

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. 7,147,207 B2

Filing Date: November 4, 2004

Issue Date: December 12, 2006

Title: ACTUATOR APPARATUS FOR CONTROLLING A VALVE
MECHANISM OF A SUSPENSION SYSTEM

Case No. IPR2024-00492

PATENT OWNER PRELIMINARY RESPONSE

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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	Declaration of Michael Durbin

I. INTRODUCTION

Patent Owner SRAM, LLC (“Patent Owner”) and Petitioner FOX Factory, Inc. (“Petitioner”) are currently in the midst of discovery in parallel litigation in the United States District Court for the Northern District of Georgia – *SRAM, LLC v. FOX Factory, Inc.*, No. 1:23-cv-00492 – involving the instant patent, U.S. Patent No. 7,147,207 B2 (“the ‘207 Patent”).¹ Now that the Georgia Court has denied Petitioner’s meritless motion to transfer (*see* 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)), this litigation is continuing full steam ahead, with only two months left for discovery, and is reasonably expected to go to trial by the early summer of 2025, before any final written decision in this matter.

The Board should deny this Petition on its face for lack of reasonable likelihood of success on the merits because the prior art grounds cobbled together here with improper hindsight are *technically and legally deficient* and fail to

¹ Patent Owner asserts infringement of a second patent, U.S. Patent No. 10,328,993 B2, by Petitioner in that same Georgia litigation. Petitioner has simultaneously filed a parallel petition for *inter partes* review of the ‘993 Patent in Case No. IP2024-00491.

disclose or suggest every limitation of Independent Claim 1, not to mention the other seven (7) challenged dependent claims (collectively, the “Challenged Claims”).

Further, the Board should exercise its discretion to deny institution of this Petition under 35 U.S.C. 314(a) in view of the parallel Georgia case involving the very same patent claims and parties. Petitioner fails to inform the Board that the Georgia case was only delayed based on Petitioner’s factual misrepresentations, for which Petitioner is now facing an Order to Show Cause why sanctions should not be issued. *See, infra*, Section III(A). All six *Fintiv* factors support denial of institution, including the fact that the Georgia case is expected to go to trial in early summer of 2025, before any expected final written decision date in this matter. Moreover, the prior art grounds relied upon here are almost wholly duplicative of Petitioner’s invalidity contentions in the Georgia case, which will be resolved before a final written decision here. *See* Ex. 2007 (Petitioner’s Preliminary Invalidity Contentions). Finally, Petitioner has submitted no stipulation at all to eliminate concerns about duplication between the Board and the District Court, nor has Petitioner presented compelling merits to avoid a *Fintiv* denial. *See* Director Vidal’s *Fintiv* Memorandum (issued June 21, 2022), at 3, 4, 7 (noting that discretionary denial in view of a parallel litigation may be avoided by either a *Sotera* stipulation or compelling merits).

For at least these reasons and those set forth below, the Board should deny institution of this Petition.

II. THE ASSERTED PRIOR ART GROUNDS ARE NOT REASONABLY LIKELY TO SUCCEED ON THE MERITS.

A. Relevant Technical Background

1. Overview of the ‘207 Patent

The ‘207 Patent represents a significant leap forward in convenience and customization for shock absorbers in the vehicle suspension field — providing a solution that is both easy for the rider and tunable to the rider’s specific preferences and needs. Specifically, the ‘207 Patent gives the rider a preset damping option as well as a user-adjustable damping option – the best of both worlds from a rider perspective.

The inventions claimed in the ‘207 Patent include these benefits thanks to the invention of a novel “actuator apparatus for controlling a valve mechanism of a suspension system that includes a valve actuating assembly operable between at least two rider-selectable positions and an adjuster assembly for adjusting the damping characteristics of at least one of the rider-selectable positions.” Ex. 1001 (‘207 Patent), 1:7-13 (emphasis added). Said another way, the inventions of the ‘207 Patent claim a valve actuating assembly or lever with *one position that*

always provides the same damping characteristics, and a second position that provides adjustable damping characteristics via an adjuster assembly.

As the '207 Patent notes in the Background of the Invention, damping in a suspension system is a key aspect of a shock absorber's overall performance:

The damping characteristics of a suspension system can affect the quality of performance provided by a shock absorber for a given application. Damping characteristics are affected by various factors such as rider weight, rider skill, terrain conditions, etc. Accordingly, it is desirable to provide a suspension system wherein the damping characteristics are adjustable. Further, it is advantageous to provide shock absorbers that are externally adjustable by the rider.

Id., 1:22-29.

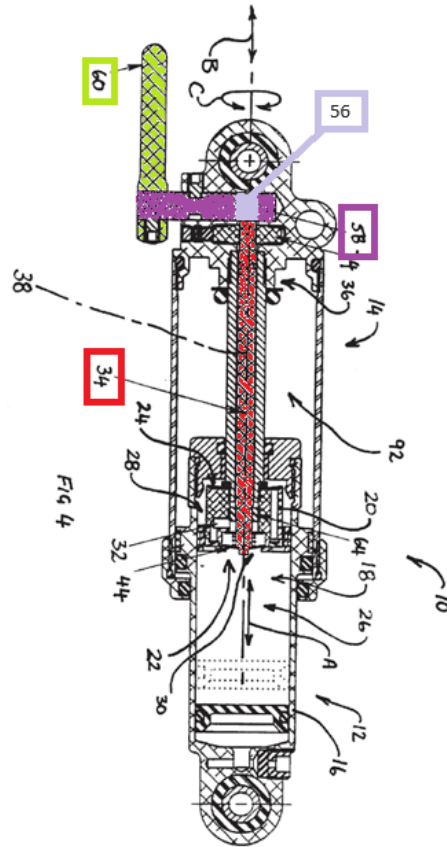
Conventional shock absorbers have adjustable damping characteristics but that can only be adjusted by changing the position of a single lever. The '207 Patent explains:

A typical design for a damping adjuster uses an adjuster rod that extends down the center of the piston shaft and engages the valve mechanism or performs the function of the valve mechanism. Adjustment is commonly made ... [when] the adjuster rod is moved axially (up or down) to alter damping ... For example, a cam attached to a lever may be engageable with the adjuster rod to vary the axial position of the rod. One problem associated with this configuration is that *any given angular position of the lever/cam corresponds to*

exactly one position of the adjuster rod. This limits the ability of the rider to customize the damping characteristics of the suspension system to suit the terrain or the rider's particular riding style.

Id., 1:30-43 (emphasis added).

Thus, a conventional shock absorber may allow a rotational input by the rider at the lever to rotate a cam. The rotation of the cam engages an adjuster rod, which adjuster rod is typically biased towards the cam via a spring, moving that adjuster rod in an axial up-and-down direction along the length of the rod. U.S. Patent No. 6,360,857 to Fox (“Fox”) (Ex. 1005), a prior art reference already considered and overcome during prosecution of the ‘207 Patent, yet nevertheless relied upon here by Petitioner, shows this known arrangement:



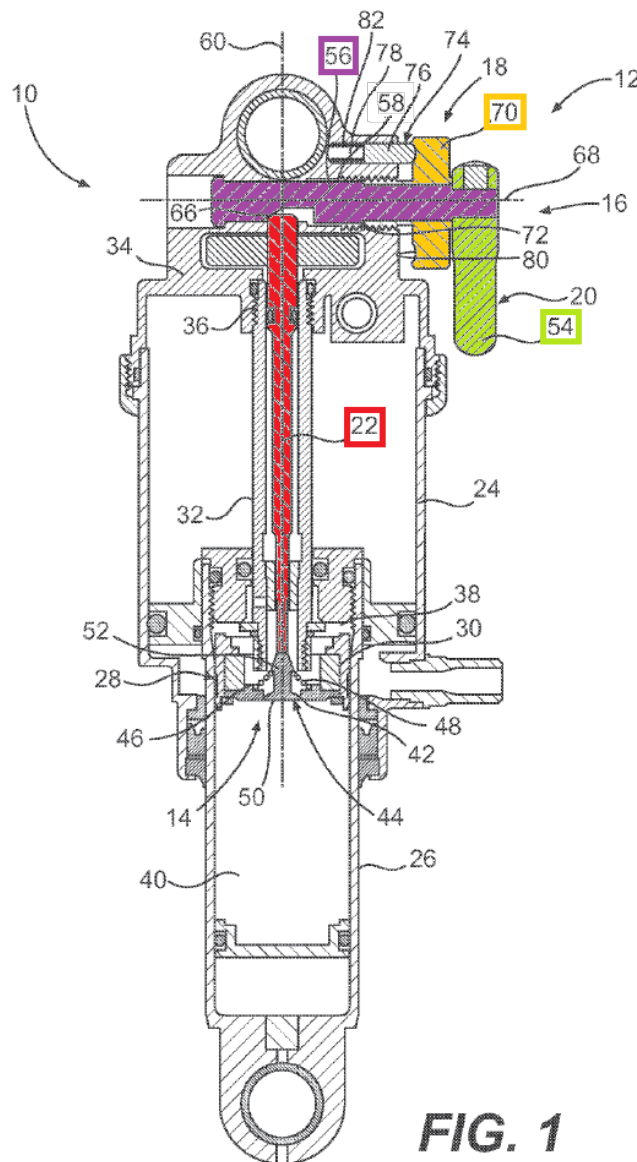
Ex. 1005 (Fox), FIG. 4. In Fox, the actuation shaft **58** (purple) includes a cam **56** (light purple), which cam **56** rotates to move the shaft **34** (red) in an axial up-and-down direction along the length of the shaft **34**. *Id.*, 8:9-30. In Fox and similar conventional shock absorber designs (including other cumulative art asserted here by Petitioner), each position of the lever **60** (green), which also corresponds to each position of the actuation shaft **58** includes the cam **56**, has a single set of unchanging damping characteristics. In other words, for each axial position of the lever **60** as it rotates around in a circle, there is a single damping characteristic. *Id.*

