

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FOX Factory, Inc.,

Petitioner,

v.

SRAM, LLC,

Patent Owner.

U.S. Patent No. 10,328,993 B2

Filing Date: December 30, 2014

Issue Date: June 25, 2019

Title: BICYCLE STEERER TUBE WITH VARIANT STIFFNESS

Case No. IPR2024-00491

**PATENT OWNER SUR-REPLY IN SUPPORT OF ITS
PRELIMINARY RESPONSE**

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TABLE OF EXHIBITS

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Ex. 2001	Order Denying Fox Factory, Inc.’s Motion to Transfer to the Northern District of California and Order to Show Cause as to Why Sanctions Are Not Appropriate, dated March 6, 2024, <i>SRAM, LLC v. FOX Factory, Inc.</i> , Case No. 1:23-cv-00492-SCJ (United States District Court – N.D. Georgia)
Ex. 2002	Thomson Reuters’ Westlaw Litigation Analytics Report (United States District Court – N.D. Georgia)
Ex. 2003	LexisNexis Analytics (United States District Court – N.D. Georgia)
Ex. 2004	United States Department of Justice District Court Caseload Statistics
Ex. 2005	Scheduling Order, dated May 31, 2023, <i>SRAM, LLC v. FOX Factory, Inc.</i> , Case No. 1:23-cv-00492-SCJ (United States District Court – N.D. Georgia)
Ex. 2006	Fox Factory, Inc.’s Brief in Opposition to SRAM’s Motion to Stay, dated Jan. 8, 2024, <i>FOX Factory, Inc. v. SRAM, LLC</i> , Case No. 1:23-cv-00313-RM-KAS (United States District Court – D. Colorado)
Ex. 2007	Fox Factory, Inc.’s Preliminary Invalidity Contentions, dated June 16, 2023 (including Exhibits 4 and 5), <i>SRAM, LLC v. FOX Factory, Inc.</i> , Case No. 1:23-cv-00492-SCJ (United States District Court – N.D. Georgia)
Ex. 2008	Website capture for Santa Cruz NOMAD bicycle featuring RockShox Zeb fork
Ex. 2009	Declaration of Michael Durbin
Ex. 2010	Thomson Reuters’ Westlaw Litigation Analytics Report (Honorable Steve C. Jones Case Statistics)

Exhibit	Description
Ex. 2011	Joint Preliminary Report and Discovery Plan dated April 17, 2023, <i>SRAM, LLC v. FOX Factory, Inc.</i> , Case No. 1:23-cv-00492-SCJ (United States District Court – N.D. Georgia)
Ex. 2012	March 7, 2024 Through March 15, 2024 Email Exchange Between Counsel for Patent Owner and Counsel for Petitioner
Ex. 2013	June 4, 2024 Through June 14, 2024 Email Exchange Between Counsel for Patent Owner and Counsel for Petitioner
Ex. 2014	Second Declaration of Michael Durbin

I. INTRODUCTION

Patent Owner SRAM, LLC (“Patent Owner”) and Petitioner FOX Factory, Inc. (“Petitioner”) are near the end of discovery in parallel litigation in the United States District Court for the Northern District of Georgia (the “District Court”) – *SRAM, LLC v. FOX Factory, Inc.*, No. 1:23-cv-00492 – involving the instant patent, U.S. Patent No. 10,328,993 B2 (“the ‘993 Patent”). Audaciously, Petitioner asks to be rewarded in consideration of *Fintiv* factors because of a delay in the District Court that Petitioner intentionally caused by its wrongful motion to transfer based on false representations for which they now await sanctions the District Court is currently considering *sua sponte*. Rewarding such improper behavior by litigants would serve the opposite purpose of the entire IPR process and encourage such wrongful behavior. In fact, after the District Court denied Petitioner’s meritless Motion to Transfer Venue (Ex. 2001) and is now considering *sua sponte* sanctioning Petitioner for its clear misrepresentations about its own principal place of business, the Georgia case has been progressing swiftly towards trial, with roughly two and a half weeks now left for fact discovery and a reasonable expectation for trial to begin well before any final written decision in this matter.

