this IPR. A stay pending IPR would simplify the issues and improve trial efficiency in the Georgia Litigation. Ex. 1015, 2 (showing median time-to-trial for patent cases in the Northern District of Georgia is more than 7 years).

Patent Owner argues that “it is doubtful that the Court will grant another stay to Petitioner in light of its previous misgivings, even if this proceeding is instituted[.]” POPR, 34. This is pure speculation by Patent Owner. The Court’s

Order on March 6, 2024 dealt only with the motion to transfer; it did not discuss any future motion to stay. Indeed, Patent Owner's complaints about the motion to transfer are irrelevant to the Factor 1 analysis, but Petitioner addresses them here to correct the record. Contrary to Patent Owner's assertions, Petitioner's motion to transfer was neither frivolous nor filed in bad faith to cause delay. There were legitimate reasons for Petitioner to request transfer even considering the inadvertent mistake in identifying Petitioner FOX's principal place of business, for which Petitioner has since explained and apologized. Indeed, the Court agreed that a number of facts and factors supported Petitioner's request to transfer. For example, as the Court found, the Northern District of California "is the locus of operative facts," is a more "efficient forum," and "as the homebase of FOX's three key employee witnesses, is more convenient for FOX's witnesses." Ex. 2001 at 18, 22, 23. These and other reasons justified Petitioner's motion to transfer, even though the Court ultimately declined to transfer the case.

Where, as here, there is no evidence on whether the parallel litigation will be stayed upon institution, the Board generally does not speculate on the likelihood of a stay and finds this factor neutral. *See Sand Revolution II, LLC v. Cont'l Intermodal Grp.-Trucking LLC*, IPR2019-01393, Paper 24, 7 (P.T.A.B. June 16, 2020) (informative) (finding Factor 1 neutral because "the court may determine whether or not to stay any individual case [] based on a variety of circumstances and facts

beyond our control and to which the Board is not privy.”); *Microchip Tech. Inc. v. HD Silicon Sols. LLC*, IPR2021-01042, Paper 9, 8–9 (P.T.A.B. Dec. 15, 2021) (“declin[ing] to speculate on the likelihood of a stay in the District Court Litigation” and finding Factor 1 neutral)); *Microsoft Corp. v. InterDigital Patent Holdings, Inc.* IPR2024-00305, Paper 12, 8 (P.T.A.B. May 10, 2024) (similar).

B. Factor 2 Heavily Favors Institution: There is No Trial Date in the Georgia Litigation

No trial date has been set in the Georgia Litigation. This weighs heavily against exercising discretion to deny institution. *See Google LLC v. Uniloc 2017 LLC*, IPR2020-00441, Paper 13, 35 (P.T.A.B. July 17, 2020); *Microsoft Corp.*, IPR2024-00305, Paper 12 at 8–9, (citing *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 5 (P.T.A.B. Mar. 20, 2020) (precedential)).

Furthermore, the Board also considers the median time-to-trial when considering the proximity of the district court’s trial date to the deadline for a Final Written Decision (“FWD”). USPTO Guidance Memo (June 21, 2022). Here, Patent Owner SRAM filed the Georgia Litigation on February 1, 2023, but it was stayed for about 9 months from May 31, 2023 to March 6, 2024. Ex. 1014 (order granting stay), Ex. 2001 (order denying motion to transfer, which lifted stay). The median time-to-trial for patent cases in the Northern District of Georgia is more than 7 years. Ex. 1015, 2. Patent Owner disputes these statistics by relying on data that is more

than 25 years old to argue that the median “time to outcome” for a jury trial in patent disputes in the Northern District of Georgia is “974 days (roughly 2 years and 8 months).” POPR, 35. Even using this “roughly 2 years and 8 months” statistic, any trial date would be in October 2025 or later, roughly two months *after* the projected FWD date of August 2025.² However, Patent Owner’s projected jury trial date disregards that the case was stayed for about 9 months (from May 31, 2023 to March 6, 2024), and that no substantive progress was made in the case during that 9-month stay. When the 9-month stay is taken into account, any trial would take place around July 2026, i.e., about 11 months *after* the projected FWD date of August 2025.