The '207 Patent improves upon this already known design by allowing a rider to have at least *one position of the relevant lever* (or other valve actuating assembly) *that always provides the same damping characteristics*, and *another position of the lever that provides an adjustable set of damping characteristics* that can be adjusted via an adjuster assembly. *Id.*, 1:47-62 (claim 1). Having preset positions of the lever with consistent damping characteristics may be convenient to the rider, especially when those preset positions correspond with recognized damper settings, such as an “open” position where the damper provides the least amount of damping available for the shock absorber or a “lockout” position where the damper provides the greatest amount of damping available for the shock absorber where the fluid flow is reduced to a minimum. *See, e.g., id.*, 4:51-64. At the same time, the '207 Patent is able to provide an additional position of the relevant lever that has user-adjustable damping characteristics to suit the particular preferences of the user. *Id.*, 1:23-43. As a result, the '207 Patent is able to provide a damping system that is both easy and intuitive to adjust over a wide range of preset damping characteristics while simultaneously providing user-adjustable damping.

The '207 Patent discloses multiple, varied exemplary structures capable of simultaneously providing both types of benefits. As shown in Figure 1, the '207 Patent's shock absorber **10** includes a valve actuating assembly **16** and an adjuster

assembly **18**. The valve actuating assembly **16** includes, in an exemplary embodiment of the claimed invention, a selector **20** (which comprises a camshaft **56** (purple, below) that is rigidly attached to a rider-operated lever **54** (green)) and a driver **22** (red). The adjuster assembly **18** includes, in an exemplary embodiment of the claimed invention, a threaded knob **70** (yellow). *Id.*, 3:42-62, 4:23-24.

These structures are colorized in the annotated reproduction of Figure 1, below:



The valve actuating assembly **16** is rotatable to at least two positions, which positions are axial positions of the lever **54** and correspond to positions of the camshaft **56** in the disclosed embodiment. *E.g., id.*, 3:42-62, 4:51-5:47. For example, Figures 2 and 3 show two side views of the camshaft **56** in two different axial positions, rotated around its major axis **68**:

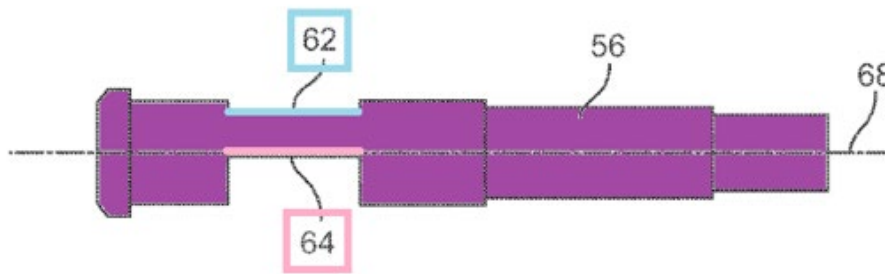


FIG. 2

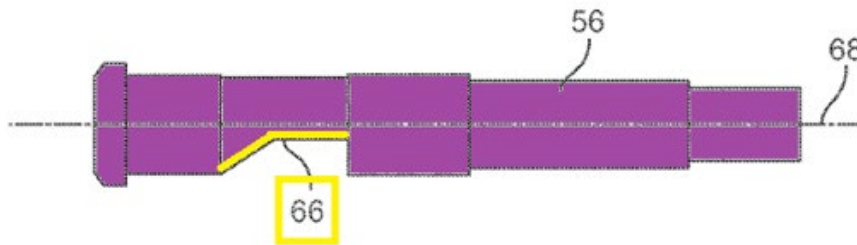
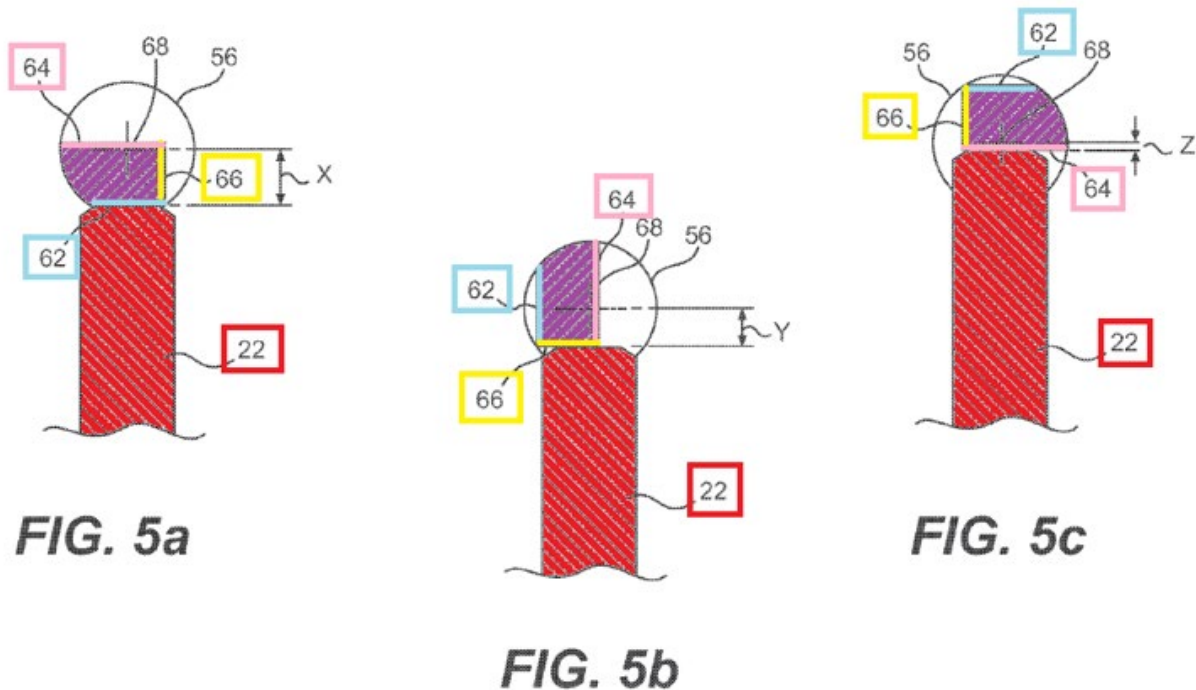


FIG. 3

As can be seen above, the camshaft **56** (purple) includes three surfaces in this embodiment, surfaces **62** (light blue), **64** (pink), and **66** (yellow). Cam surface **64** (pink) is formed to have the smallest radius from the axis of rotation **68**, while

cam surface **62** (light blue) has a greater radius from the axis of rotation **68**. On the other hand, the surface **66** (yellow) has a variable radius from the axis of rotation **68** that is created by the sloping of the surface **66**. Figures 5a, 5b, and 5c show the camshaft **56** from a perspective that is aligned with the axis of rotation **68** so that the relationships between these surfaces and the driver **22** (red) is apparent:

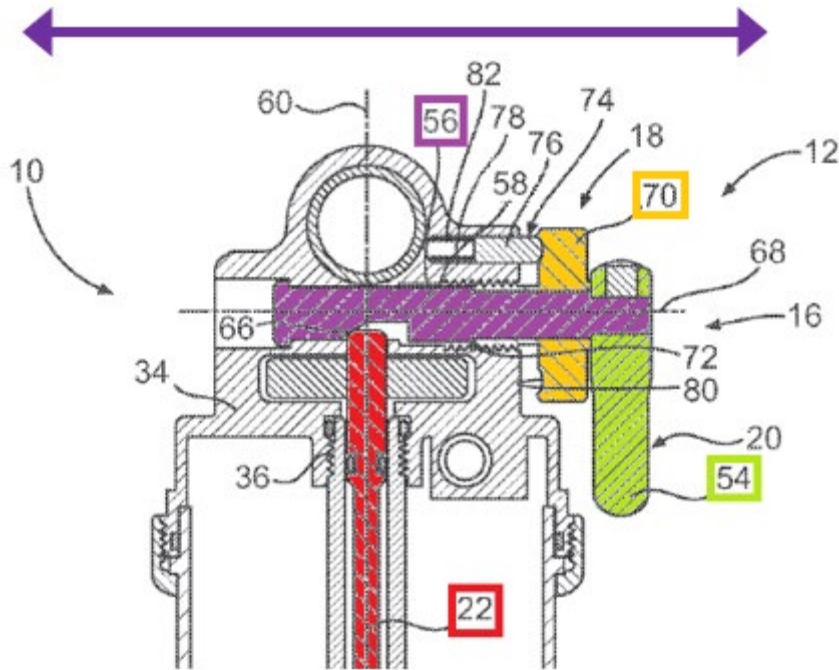


Id., FIGS. 5a-5c, 5:14-47.

