IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:23-cv-00313-RM-KAS

FOX FACTORY, INC.,

Plaintiff,

v.

SRAM, LLC,

Defendant.

FOX FACTORY, INC.'S OPPOSITION TO SRAM, LLC'S MOTION TO STAY LITIGATION PENDING *INTER PARTES* REVIEW

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I. Introduction

The full spectrum of facts and circumstances weighs strongly against SRAM's request for a pre-institution stay and to delay trial in this action. The parties are head-to head competitors. FOX filed this action, and sought a preliminary injunction, to end the many harms caused by SRAM's infringing sales. Yet SRAM's motion completely ignores the parties' intense head-to-head competition, which is a glaring omission given that the courts (even those cited by SRAM) *presume* that Factor 3 weighs against a stay where the parties are direct competitors. In addition to ignoring that legal presumption, SRAM also ignores the factual record that SRAM's infringement has already harmed and will continue to harm FOX's sales and market share.

SRAM also tries to excuse and minimize its delay in waiting until the end of its one-year statutory deadline to file its IPR petitions, while SRAM allowed the parties and this Court to invest time and resources in discovery and claim construction, and to set a trial date. But SRAM's delays also weigh against the stay it requests.

Finally, most courts find that a pre-institution motion to stay pending IPR, like SRAM's here, does not meet the simplification factor for a stay because no one knows whether the PTAB will actually institute trial when it issues its decisions on that question at the end of February and in June 2024. Although some courts in this district have granted pre-institution stays under far different facts and circumstances, SRAM has not cited any cases with analogous facts in which a court has granted a pre-institution stay. Specifically, SRAM has presented no case where a stay was granted, either pre- or post-institution, where the parties are direct competitors, the case was at an advanced stage, and trial was set, as here.

FOX respectfully requests that the January 2025 trial remain as set and that SRAM's motion be denied.

II. Summary of Relevant Facts

A. FOX and SRAM are direct, head-to-head competitors who together supply most of the relevant market. SRAM's infringement is harming and will continue to harm FOX's sales and market share.

Every year, FOX and SRAM compete head-to-head to sell their forks and shocks to brand (original equipment manufacturer, or "OEM") mountain bike companies in the mid- to high-end mountain bike segments. Dkt. 73-1 [Allinger Decl.] ¶¶3-5. This annual competition is intense, with each company striving to have its respective forks and shocks "spec'ed" on OEM mountain bike models that the OEM will sell in the following model year. This is referred to as winning a "spec" position. *Id*. Significantly, FOX and SRAM forks together make up approximately 80-85% of this mid-to-high-end brand/OEM mountain bike fork market. McCauley Decl. Ex. 1 [PI Hearing Tr.] at 58:22-59:5; Dkt. 73-1 ¶¶3; Dkt. 91-6 [Allinger Decl.] ¶6.

SRAM's infringing competition has caused and will continue to cause FOX lost market share. McCauley Decl. Ex. 1 at 82:20-86:1; Dkt. 73-1 ¶¶19-22; Dkt. 91-6 ¶¶6-7. There are no other significant competitors in this market for "spec" positions on OEM mid- to high-end mountain bike forks. Dkt. 91-6 ¶¶6-7.

One reason that FOX and SRAM compete so intensely for OEM "spec" positions is because winning a "spec" position results in thousands of bikes sold (McCauley Decl. Ex. 1 at 64:22-65:3), increases market share, and creates an incumbency position that translate into large sales volumes with that OEM not only for the current model year, but also later model years,

which generally increase the winner's market share. Dkt. 73-1 ¶23; Dkt. 91-6 ¶7.[1] The winner of a spec position essentially enjoys immunity from competition for that spec position for that model year, and also enjoys a significant advantage for "spec" positions in future years, because "spec" positions are often "sticky" from one year to the next, as FOX's Vice President of its cycling group testified before this Court. McCauley Decl. Ex. 1 at 84:6-18; *see also* Dkt. 73-1 ¶23. SRAM's continuing infringement has and will adversely affect FOX's share of "spec" positions with OEMs, and those harms will multiply the longer SRAM's infringement is allowed to continue in the absence of a resolution in this case.