² Patent Owner asserts, without support, that “trial is expected in the underlying Georgia case by the early summer of 2025 based on the Court’s docket.” POPR, 35. Petitioner disputes that assertion, and significantly, Patent Owner has not cited anything in the “Court’s docket” to support that assertion. *See* Ex. 1019. Nor has Patent Owner clearly explained why trial will supposedly be in “early summer of 2025.” Even considering the DOJ’s median time-to-trial of 31 months for all civil cases and ignoring the 9-month stay from May 31, 2023 to March 6, 2024, trial will be in August 2025 at the earliest (not in “early summer of 2025”). *See* Ex. 2004, 93. Under the DOJ’s median time-to-trial of 31 months and considering the 9-month stay in the case, trial is most likely to be scheduled in early summer of 2026.

Finally, “[w]here the parties rely on time-to-trial statistics, the PTAB will also consider additional supporting factors such as the number of cases before the judge in the parallel litigation and the speed and availability of other case dispositions.” USPTO Guidance Memo, 9 (citation omitted). Here, of the over 750 patent cases filed in the Northern District of Georgia since 2008, only two cases have gone to jury trial. Ex. 1015, 2 And Hon. Judge Jones, who is presiding over the Georgia Litigation, has never had a patent case go to trial. Ex. 1020. Factor 2 therefore heavily weighs against denial of institution.

C. Factor 3 Heavily Favors Institution: Investment in the District Court Litigation Is Minimal

The Georgia Litigation is at an early stage. The case was temporarily stayed from May 31, 2023 to March 6, 2024, during which time no progress was made in the case. Since the lifting of the stay on March 6, 2024, the parties have resumed fact discovery, but thus far no depositions of fact witnesses have been taken (and none are scheduled). Patent Owner SRAM has produced only 150 documents and Petitioner Fox has produced 225 documents. In fact, as of the filing of this paper, the parties are still in the midst of negotiating a case schedule, and claim construction has not yet started. *See* Ex. 1021. Per the Northern District of Georgia’s Local Patent Rules, after the Court issues its claim construction order, fact discovery will resume

for 45 days per Rule 6.7, and expert discovery will commence only after the completion of fact discovery following claim construction per Rule 7. *See id.*

In short, the Georgia Litigation is in its very early stages. While the parties have exchanged infringement and invalidity contentions, the contentions are preliminary in nature and require further investment by the parties. By the time the institution decision issues in August 2024, few case milestones will have been reached; the claim construction hearing, expert discovery, and dispositive motions will have yet to occur. *See id.*

Moreover, although this IPR was filed close to the 1-year statutory deadline, Petitioner did not have any dilatory motive, nor did Petitioner gain any tactical advantage by delaying filing. Rather, the Petition was filed during the 9-month stay, which mitigated investment in the district court case by the parties and the Court.

Given the parties' and the Court's minimal investment in the Georgia Litigation, Factor 3 strongly favors institution.

D. Factor 4 Weighs Only Slightly in Favor of Denial: Some Overlap Exists Between Issues in the Petition and the Georgia Litigation

Petitioner has only submitted preliminary invalidity contentions in the Georgia Litigation. The Court has not considered the merits of Petitioner's preliminary invalidity contentions, and the projected FWD deadline would predate trial in the Georgia Litigation even using Patent Owner's statistics, alleviating any

concern with duplication or inconsistency. Even if some grounds and prior art used in the invalidity contentions are the same as those in the Petition, institution would provide an efficient alternative to litigating the same grounds. Factor 4 weighs only slightly in favor of exercising discretion to deny institution.

E. Factor 5 Favors Institution Because This Panel Will Address the Invalidity Challenges First

Petitioner is the defendant in the Georgia Litigation. But, as discussed above, the Georgia Litigation is at an early stage, and trial is likely to occur after the projected statutory FWD deadline. *See Uber Technologies, Inc. v. LBT IP II LLC*, IPR2022-00880, Paper 8, 13 (P.T.A.B. Dec. 7, 2022) (weighing Factor 5 against exercising discretion to deny institution where no trial date has been set), citing *Huawei Tech. Co. v. WSOU Inv., LLC*, IPR2021-00225, Paper 11, 14 (P.T.A.B. June 14, 2021) (“[T]his factor favors denial if trial precedes the Board’s Final Written Decision and favors institution if the opposite is true.”) (quotation marks omitted)); *Google LLC v. Parus Holdings, Inc.*, IPR2020-00846, Paper 9 at 21 (P.T.A.B. Oct. 21, 2020). Thus, Factor 5 weighs against denial, or at least is neutral.