As can be seen above, the cross-sectional shape of this embodiment of the camshaft **56** is rectangular at one end, although other shapes are possible. For Figure 5b, this is just one possible cross-sectional radius **Y** from the surface **66** to the axis of rotation **68**. As can be seen in Figure 4, above, the cross-sectional

radius **Y** may be larger or smaller, depending on where along the axial extent of the camshaft **56** the driver **22** contacts the surface **66**. Figure 6b shows a different cross-sectional radius **W** for the surface **66**. And while the surface **66** is sloped to provide different radii at different points along the axial direction of the camshaft **56**, the other surfaces **62**, **64** maintain the same radius from the axis of rotation **68** regardless of the point along the axial extent of the camshaft **56**. *Id.*, FIGS. 5a-5c, 6a-6c (disclosing that the only axial change for driver **22** occurs the embodiments in Figures 5b and 6b when the axial position of the camshaft **56** changes, whereas the embodiments in Figures 5a/6a and 5c/6c show the same axial shift for driver **22**); *see also id.*, 5:14-47.

The valve actuating assembly **16** (which includes the camshaft **56**) is movable axially (purple arrow) by the adjuster assembly **18** and its threaded knob **70** (orange, below):



Id., FIG. 1, 4:38-44. As the knob **70** is turned, the camshaft **56** is moved axially along the axis of rotation for the camshaft **56**, in a direction indicated by the annotated purple arrow above. *Id.* The axial movement of the camshaft **56** causes an axial shift in the point along the camshaft **56** that directly contacts the driver **22**, as illustrated, for example, by the change in axial position of the contact shown between Figure 7b and Figure 7c:

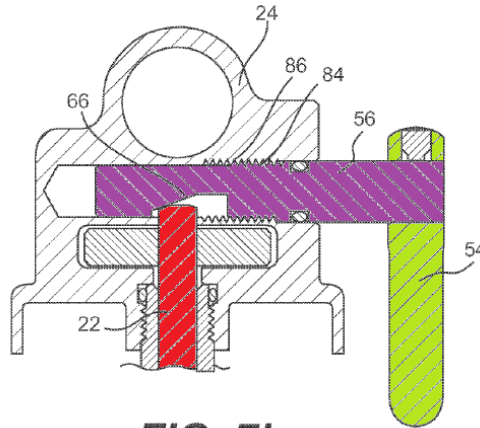


FIG. 7b

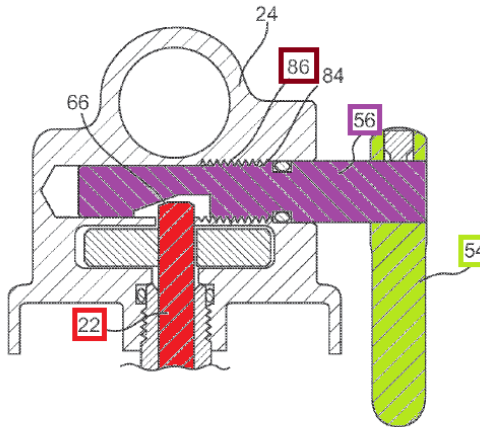


FIG. 7c

Id., FIGS. 7b, 7c, 5:48-6:9.

Figures 7b and 7c of the '207 Patent clearly show the axial movement of the camshaft **56** (purple). These figures additionally show an alternate embodiment of the inventions claimed in the '207 Patent wherein the valve actuating assembly **16** and adjuster assembly **18** are formed integrally. *Id.*, 5:48-6:9. Specifically, the camshaft **56** directly interacts with some threads **86** within the first cylinder **24** of the shock absorber **10**. *Id.*, FIGS. 7a, 7b, 5:48-52. In this way, the camshaft **56**

may be moved axially along the axis of rotation of the camshaft **56** by making full, 360-degree rotations of the valve actuating assembly **16** and related lever **54**. Further, at any given position along the 360-degree rotational extent of the valve actuating assembly **16** and related lever **54**, the damping characteristics will be the same, except when the surface **66** is engaged with the driver **22**. When surface **66** is engaged with the driver **22**, the axial position of the camshaft **56** along the axis of rotation for the camshaft **56** will determine both where the driver **22** contacts the slanted surface **66**, as well as the associated damper characteristics. *Id.*, FIGS. 7b, 7c, 5:48-6:9.

Although the initial embodiments of the '207 Patent use axial movement of the camshaft **56** to adjust the damping characteristics when the valve actuating assembly **16** is in the adjustable position (in space), the '207 Patent is not limited to this particular structural movement. For example, the embodiment of the claimed inventions of the '207 Patent disclosed in Figure 12 does not involve any axial movement of the camshaft. In this embodiment, a camshaft **140** is fixed axially and is used to select between three different positions. *Id.*, 8:5-13. The adjuster assembly **18** includes a knob **150** that adjusts the damping characteristics when the selector **20** of the valve actuating assembly **16** is in the adjustable (third) position. *Id.*, 8:13-19, 8:22-32. The '207 Patent explains how this is accomplished:

When the lever **138** is rotated into the first two positions, the axial position of the driver **142** is determined by the angular position of the lever **138** and camshaft **140**. When lever **138** is rotated into the third position, the adjustable position, a shoulder **154** of the driver **142** contacts the knob **150** and further rotation of the lever **138** causes the driver **142** to disengage from the camshaft **140**. In this third position, the axial position of the driver **142** is determined by the axial position of the knob **150**, not by the cam surface. Accordingly, the rotation of the knob **150** allows the rider to adjust the damping characteristics of the third position without affecting the damping of the first and second positions.

Id., 8:20-32. Thus, the adjuster assembly **18** may adjust the valve actuating assembly **16** without axial movement of the camshaft **56**. Instead, the '207 Patent claims and discloses a system where the adjuster assembly **18** may adjust the valve actuating assembly **16** in one spatial position of the valve actuating assembly **16** in such a way that the adjustment from the adjuster assembly **18** does not affect at least one other position of the valve actuating assembly **16**. *E.g., id.*, FIGS 1-6, 3:42-62.

In sum, in every embodiment of the claimed inventions of the '207 Patent, there is at least *one position* of the valve actuating assembly **16** *that will maintain its damping characteristics* regardless of the influence of the adjuster assembly **18**, while *another position has adjustable damping characteristics* changeable via the

adjuster assembly **18**. No other prior art, alone or in combination, discloses this unique and beneficial structure for both providing preselected damping settings independent of user-selected damping settings.

2. Claim Construction

Patent Owner agrees that the ‘207 Patent’s claim terms require no special claim construction for purposes of denying this Petition.

3. Level of Person of Ordinary Skill in the Art

Patent Owner believes a person of ordinary skill in the art (“POSITA”) here is more appropriately connected to, and considers the particularities of, vehicle suspension designs. Specifically, one of ordinary skill in the art at the time of the ‘207 Patent may include a person with a degree in Mechanical Engineering and approximately three years’ experience in vehicle suspension technology, or a Master’s degree or higher in Mechanical Engineering with a concentration in design of vehicle suspension technology or like technology. Petitioner’s generalist expert does not appear to meet these requirements.

B. Ground 1 Asserted Against Independent Claim 1 Is Legally and Technically Deficient.

The ‘207 Patent has one (1) independent claim – Independent Claim 1. Petitioner asserts that Independent Claim 1 is anticipated by U.S. Patent No.

6,360,875 B1 to Fox et al. (“Fox”) (Ground 1). Petitioner also challenges seven (7) dependent claims of the ‘207 Patent under this Ground.