Even with Petitioner’s improper behavior, the *Fintiv* factors favor denial of institution because, among other things: (1) the District Court is unlikely to stay the parallel litigation a second time, especially in view of Petitioner’s delay from its

demonstrably improper Motion to Transfer, (2) trial is reasonably expected before a final written decision, (3) Petitioner has failed to submit a stipulation to eliminate concerns of duplication between the Board and the District Court, and (4) Petitioner's invalidity arguments lack any compelling merit.

II. THE *FINTIV* FACTORS FAVOR DENIAL OF INSTITUTION UNDER 35 U.S.C. § 314(a) .

A. A Second Stay in the Parallel Litigation Is Unlikely in View of Petitioner's Sanctionable Conduct Before the District Court.

Petitioner's Reply presents an unrealistic optimistic perspective that the District Court will allow Petitioner to delay the parallel litigation *yet again* with another motion to stay. Further, Petitioner's attempts to "correct the record" at page 2 of its Reply are not only unnecessary (given that Patent Owner provided the Board with the entirety of the District Court's statements about Petitioner's frivolous Motion to Transfer arguments), but also mischaracterize Petitioner's own misrepresentations in the District Court as an "inadvertent mistake."

Contrary to Petitioner's statement in its Reply and in utter disregard of Patent Owner's warnings and presenting Petitioner with the true facts, Petitioner deliberately chose to pursue and double down on arguments not based on the truth and without legal support. *See* Ex. 2001 at 7-15, 23-25. It was only for that false representation, and that reason alone, Petitioner achieved an improper stay in the parallel litigation. Petitioner cannot now pretend that the District Court would view

a second request for stay in a similarly favorable light, especially as the District Court is still considering *sua sponte* what sanctions to apply against Petitioner. *See* Ex. 2001 at 24 (“Fox’s silence and its selective speech leads the Court to conclude that Fox originally misrepresented the location of its principal place of business. To the extent that is so, the Court will not let such conduct stand unsanctioned.”).

Petitioner’s sanction fate is now in the hands of the District Court, which may issue sanctions as a direct consequence of the actions discussed above and set forth more fully in Sections III.A and III.C of the Patent Owner Preliminary Response (“POPR”) (Paper 6). Patent Owner highly doubts the District Court will grant another stay, weighing in favor of denying institution under *Fintiv* factor 1.

Moreover, actions have consequences. A consequence of Petitioner’s improper and dilatory actions may, if this Board chooses, include denial of institution. Under *Fintiv* factor 6, this Board may consider “other circumstances that impact the Board’s exercise of discretion.” *Apple v. Fintiv*, Case No. IPR2020-00019, Paper 11, at 6 (PTAB Mar. 20, 2020) (precedential). Patent Owner maintains that it should not be forced to succumb to Petitioner’s arguments (albeit incorrect arguments) that the case has barely progressed because it is precisely Petitioner’s misconduct that caused any delay in progression. If Petitioner’s misconduct goes unchecked, Petitioner, and other parties looking to gain a tactical advantage, will be incentivized to act first and apologize later.

B. Petitioner Misrepresents the Anticipated Trial Schedule.

Petitioner fails to provide the Board with a full view of the parallel litigation, namely that the District Court placed discovery on a fast track, the parties are *not* two years away from trial, and the median time to trial in the Northern District of Georgia is not more than 7 years. In fact, Petitioner's belief that trial is not likely to occur until the Summer of 2026 is strange indeed given that only two and a half weeks of fact discovery remain. *See* Ex. 2005 at 1.

Petitioner's continued reliance on *two* outlier data points fails to provide a correct picture when additional data points are available to Petitioner. Petitioner cannot reasonably believe that trial is not expected until 2029, even conceding that trial might occur much earlier. *Compare* Petition at 85 (asserting that the median time to trial is over 7 years) *with* Paper 7 at 4 (stating that trial may occur in the summer of 2026). Petitioner chose to cherry-pick its data points dating back to an arbitrarily chosen year – 2008. In contrast, Patent Owner widened the scope to *all* patent cases tried in the Northern District of Georgia, illustrating that trial is more reasonably expected between two to three years from filing. *See* Ex. 2002. Moreover, Petitioner conveniently glosses over Patent Owner's time to trial statistics (Exs. 2003 and 2004), including those which are readily and publicly available on the Department of Justice website, all which support Patent Owner's assertion that trial is expected before a FWD.