F. Factor 6 Strongly Favors Institution: The Petition Presents Compelling Merits

The Petition presents compelling arguments, supported by the expert declaration of Dr. Slocum, that show that all challenged claims are unpatentable based on two distinct sets of grounds. Grounds 1-2 are based on Denk (Ex. 1006)

and Moechnig (Ex. 1008), and Grounds 3-4 are based on Valat (Ex. 1007) and Denk. The two primary references (Denk and Valat) were not considered or applied by the Examiner. Pet. 86. While the Examiner applied Moechnig during prosecution for teaching “varying thickness of a wall,” the Petition only relies on Moechnig for its teachings of conventional bicycle features in the claims. Pet. 86-87.

The POPR relies on unsupported attorney arguments to challenge Petitioner’s strong showing of unpatentability. For example, with respect to Grounds 1-2, the POPR argues that Denk’s lightweight tubing would not be used as a steerer tube, because “the bicycle frame experiences forces from the rider in the vertical plane of the frame [], rather than the plane of travel of the bicycle itself.” POPR, 13-14. This argument omits the word “vertical” when describing the plane of travel of the bicycle and ignores the express teaching in the ’993 patent that the claimed “vertical plane of travel of the bicycle” is the same as the vertical plane of the bicycle frame and “is aligned with the running direction of the bicycle.” *See* Ex. 1001, 1:8-32, FIGS. 1-2; Ex. 1003, ¶¶38, 39. The POPR further argues that “the ‘993 Patent is concerned with and recognized the importance of having a steerer tube having a maximum stiffness *in the direction of travel for the related bicycle*” and suggests that Denk does not teach maximum wall thickness/stiffness in the direction of travel. POPR, 14-15 (emphasis added). But independent claims 1, 61, and 64 require maximum wall thickness in the vertical plane of travel of the bicycle (not simply in *any* direction of

travel), and Denk clearly teaches that. Specifically, because Denk discloses that high loads occur in the vertical plane of a bicycle frame, which is the same as the vertical plane of travel of the bicycle, one skilled in the art would have found it obvious to align plane 6 of Denk's tube, which has the maximum wall thickness, with the plane of travel of the bicycle. Pet. 23-26.

With respect to Grounds 3-4, the POPR argues that the claim limitation “a thickness of the wall at any point in the lower section of the body varying as a function of the cross-sectional angle of the point relative to the plane of travel” of independent claims 1, 61, and 64 “includes a *continuously varying interior surface that is elliptical*,” which allegedly is not disclosed by Valat. POPR, 25-26 (emphasis added). Neither of these two additional features — “continuously varying interior surface” and “elliptical” — are recited in the independent claims. Nor do the language of the independent claims suggest any shape of the interior surface for achieving the claimed varying thickness. Indeed, dependent claim 34 further limits independent claim 1 by reciting “an inner surface of the wall within the lower section of the body is formed as an ellipse in cross section.” Based on the doctrine of claim differentiation, independent claim 1 should not be interpreted to require “a continuously varying interior surface that is elliptical.” See *SunRace Roots Enterprise Co., Ltd. v. SRAM Corp.*, 336 F.3d 1298, 1303 (Fed. Cir. 2003). Regardless, Valat in view of Denk sufficiently discloses or suggests that the wall

thickness at any point on the wall of Valat's steerer tube (modified in view of Denk to have an elliptical inner contour in the lower part) would continuously vary as a function of the cross-sectional angle of the point relative to the vertical plane (i.e., "the plane of travel") of the bicycle. *See* Pet. 64-68.

Furthermore, the POPR argues that Petitioner and Petitioner's expert misunderstand Valat's disclosure. POPR, 26-30. Petitioner disagrees and its understanding of Valat is supported by Dr. Slocum's expert declaration. Patent Owner's mere attorney argument cannot rebut Petitioner's evidence from Dr. Slocum. *See Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1043 (Fed. Cir. 2017); *Gemtron Corp. v. Saint-Gobain Corp.*, 572 F.3d 1371, 1380 (Fed. Cir. 2009). Factor 6 thus weighs in favor of not exercising discretion to deny institution. *Sand Revolution II*, IPR2019-01393, Paper 24 at 13.

II. Conclusion

For these reasons, and those in the Petition, Petitioner respectfully requests institution.

Date: June 12, 2024

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **Petitioner's Reply to Patent Owner's Preliminary Response** was served on June 12, 2024, via email directed to counsel of record for the Patent Owner at the following:

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Patent Owner has consented to service by email.

Dated: June 12, 2024

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