As discussed below, neither Independent Claim 1, nor the other 7 challenged dependent claims of the ‘207 Patent, are anticipated by the asserted Fox-based ground. Simply put, Fox does not disclose the central invention of the ‘207 Patent: an actuator apparatus for controlling a valve mechanism of a suspension system having *at least one position* of the valve actuating assembly (e.g., lever) *that always provides the same damping characteristics, while another position has an adjustable set of damping characteristics*, adjusted via an adjuster assembly. Accordingly, Petitioner fails to show a reasonable likelihood of success with respect to at least one claim of the ‘207 Patent, and the Board should deny the Petition.

1. Fox Fails to Disclose Any Adjuster Assembly as Claimed in Independent Claim 1 and the Challenged Dependent Claims.

Independent Claim 1 of the ‘207 Patent is directed to “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly.” Ex. 1001 (‘207 Patent), 8:53-58. Fox lacks this essential element of Independent Claim 1.

In fact, Fox discloses no means whatsoever for adjusting the damping characteristics corresponding to a particular position of the valve actuating assembly. This is because Fox must change the particular position of the valve actuating assembly to adjust the damping characteristics. The Petition admits this, stating that Fox's adjuster assembly **54** *must be rotated to different positions* in order to adjust the damping characteristics. Petition (Paper 1) at 18-19.

This feature of the prior art – *i.e.*, the inability to adjust damping characteristics in a given position of the lever without affecting the damping characteristics of other lever positions – is specifically identified as the flaw that the inventions of the '207 Patent are meant to overcome. As stated in the Background of the '207 Patent:

A typical design for a damping adjuster uses an adjuster rod that extends down the center of the piston shaft and engages the valve mechanism or performs the function of the valve mechanism. Adjustment is commonly made ... [when] the adjuster rod is moved axially (up or down) to alter damping ... For example, a cam attached to a lever may be engageable with the adjuster rod to vary the axial position of the rod. One problem associated with this configuration is that *any given angular position of the lever/cam corresponds to exactly one position of the adjuster rod. This limits the ability of the rider to customize the damping characteristics of the suspension system to suit the terrain or the rider's particular riding style.*

Ex. 1001 ('207 Patent), 1:30-43 (emphasis added). This is exactly how the Fox reference operates, where Fox's cam surface **56** rotates to move the shaft **34** axially up or down to adjust damping characteristics. *Like the prior art, Fox has no way to vary the damping characteristics of any given position of the actuation shaft 58.* The '207 Patent solves this problem with the introduction of an adjuster assembly. Fox has no such adjuster assembly and no other means of providing a change in damping characteristics for a given position of the valve actuating assembly.

The Petition's overbroad reading of the claimed "positions" is incompatible not just with the purposes of the '207 Patent, but also with its entire disclosure. In every example and discussion of the distinct positions in the '207 Patent specification, each "position" is a position of the valve actuating assembly with reference to the valve actuating assembly's orientation in space. For example, Figures 2 and 3 each show distinct "positions" of the camshaft **56**, which is a portion of the claimed valve actuating assembly. The '207 Patent explains the relationship between these cam positions and the axial positions of the valve actuating assembly and related lever **54**:

As shown in FIGS. 2 and 3, the camshaft **56** has three cam surfaces **62, 64, 66** engageable with the driver **22** which correspond to the

three rider-selectable positions of the selector 20, open, lockout and adjustable positions, respectively. ...

The lever 54 is operable between three positions, open, lockout and adjustable. *When the lever 54 is rotated to the open position*, the camshaft **56** is rotated until the cam surface **62** engages the driver **22** to axially displace the driver **22** to engage or displace the valve stem **52**, thereby opening the valve **44** and allowing fluid to flow between the chambers **38**, **40**. So positioned, fluid flow is permitted between the chambers **38**, **40** in response to reciprocal displacement of the piston **30** within the second cylinder **26**. *When the lever 54 is rotated to the lockout position*, the camshaft **56** is rotated until the cam surface **64** engages the driver **22** to axially displace the driver **22** away from the valve stem **52**, thereby substantially closing the valve **44** and preventing fluid to flow between the chambers **38**, **40**.

When the lever 54 is rotated to the adjustable position, the driver **22** engages the angled cam surface **66**.

Id., 4:51-66 (bold and italics emphasis added). Thus, the '207 Patent specification makes clear that the positions of the valve actuating assembly do not merely correspond to the concepts of open, lockout, and adjustable. Rather, these positions of the valve actuating assembly are positions in space, in this case, positions of the selector **20** or lever **54**, which each correspond to specific axial positions around the camshaft's **56** axis of rotation **68**. *See also, e.g., id.*,

FIGS. 2, 3. For example, three positions of the valve actuating assembly 16 are shown in Figures 5a, 5b, and 5c, reproduced and annotated below:

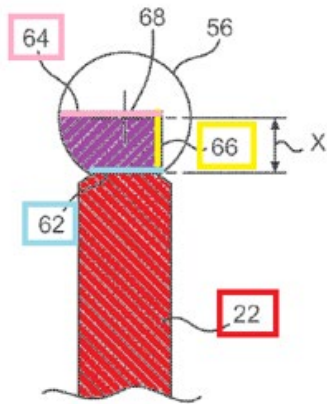


FIG. 5a

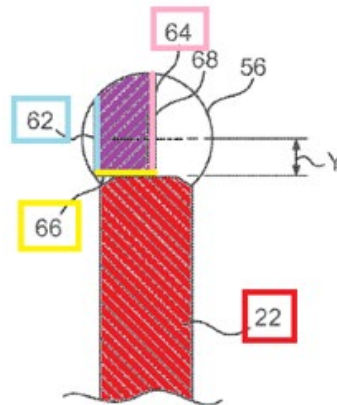


FIG. 5b

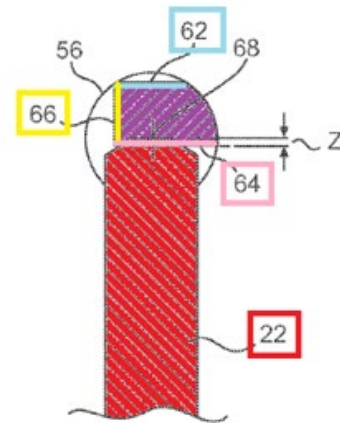


FIG. 5c

The above Figures show that the positions of the camshaft **56** (purple) of the valve actuating assembly **16** are distinct positions of the camshaft **56** in space, each corresponding to a different rotational angle of the camshaft **56** about its axis **68**.

In sum, Fox fails to disclose, either explicitly or inherently, “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly.”

Due to this failure, and the others discussed above, the Fox reference fails to anticipate Independent Claim 1 and its dependent claims. Accordingly, Petitioner

again fails to show a reasonable likelihood of success with respect to at least one claim of the ‘207 Patent, and the Board should deny the Petition.

C. Ground 2 Asserted Against Independent Claim 1 Is Also Legally and Technically Deficient.

Alternatively, Petitioner asserts that Independent Claim 1 is rendered obvious by Fox in view of Japanese Utility Model Registration No. JP2516279 (“JP‘279”) (Exs. 1007, 1009) and U.S. Patent No. 5,597,054 to Nagai et al. (“Nagai”) (Ex. 1008). Petitioner likewise challenges seven (7) dependent claims of the ‘207 Patent under this Ground.

As discussed below, Independent Claim 1 is not rendered obvious by the asserted combination of Fox in view of JP‘279 and Nagai. Simply put, these references, alone or in combination, do not disclose the central invention of the ‘207 Patent – an actuator apparatus for controlling a valve mechanism of a suspension system where at least *one position of the relevant valve actuating assembly always provides the same damping characteristics*, and *another position has an adjustable set of damping characteristics*, adjusted via an adjuster assembly. Like Fox, the JP‘279 and Nagai references do not disclose the claimed adjuster assembly. Accordingly, Petitioner fails to show a reasonable likelihood of success with respect to at least one claim of the ‘207 Patent, and the Board should deny the Petition.

1. Fox in View of JP‘279 and Nagai Fails to Disclose or Suggest Any Adjuster Assembly as Claimed in Independent Claim 1 and the Challenged Dependent Claims.

The Petition fails to show that the prior art discloses “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly.” Rather, each of the purported prior art references discloses a single means for adjusting damping characteristics. Said another way, no reference discloses a position of a valve actuating assembly that can vary any damping characteristic independent of the other positions of the valve actuating assembly.

As discussed above in Section II(B)(1), Fox discloses no means whatsoever for adjusting the damping characteristics corresponding to a given position of the valve actuating assembly. Rather, Fox must change the position of the valve actuating assembly to adjust the damping characteristics. The Petition admits this, stating that Fox’s adjuster assembly **54** *must be rotated to different positions* in order to adjust the damping characteristics. Petition (Paper 1) at 18-19.