Petitioner misrepresents the schedule for the parallel litigation. The Court's Scheduling Order put the parallel litigation on a 4-month fact discovery track, beginning at the time it ruled on Petitioner's frivolous Motion to Transfer. *See* Ex. 2005 at 1. Per Petitioner, "FOX [did] not request[] any stays on the parties' exchange of contentions, etc., under the Patent Local Rules. Rather, FOX [] simply request[ed] a *stay of fact discovery* until decision on the motion to transfer ..." *See* Ex. 2011 at 6 (emphasis added). The District Court granted a stay of fact discovery, but did not stay all other deadlines. *See* Ex. 2005 at 1. Thus, per the Patent Local Rules, and the District Court's limited stay, Petitioner's time to "exchange a list of claim terms, phrases, or clauses" passed nearly a year ago. *See* Ex. 2013 at 6.

Nonetheless, in a show of good faith, on March 7, 2024, Patent Owner reminded Petitioner of its obligations to exchange a list of claim terms for construction, if any – even though the time to do so passed – but Petitioner failed to respond to Patent Owner's reminder and did not indicate any intent to engage in claim construction. *See* Ex. 2012 at 1-2. **Now**, in an attempt to impose more delay and gain another tactical advantage over Patent Owner, and at odds with its own statements to this Board (*see* Petition at 9 ("[n]o terms need construction to resolve the controversy")), Petitioner asserts claim construction is needed in the parallel litigation – nearly three months after Patent Owner's good faith reminder, and nearly a year after Petitioner's deadline, but has not indicated how they want phrases

rewritten. *See* Ex. 2013 at 8-9. Claim construction is not necessary and the parallel case's progression should not be delayed further by any claim construction process.

Petitioner cites to the USPTO Guidance Memo to argue “[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,” but then proceeds to discuss how many patent cases since 2008 have gone to trial in the Northern District of Georgia compared to the number of patent trials the Honorable Judge Jones has presided over – as if that is relevant to the Board's determination and improperly implying that Judge Jones lacks experience. However, Judge Jones has presided over 79 patent cases during his tenure on the bench and is well-equipped to preside over this trial. *See* Ex. 2010 (Honorable Steve C. Jones Case Statistics).

Patent Owner should not be penalized for delays directly attributable to Petitioner's sanctionable conduct, and that should not be weighed against Patent Owner for policy reasons, which would encourage and incentivize Petitioner's dilatory actions. Thus, *Fintiv* factors 1, 2, and 3 all weigh in favor of denial here.

C. The Issues Raised in the Petition and in the Parallel Georgia Case Significantly Overlap, the Parties Overlap, and Petitioner's Invalidity Arguments Lack Any Substantial Merit.

As you would expect, there is significant overlap between the prior art and arguments asserted in the District Court case and its *Inter Partes* Review Petition

(see Petition at 85; see also Ex. 2007 (Petitioner’s Preliminary Invalidity Contentions presenting nearly the exact same grounds as here, including the same prior art references)), which Petitioner does not deny in its Reply. Similarly, Petitioner does not deny that the parties in the parallel litigation and those in these proceedings before the Board are the same, or that Petitioner has *not* stipulated that it will not pursue in the parallel litigation the same grounds asserted here or any grounds that could have reasonably been raised in the petition, which would “mitigate[] any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.” See *Sotera Wireless, Inc. v. Masimo Corp.*, Case No. IPR2020-01019, Paper 12 at 18-19 (PTAB Dec. 1, 2020) (precedential); see also POPR at 39. In fact, Petitioners new argument that claim construction is now necessary foretells it wants multiple bites at the same apple. Thus, *Fintiv* factors 4 and 5 also weigh in favor of denial of institution.

With respect to *Fintiv* factor 6, Petitioner’s slapdash Grounds continue to ignore critical portions of the Independent Claims, as discussed throughout the POPR (Paper 6). The Petition fails to support a reasonable likelihood of success with respect to at least one claim of the ‘993 Patent.