Likewise, JP‘279 discloses no means whatsoever for adjusting the damping characteristics corresponding to a given position of the valve actuating assembly. Instead, JP‘279 discloses a means for moving a push rod end **33** in an axial, up-and-down direction, which up-and-down movement may vary the damping

characteristics of the related damper. Exs. 1007, 1009. Though ignored by Petitioner, this is just like how Fox moves Fox's shaft **34** axially up-and-down to adjust the damping characteristics of the related damper. Fox accomplishes this movement by rotating a cam **56**, whereas JP'279 accomplishes the same effect by moving JP'279's slider **43** in a radial direction. *E.g.*, Ex. 1005 (Fox), 8:3-30; Ex. 1007 (JP'279), pp. 1-2, 4-5. Accordingly, neither Fox nor JP'279 discloses any sort of independence between position or adjustment of damping characteristics in a given position. Instead, the Petition argues that a POSITA would have combined these two systems that accomplish the same goal, without any apparent reason for doing so, other than to recreate the Challenged Claims of the '207 Patent.

Further, the Petition alleges that "it would have been obvious to a POSITA to modify Fox to include JP'279's slider **43** having tapered surface **44** on cam surface **56** of Fox's camshaft **58** for fine adjustment of the compression damping characteristics of Fox's suspension system." Petition (Paper 1) at 36-37. However, nothing in the record discloses arranging JP'279's slider **43** having tapered surface **44** in an orientation that is perpendicular to the orientation of Fox's cam **56** plane of rotation, as imagined by Petitioner. Fox's cam **56** rotates in a single plane so that the cam **56**'s rotation may be converted into an axial up-and-down movement of Fox's shaft **34**. *See, e.g.*, Ex. 1005 (Fox), FIG. 5, 5:46-52

(“rotary cam surface which is rotated by the user through a lever”), 8:3-30. In contrast, JP‘279 converts linear movement of the slider **43** in one direction to linear movement of the JP‘279’s push rod end **33** and related push pipe **31** in a second, non-parallel direction. Ex. 1007 (JP‘279), pp. 2-5, FIGS. 1-2, 5. The Petition, however, speculates that it would have been obvious to arrange these two systems such that the movement in Fox is in a different direction than the movement in JP‘279.

This proposed arrangement is not found in, nor suggested by, any prior art reference in the record. Petitioner’s argument that a POSITA would somehow know how to accomplish this goal does not excuse Petitioner’s failure to show that this element is actually in the prior art, and instead stands as a clear example of hindsight bias. The Board has recognized that “obviousness concerns whether a skilled artisan not only *could have made but would have been motivated to make* the combinations or modifications of prior art to arrive at the claimed invention.” *Hulu, LLC v. Sound View Innovations, LLC*, Case No. IPR2018-00582, Paper 34 at 21 (PTAB Aug. 5, 2019) (precedential) (emphasis in original). Beyond a finding that combining the teachings of a number of references **would** have been within the skill of a POSITA, even with a reasonable expectation of success, a finding of obviousness “requires a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention

does.” *Johns Manville Corp. v. Knauf Insulation, Inc.*, Case No. IPR2018-00827, Paper 9 at 13 (PTAB Oct. 16, 2018) (precedential) (internal quotation marks omitted).

In other words, the proffered art of Fox and JP‘279 does not disclose or provide motivation for constructing “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly.” Instead, the prior art simply shows known methods of linearly moving a shaft up-and-down to vary the damping characteristics of a related damper, not to adjust damping in the uniquely independent fashion claimed in the ‘207 Patent.²

2. The Proffered Motivations to Combine Fox With JP‘279 Based on Alleged Fine-Tuning Considerations Are Wholly Deficient.

Clearly desperate to bolster the already weak grounds present in this Petition, Petitioner goes on to overstate the content of the prior art, apparently in hopes that the Board will ignore that Petitioner’s Ground 2 motivation to combine

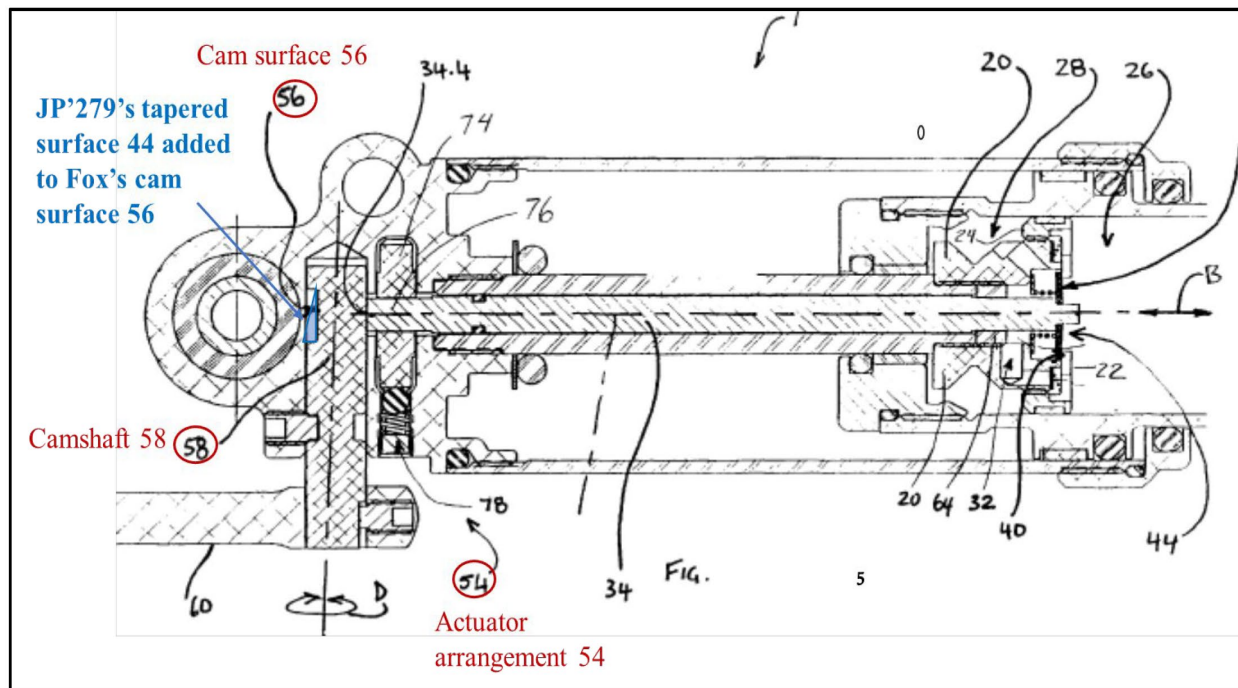
² Nagai adds nothing further in this regard, itself only being offered for claim 7’s additional limitation that the recited selector includes a stop element. *See* Petition (Paper 1) at 56-57.

is a simple hindsight recreation of the '207 Patent claims. The Board should repudiate the Petition's conclusory arguments and find that Independent Claim 1 is not obvious in view of the proffered grounds.

Adjusting damping characteristics in both Fox and JP'279 relies upon two main parts: (1) a variable height pusher and (2) a shaft that is pushed by the variable height pusher to affect changes in the damping characteristics. In Fox, the variable height pusher is Fox's cam **56** and the shaft is Fox's shaft **34**. *See, e.g.*, Ex. 1005 (Fox), FIG. 5, 5:46-52 ("rotary cam surface which is rotated by the user through a lever"), 8:3-30. In JP'279, the variable height pusher is JP'279's slider **43** having a tapered surface **44** and the shaft is JP'279 push rod end **33** along with JP'279's push pipe **31**. Ex. 1007 (JP'279), pp. 4-5, 1-2, 5. In each case, the variable height pusher presses on the shaft to a variable extent to affect changes in the damping characteristics.

More importantly, in each of Fox and JP'279, the range of adjustment is continuous, accounting for every amount of adjustment between the highest setting (pressing on the shaft the least) and the lowest setting (pressing on the shaft the most). Said another way, a user may adjust the damping characteristics of the related damper in any incremental amount desired between the top and the bottom, or the least restrictive and the most restrictive. There are no leaps or jumps within the adjustment range.

As a result of this continuous range without gaps, the combination of Fox with JP'279 would have no effect whatsoever on the available adjustment range of Fox. The amount of adjustment shown below by the purported addition of JP'279 (the blue triangle) is already completely available to the user by rotating the actuation shaft **58**.



Petition (Paper 1) at 39. The figure above even shows the available range of Fox. On the right side of the actuation shaft **58**, the cam **56** is at its lowest height and is currently engaged with the shaft **34**. This height from the center of the actuation shaft **58** is the same as the tallest point of Petitioner's blue triangle. On the left side of the actuation shaft **58**, the cam **56** is at its highest height. The cam **56**

continuously varies in height between these two portions along the axial direction of the actuation shaft **58**—just like Petitioner’s blue triangle.