For example, all Grounds fail to disclose or suggest a steerer tube having a varying wall thickness being at a maximum in the bicycle’s plane of travel. Patent Owner previously explained that the front-and-back direction forces acting in the

bicycle's vertical plane of travel in the '993 Patent are clearly not the same as the up-down forces acting on Denk's frame. Petitioner argues its superficial view that these planes appear overlapping, but the disclosures of Denk and the '993 Patent make clear that these are different forces acting on different structures and would be readily understood as such to a POSITA. *E.g.*, POPR (Paper 6) at 8-11, 13-16.

As previously discussed, a bicycle frame must manage the rider's weight as a primary consideration. POPR at 8, 14; Ex. 1006 (German Patent Application No. DE19629740A1 to Denk ("Denk")), Col. 2. Thus, weight concerns differ due to the differing forces incident on the bicycle frame (up-down) compared to those action on the bicycle steerer tube and fork, which are principally focused on front-and-back direction forces. *E.g.*, Ex. 1006 (Denk), Col. 2 (discussing differences between vertical forces on bicycle frame caused by rider weight compared to forces associated with forward movement); Ex. 1008 (Moechnig), [0005] (noting that "[d]uring riding, although the front wheel can be subjected to loading in a variety of radial directions, these loading [sic] are commonly directed in a longitudinal and a lateral direction.>"). Thus, Denk does not disclose or suggest a steerer tube having a varying wall thickness being at a maximum in the bicycle's plane of travel. Instead, Denk is concerned with rider weight and the vertical direction.

In a desperate attempt to keep its Petition alive, Petitioner wrongly accuses Patent Owner of providing a claim construction position that adds limitations to the

claims from the specification. Reply at 9-10. In fact, Patent Owner applies the plain meaning of the limitation in question: “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*.” ‘993 Patent, Claims 1, 61, 64 (emphasis added). As stated in the limitation in question, the thickness *varies* at any given point as a function of the angle from the plane of travel. This means what it says: the wall thickness varies such that any point next to the point in question has a different thickness. On the other hand, Valat’s disclosure includes many adjacent points that do not vary in thickness. Patent Owner is simply applying the plain and ordinary meaning of this claim term, incorporating no structures from the ‘993 Patent’s specification. The plain and ordinary meaning of this term is also in accordance with the ‘993 Patent’s specification. That a dependent claim further narrows this feature to be elliptical is irrelevant. In any case, the variation of the wall thickness ends up being continuous, unlike Valat.

And moreover, Patent Owner reiterates that it is clear from a superficial reading of Valat that Petitioner’s purported generalist expert fails to understand Valat’s disclosure. *See* POPR at 26-27. Valat clearly identifies a single embodiment in Figures 1 and 2, with Figure 1 showing a tube before being processed into Valat’s invention depicted in Figure 2. Ex. 1007 (Valat), 1:58-60 (emphasis added). This is plain from Valat’s disclosure and understandable even to a layperson. The Federal

Circuit has recognized that where “the references ... are easily understandable without the need for expert explanatory testimony[,]” no expert testimony is required. *Union Carbide Corp. v. Am. Can Co.*, 724 F.2d 1567, 1573 (Fed. Cir. 1984). In any event, Petitioner’s expert’s testimony should be disregarded for having no basis in fact, as demonstrated in the POPR. *Xerox Corp. v. Bytemark, Inc.*, IPR2022-00624, Paper 9 at 15-16 (PTAB Aug. 24, 2022) (precedential); *see also, e.g., Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306, 1311 (Fed. Cir. 2000) (“Lack of factual support for expert opinion to factual determinations, however, may render the testimony of little probative value in a validity determination.”).

III. CONCLUSION

Petitioner’s new arguments in reply do not change the fact that the Board should exercise its discretion to deny institution. Petitioner cannot avoid denial of institution under § 314(a) because its own improper conduct, and the advanced status of the parallel litigation dictates that institution is not warranted. The Board should therefore deny institution of *inter partes* review.

Respectfully submitted,

Dated: June 19, 2024

/s/ Michael J. Hickey

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Patent Owner's Sur-Reply and Exhibits 2010 through 2014 were served by email at the following address of record for the Petitioner's Counsel on June 19, 2024:

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