Thus, the proposed combination of Fox and JP‘279 adds **no** functionality and **no** range. A POSITA would not make the proffered combination because it would provide **no** benefit but would add additional complexity to the design, resulting in increased costs.

The Petition provides only one further rationale to combine, which is conclusory and without technical merit:

A POSITA would have understood that, although Fox’s suspension system allows adjustment of compression damping when shaft 34 is in engagement with cam surface 56 (of Fox’s camshaft 58) as discussed in Ground 1, above, an “adjuster assembly” as taught by JP‘279 would allow fine-tuning of the damping characteristics beyond that possible with Fox’s actuator arrangement 54 because JP‘279’s “adjuster assembly” allows fine adjustments, and thus further improve Fox’s suspension system.

Petition (Paper 1) at 37-38. The Petition provides no reasoning or analysis for this bold statement that two completely continuous surfaces somehow provide differing levels of “fine adjustment” and shows that Petitioner’s reference to “fine adjustment” has no real meaning. These two systems — Fox and JP‘279 — have the exact same ability to precisely choose a given position of the relevant shaft that

provides the damping characteristic changes. More importantly, neither shows the “adjuster assembly” of the ‘207 Patent claims.

The Petition’s only proffered support for its arguments is its paid generalist expert, Dr. Slocum. But Dr. Slocum’s statements regarding what “fine-tuning” means other than both systems having the ability to choose any desired setting without limit shows the baseless and conclusory nature of his statements. *Compare* Petition (Paper 1) at 37-38 *with* Ex. 1003 (Dr. Slocum), ¶91 (each providing nearly the same conclusory statements, word-for-word). The Petition and Dr. Slocum provide no evidence for why JP‘279 provides “fine-tuning of the damping characteristics beyond that possible with Fox’s actuator arrangement 54” other than to say that JP‘279 states, without any technical reasoning, that it allows for fine adjustments. *Id.* As explained above, this is simply not true. Furthermore, the Petition provides no legitimate rationale for making the proffered combination, and thus little weight, if any, should be afforded to these statements. *Johns Manville*, Case No. IPR2018-00827, Paper 9 at 12-13. *See also* 37 C.F.R. § 42.65(a) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.”); *Rohm & Haas Co. v. Brotech Corp.*, 127 F.3d 1089, 1092 (Fed. Cir. 1997) (nothing in the Federal Rules of Evidence or Federal Circuit jurisprudence requires the fact finder to credit unsupported assertions of an expert witness).

Petitioner's and Petitioner's expert's bald statements regarding purported advantages "beyond" a very similar system of damping adjustment are technically and legally insufficient to show obviousness. *Hulu*, Case No. IPR2018-00582, Paper 34 at 21-22. As discussed herein, a POSITA would not make this combination. This Ground 2 fails to show a legally cognizable motivation to combine Fox with JP'279.

Finally, Patent Owner notes that, although Petitioner has argued that its proffered combination between Fox and JP'279 *could* have been within the skill of a POSITA, this is not the standard for obviousness. The Board has recognized that "obviousness concerns whether a skilled artisan not only *could have made but would have been motivated to make* the combinations or modifications of prior art to arrive at the claimed invention." *Hulu*, Case No. IPR2018-00582, Paper 34 at 21 (emphasis in original). Beyond a finding that combining the teachings of a number of references *would* have been within the skill of a POSITA, even with a reasonable expectation of success, a finding of obviousness "requires a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does." *Johns Manville*, Case No. IPR2018-00827, Paper 9 at 13 (internal quotation marks omitted). Here, Petitioner has failed to meet its burden to show the required motivation. *See id.*

In sum, the Petition fails to show a likelihood that at least one claim of the ‘207 Patent would be unpatentable.

D. Ground 3 Asserted Against Independent Claim 1 Is Similarly Legally and Technically Deficient.

Petitioner asserts that Independent Claim 1 is rendered obvious by U.S. Patent No. 6,491,146 to Yi et al. (“Yi”) (Ex. 1006) in view of JP‘279 and Nagai. Petitioner also challenges seven (7) dependent claims of the ‘207 Patent under this Ground.

As discussed below, Independent Claim 1 is not rendered obvious by the asserted combination of Yi in view of JP‘279 and Nagai. Simply put, these references, alone or in combination, do not disclose the ‘207 Patent’s invention of an actuator apparatus for controlling a valve mechanism of a suspension system with at least *one position* of the valve actuating assembly *always providing the same damping characteristics, while another position has an adjustable set of damping characteristics* adjusted via an adjuster assembly. In this regard, Yi is no different than Fox, JP‘279, or Nagai – they all lack the claimed adjuster assembly that helps the actuator apparatus simultaneously provide independently operating preselected and user-adjustable damping settings. Accordingly, Petitioner fails to show a reasonable likelihood of success with respect to at least one claim of the ‘207 Patent, and the Board should deny the Petition.

1. Yi in View of JP‘279 and Nagai Fails to Disclose or Suggest Any Adjuster Assembly as Claimed in Independent Claim 1 and the Challenged Dependent Claims.

As was true for Grounds 1 and 2, the Petition fails to show in Ground 3 that the prior art discloses “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly.” Instead, each of the purported prior art references discloses a single means for adjusting damping characteristics, and no reference discloses a position of a valve actuating assembly that can vary any damping characteristic independent of the other positions of the valve actuating assembly.

Although Yi may disclose three different axial positions of its eccentric shaft **2** in Figures 5, 6, and 7, Yi fails to disclose an adjuster assembly that may adjust the damping characteristics *at any one of these axial positions*. Rather, Yi provides no additional adjustment at all. Instead, Yi discloses what the ‘207 Patent characterizes as prior art, and what Fox also does: rotational movements of the eccentric shaft **2** cause axial up-and-down movements of the damping adjusting rod **10**. Ex. 1006 (Yi), 4:18-48, 5:51-57, FIGS. 5-7. The damping adjusting rod **10**’s axial up-and-down movement, in turn, adjusts the damping characteristics. Like Fox, the eccentric shaft **2** *must be rotated to different positions* in order to

adjust the damping characteristics. *Id.* There is no disclosure in Yi to show that anything else may affect the damping characteristics.

Further, as stated in Section II(C)(2), JP‘279 discloses no means whatsoever of adjusting the damping characteristics corresponding to a given position of the valve actuating assembly. Instead, JP‘279 discloses a means for moving a push rod end **33** in an axial up-and-down direction, which axial up-and-down movement may vary the damping characteristics of the related damper. Ex. 1007 (JP‘279), pp. 3-5; Ex. 1009 (JP‘279), FIGS. 1-2, 5. This is just like how Yi moves the damping adjusting rod **10** up-and-down to adjust the damping characteristics of the related damper. However, Yi accomplishes this movement by rotating an eccentric shaft **2**, while JP‘279 accomplishes the same by moving the slider **43** in a radial direction. Ex. 1006 (Yi), 4:18-48, 5:51-57, FIGS. 5-7; Ex. 1007 (JP‘279), pp. 2-5; Ex. 1009 (JP‘279), FIGS. 1-2, 5. Accordingly, neither Yi nor JP‘279 discloses any sort of independence between position. Instead, the Petition argues that a POSITA would have combined Yi and JP‘279’s systems, which already accomplish the same goal as each other, without any apparent reason for doing so, other than to recreate the Challenged Claims of the ‘207 Patent.

Simply put, the proffered art of Yi and JP‘279 does not disclose or suggest “an adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the

damping characteristics corresponding to another position of the valve actuating assembly.” Instead, the prior art is replete with various methods of linearly moving a shaft up-and-down to vary the damping characteristics of a related damper.³

2. The Proffered Motivations to Combine Yi With JP‘279 Based on Alleged Fine-Tuning Considerations Are Deficient.

Similar to its Ground 2 arguments, Petitioner again overstates the content of the prior art, trying to blow past the fact that its Ground 3 motivation to combine is based on pure hindsight.

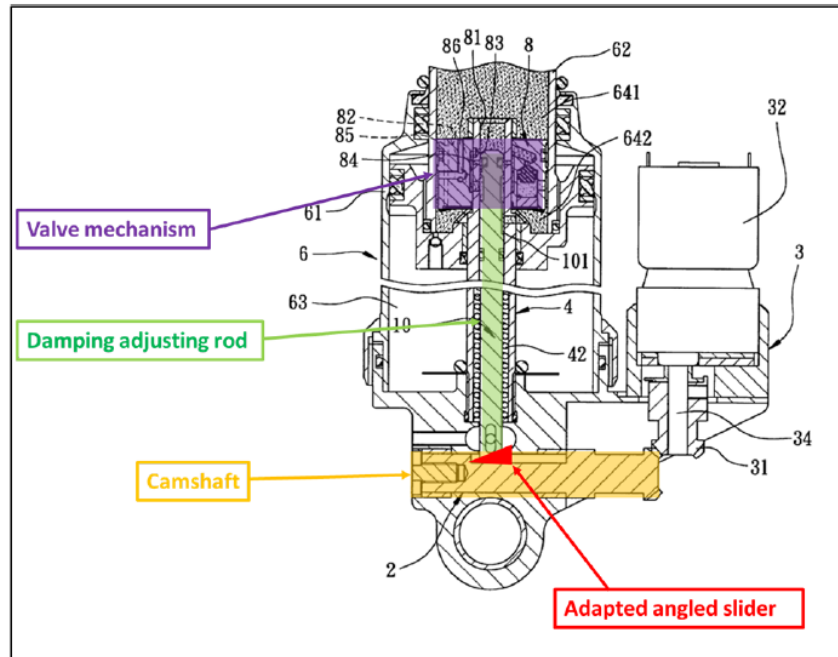
Both Yi and JP‘279 have two main parts: (1) a variable height pusher and (2) a shaft that is pressed by the variable height pusher to affect changes in the damping characteristics. In Yi, the variable height pusher is Yi’s eccentric shaft **2** and the shaft is Yi’s damping adjusting rod **10**. Ex. 1006 (Yi). In JP‘279, the variable height pusher is JP‘279’s slider **43** having a tapered surface **44** and the shaft is JP‘279 push rod end **33** along with JP‘279’s push pipe **31**. Ex. 1007

³ Again, Nagai is only offered for claim 7’s additional limitation that the recited selector includes a stop element, *see* Petition (Paper 1) at 92-93, so Nagai provides no further support for the Petition’s arguments about the claimed adjusted assembly.

(JP'279), pp. 1-2, 4-5. In each case, the variable height pusher presses on the shaft to a variable extent to affect changes in the damping characteristics.

In each of Yi and JP'279, the range of adjustment is continuous, accounting for every amount of adjustment between the highest setting (pushing on the shaft the least) and the lowest setting (pushing on the shaft the most). Said another way, a user may adjust the damping characteristics of the related damper in any incremental amount desired between the top and the bottom, or the least restrictive and the most restrictive. There are no leaps or jumps within the adjustment range.

As a result of this continuous range without gaps, the combination of Yi with JP'279 would have no effect whatsoever on the available adjustment range of Yi. The amount of adjustment shown below by the purported addition of JP'279 (the blue triangle) is already completely available to the user by rotating the actuation shaft **58**.



Petition (Paper 1) at 85. The figure above even shows an absurd range being added to Yi, as the red triangle would clearly not fit within Yi. Yi shows the full range of Yi's potential adjustments between its three positions in Figures 4, 5, and 6. These positions include both the lowest possible height and the highest possible height. Yi's eccentric shaft **2** continuously varies in height between these three portions along the axial direction of the eccentric shaft **2**. Thus, the proposed combination adds *no* functionality and *no* range. A POSITA would not make the proffered combination because it would provide *no* benefit but would add additional complexity to the design, resulting in increased costs.

Further, Patent Owner notes that the Petition fails to provide any rationale as to why a POSITA would place JP'279's tapered surface **44** at Yi's second position.

See Petition (Paper 1) at 71. Petitioner cites to its paid expert's declaration, who provides no real explanation. *See, e.g.*, Ex. 1003 (Slocum Declaration), ¶121. Without any rationale as to why a POSITA would make this specific alteration, Petitioner's argument amounts to a conclusory statement about what a POSITA *could* potentially do, and not what they *would* do. This is not the standard for obviousness and is insufficient to show a reasonable likelihood that at least one claim in the Petition would be found unpatentable, as discussed herein. *Hulu*, Case No. IPR2018-00582, Paper 34 at 21.

The Petition provides only one additional rationale to combine that is completely conclusory and without any technical merit:

It would have been obvious to a POSITA to combine Yi's valve actuating assembly and elements of JP'279's adjuster assembly to allow the damping characteristics corresponding to at least one compression damping setting of Yi's valve actuating assembly to be fine-tuned independently of the damping characteristics corresponding to another setting of the valve actuating assembly. Ex. 1003, ¶119. A POSITA would have been motivated to combine the teachings of Yi and JP'279 because modification of Yi in view of JP'279 would allow "fine adjustment" of damping forces beyond that provided by Yi alone. Ex. 1007, 6; Ex. 1003, ¶119.

Petition (Paper 1) at 70-71. However, as with the Ground 2 arguments, the Petition again provides no reasoning or analysis for this bold statement that two completely

continuous surfaces somehow provide differing levels of “fine adjustment.” This just shows that the term “fine adjustment” has no real meaning. These two systems — Yi and JP’279 — have the exact same ability to precisely choose a given position of the relevant shaft that provides the damping characteristic changes.

The Petition’s only support for its argument is Dr. Slocum’s conclusory testimony. *Compare* Petition (Paper 1) at 70-71 *with* Ex. 1003 (Dr. Slocum), ¶¶118-121 (each providing nearly the same conclusory statements, word-for-word). Similar to Ground 2, the Petition and Dr. Slocum fail to provide any basis for the motivation to combine this art. Little weight should be afforded to these statements. *Johns Manville*, Case No. IPR2018-00827, Paper 9 at 12-13; 37 C.F.R. § 42.65(a); *Rohm & Haas*, 127 F.3d at 1092.

In sum, the Petition fails to show a likelihood that at least one claim of the ‘207 Patent would be unpatentable, and the Petition should be denied.

III. THE BOARD SHOULD EXERCISE ITS DISCRETION UNDER 35 U.S.C. § 314(a) TO DENY INSTITUTION.

Petitioner’s strategic entanglement of all six factors under *Apple v. Fintiv*, Case No. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (precedential) (“*Fintiv*”) — essentially creating one mosh-pit *Fintiv* argument — exposes Petitioner’s implicit recognition that it lacks supportable arguments with respect to each enumerated factor. Petitioner’s heavy reliance on *Fintiv* Factor 1 (and related

Factors 2 and 3) is now clearly misplaced, as the underlying federal court litigation has proceeded apace and is expected to conclude months in advance of any final written decision by the Board, even assuming institution. Petitioner's concessions on *Fintiv* Factors 4 and 5 (relating to the overlap in parties and arguments in the underlying litigation) and conclusory statement on *Fintiv* Factor 6 reinforce the appropriateness of the Board's discretionary denial under *Fintiv*.

A. Factor 1 Favors Denial: In the Parallel Georgia Case, the Court Lifted Its Stay on March 6, 2024, Discovery Is Scheduled to End in Two Months, and Trial Is Expected in the Early Summer of 2025.

Petitioner focuses much of its argument against discretionary denial on the Georgia District Court's temporary stay of proceedings pending adjudication of Petitioner's Motion to Transfer Venue ("Motion to Transfer"). That stay is now lifted and discovery is proceeding apace, with trial anticipated in the early summer of 2025.

What Petitioner conveniently omits in its discussion is the frivolous and misleading nature of its Motion to Transfer, *ab initio*. See 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). Specifically, as the Court ultimately recognized, Petitioner's Motion to Transfer the underlying litigation was based on factual misrepresentations regarding the

location of its principal place of business as set forth in its initial Motion to Transfer and ***maintained*** in its Reply in Support of its Motion to Transfer, even after Patent Owner exhaustively set forth clearly contradictory, publicly available evidence. *See id.* at pp. 7-15, 23-25. Recognizing Petitioner’s misleading and false statements, the Court denied the Motion to Transfer and simultaneously issued a Show Cause Order demanding that Petitioner explain why sanctions should not be issued for its wrongful conduct. *See id.* at p. 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.”) (footnote omitted).

As the direct cause of this unnecessary stay of proceedings (wasting nearly a year⁴ of Patent Owner’s time to pursue its claims), Petitioner should not be rewarded for its dilatory actions nor should Patent Owner be forced to succumb to the same. Moreover, since the Court’s lifting of the clearly unwarranted stay on March 6, 2024, the Georgia case has been full steam ahead, as detailed further

⁴ Petitioner filed its misleading Motion to Transfer on April 3, 2023, and the District Court denied the Motion to Transfer on March 6, 2024. 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).

below. Moreover, it is doubtful that the Court will grant another stay to Petitioner in light of its previous misgivings, even if this proceeding is instituted, nor has Petitioner filed a Motion to Stay in light of the instant Petition.

This factor therefore strongly weighs in favor of denial.

B. Factor 2 Favors Denial: The Parallel Georgia Case Is Proceeding Towards Trial.

While a trial date has not yet been set (again in part due to Fox’s dilatory actions), trial is expected in the underlying Georgia case by the early summer of 2025 based on the Court’s docket.

Petitioner’s statistics regarding “time to trial” are inaccurate insofar as they apparently only include *two* data points. Contrary to Fox’s data of a purported 7-year median time to trial based on this incredibly limited data, 56% of all patent disputes⁵ in the Northern District of Georgia receive a jury verdict between 842 to 1,287 days (between 2.5 to 3.5 years), with a median “time to outcome” for a jury trial of 974 days (roughly 2 years and 8 months). Ex. 2002 (Thomson Reuters’

⁵ The Westlaw analytics system produces 9 patent case data points. Ex. 2002 (Thomson Reuters’ Westlaw Litigation Analytics Report for United States District Court, N.D. Georgia).

Westlaw Litigation Analytics Report for United States District Court, N.D. Georgia).

Given the minimal data points with respect to patent cases in the Northern District of Georgia, Patent Owner also provides the Board with general Northern District of Georgia statistics, further illustrating Petitioner's inaccuracies. According to LexisNexis, out of the 642 cases that reached trial from January 1, 2009 to May 2, 2024, the median time to trial was 870 days (about 2 years and 4 months). Ex. 2003 at 5 (LexisNexis Analytics for United States District Court, N.D. Georgia). According to the United States Department of Justice, the average time from filing to trial in the Northern District of Georgia in 2023 was 31 months (a little over 2.5 years). Ex. 2004 at 93 (United States Department of Justice District Court Caseload Statistics).

Here, the parallel District Court case has been on-going for greater than 1 year and 3 months. Therefore, under a more accurate representation of the time to trial statistics for the Northern District of Georgia, the Parties expect a jury trial in the early summer of 2025, prior to any final written decision, even assuming Final Written Decision from the Board. Additionally, the Court's Scheduling Order put the parallel Georgia case on a 4-month discovery track, beginning at the time it ruled on Petitioner's faulty Motion to Transfer. *See* Ex. 2005 (Scheduling

Order, dated May 31, 2023, *SRAM, LLC v. Fox Factory, Inc.*, Case No. 1:23-cv-00492-SCJ). Thus, merely two months are left for discovery.

This factor therefore favors denial.

C. Factor 3 Favors Denial: The Parties Have Invested Significant Time and Resources in the Parallel Georgia Case.

Petitioner also summarily states that “the parties and the district court have made very little progress and investment in the case,” yet Petitioner has produced over 5,500 pages worth of documents. Indeed, well over 6,000 pages of documents have been exchanged between the parties, preliminary infringement contentions, responses thereto, and preliminary invalidity contentions have all been served, and multiple sets of Interrogatories and Requests for Production have been served by Patent Owner and Petitioner. This is not “very little progress and investment,” as Petitioner avers. Patent Owner and Petitioner have taken full advantage of their right and opportunity to pursue discovery.

Moreover, apparently at odds with its argument in the United States District Court for the District of Colorado and in relation to a separate *inter partes* review proceeding between these same parties, Petitioner filed the instant *inter partes* review Petition on the day of its statutory deadline (nearly eight months after it served Patent Owner with its Preliminary Invalidity Contentions in the District Court case). *See* Ex. 2006 at 3 (Petitioner’s Brief in Opposition to Patent Owner’s

Motion to Stay) (citing 35 U.S.C. § 315(b) and criticizing the “delayed filing [of] its IPR petitions until the end of the statutory one-year statutory [sic] deadline to file them”); *see also Snap, Inc. v. SRK Technology LLC*, Case No. IPR2020-00820, Paper 15 at 11 (PTAB Oct. 21, 2020) (precedential) (citing *Fintiv*, at 11-12) (noting that the third *Fintiv* factor “provides that a petitioner’s diligence or delay in filing a petition may be relevant.”); *Bentley Motors Ltd. v. Jaguar Land Rover Ltd.*, Case No. IPR2019-01539, Paper 9 at 13-15 (PTAB Mar. 10, 2020) (non-precedential) (exercising discretion to deny institution of review in part because “Petitioner filed th[e] petition ... just one week before the statutory deadline.”).

Although the Court has not issued orders related to the patent at issue in the petition, any failure to progress towards such an order is due to Petitioner’s now-denied baseless Motion to Transfer that forced Patent Owner and the Court to focus significant time and resources on respectively briefing and considering a motion wholly lacking in legal and factual support. *See* 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). Petitioner’s actions wasted nearly a *year*. Patent Owner should not be penalized for any delays directly attributable to Petitioner’s potentially sanctionable conduct (currently under review for sanctions by the Court at this time), and further argues that, if the

Board considers the progress in the Court case to be minimal, it should not be weighed against Patent Owner for policy reasons, including insofar as it would encourage and incentivize Petitioner's dilatory actions.

Accordingly, this factor weighs in favor of denial.

D. Factor 4 Favors Denial: Petitioner Conceded That the Issues Raised in the Petition and in the Parallel Georgia Case Significantly Overlap.

Petitioner conceded, as it must, that there is significant overlap between the prior art and arguments asserted in the District Court case and its *Inter Partes* Review Petition. *See* Petition (Paper 1) at 101; *see also* Ex. 2007 (Petitioner's Preliminary Invalidity Contentions presenting nearly the exact same grounds as here, including the same prior art references). Importantly, Petitioner has *not* stipulated that it will not pursue in the Georgia case the same grounds asserted in the petition 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).

This factor therefore weighs in favor of denial.

E. Factor 5 Favors Denial: Petitioner Conceded That the Parties Are the Same in This Proceeding and the Parallel Georgia Case.

Similarly, Petitioner conceded, as it must, that the parties are the same in both these proceedings and in the Georgia case. *See* Petition (Paper 1) at 101. This factor therefore strongly weighs in favor of denial.

F. Factor 6 Does Not Outweigh the Denial of Institution Counseled by Factors 1-5, Wherein Fox's Arguments Lack Merit and Have Already Been Disavowed by the Examiner.

In each Grounds, Petitioner supplies conventional prior art shock absorbers having conventional damping adjustment systems, as discussed above at length. In each case, these damping adjusting systems are akin to those disparaged in the '207 Patent's background. No reference on record discloses the claimed "adjuster assembly ... for adjusting the damping characteristics corresponding to at least one of the positions of the valve actuating assembly independently of the damping characteristics corresponding to another position of the valve actuating assembly." No reference on record even considers such any adjustment beyond the common process of moving an adjustment shaft in the axial up-and-down direction, and doing so in a way that is not directly linked to the rotational angle of a single lever. And Petitioner fails to provide any legally or technically accurate and relevant motivation to combine these conventional systems beyond Petitioner's desire to recreate that '207 Patent claims from thin air. That thin air is just what it sounds

like – essentially nothing, and the Grounds of the Petition abjectly fail to provide any reasonable likelihood of success on the merits.

None of the prior art references, or their combinations, provides any of the missing limitations or motivations to combine. As a result, this Petition provides only weak grounds that lack many essential limitations of Independent Claim 1 and are cobbled together in a desperate attempt to avoid repercussions for Petitioner’s unfair and unauthorized infringement of the ‘207 Patent’s claims.

In other words, the Petition does not present “compelling, meritorious challenges” to avoid denial of institution under *Fintiv* Factor 6 and the challenges are so technically and legally deficient that the Petition does not “plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.” *Fintiv* Memorandum, at 4.

In conclusion, the Board should deny institution under § 314(a) in view of the *Fintiv* Factors 1-5 weighing in favor of denial and the Petition’s lack of “compelling unpatentability challenges”.

IV. CERTIFICATION UNDER 37 C.F.R. § 42.24(d)

Patent Owner certifies that this Patent Owner Preliminary Response complies with 37 C.F.R. § 42.24(d). As calculated by the “Word Count” feature of Microsoft Word 2016, the Patent Owner Preliminary Response contains 9,780 words, excluding the words contained in the following: Table of Contents, Table of

Authorities, Table of Exhibits, Certificate Under 37 C.F.R. § 42.24(d), and Certificate of Service.

V. CONCLUSION

Petitioner has failed to meet its burden of showing why *inter partes* review should be instituted. The asserted grounds in this Petition are mostly duplicates of those in the related district court litigation, and most importantly, are legally and technically deficient, such that they cannot avoid denial of institution under § 314(a). The Board should therefore deny institution of *inter partes* review.

Respectfully submitted,

LEWIS RICE LLC

Dated: May 13, 2024

By: /s/ Michael J. Hickey

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Patent Owner's Preliminary Response and Exhibits 2001 through 2008 were served by email at the following address of record for the Petitioner's Counsel on May 13, 2024:

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