B. SRAM delayed filing its IPR petitions until the one-year deadline, several months after serving its invalidity contentions

SRAM delayed filing its IPR petitions until the end of the statutory one-year statutory deadline to file them. *See* 35 U.S.C. § 315(b) (requiring an IPR petition to be filed within one year after being served with a complaint asserting infringement of the patent). More specifically, SRAM did not file its two IPRs petitions challenging the '331 bleeder valve patent until August 10, 2023, the day of the expiration of the one-year deadline in view of the date the original complaint was served.[2] Similarly, SRAM did not file its IPR petition challenging the '223

[1] The Federal Circuit described the encumbency benefit from a design win in the context of microprocessors in *Broadcom Corp. v. Emulex Corp.*, 732 F.3d 1325, 1336 (Fed. Cir. 2013). A "design win" with OEMs/brand customers means that the OEMs are essentially committed to the winner for the duration of a design cycle, which "temporarily immunizes the winner from competition," makes the winner more likely to win subsequent design competitions because the OEM's familiarity with the winning supplier.

[2] SRAM was served with the original complaint alleging infringement of the '331 patent on August 10, 2022, pursuant to SRAM's formal waiver of service. *See* Dkt. 11.

bottom-out cup patent until November 30, 2023, the final day under the one-year statutory deadline in view of the date the amended complaint was served.[3]

All of SRAM's alleged invalidity grounds/prior art combinations in its IPR petitions for the '331 bleeder valve patent were in SRAM's invalidity contentions served in April 2023 and four of six of the prior art references in SRAM's IPR petition for the '223 bottom out cup patent were in its invalidity contentions served in April 2023 (McCauley Decl. ¶5), but SRAM delayed serving its IPR petitions for several more months (until August and November 2023). *Id*.

C. The PTAB's decisions on whether to institute IPR proceedings are not due or expected until late February and early June 2024

It is unknown whether the PTAB will institute on SRAM's IPR petitions. The Court and parties will not know the answer to this question until approximately June 11, 2024 (the PTAB's statutory deadline for the '223 patent) and February 24, 2024 (the PTAB's statutory deadline for the '331 patent).[4] SRAM incorrectly stated the deadline for the PTAB's institution decision for the '223 patent IPR in SRAM's motion to stay; it is June 11, 2024, not May 29, 2024.[5]

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[3] SRAM was served with the first amended complaint, which accused SRAM of infringing the '223 bottom out cup patent, via ECF on November 30, 2022. *See* Dkt. 29.

[4] *See* Dkt. 131 at 3-4; 35 U.S.C. § 314(b) (requiring institution decisions by three months after the patent owner files its preliminary response to the IPR petition). FOX's preliminary responses to SRAM's IPR petitions challenging the '331 patent were filed on November 24, 2023, and FOX's response to SRAM's IPR petition challenging the '223 patent is due by March 11, 2024,

[5] SRAM's motion incorrectly states that the PTAB's statutory deadline for issuing a decision on institution for the '223 patent IPR is May 29, 2024. FOX's preliminary response to the '223 patent IPR petition is due on March 11, 2024, and the Board is required to issue its institution decision by June 11, 2024, i.e., within three months of the preliminary response. McCauley Decl. ¶7. In most cases the PTAB issues its institution decisions close in time to its statutory deadline under 35 U.S.C. § 314(b), presumably due to its workload and other factors. *Id*. It is unusual for the PTAB to issue its institution decision earlier than at or near its deadline.

D. The jury trial in this case will conclude before the PTAB would institute its final written decisions (assuming the PTAB decides to institute on SRAM's petitions)

Even assuming the PTAB were to institute against both of the '331 and '223 patents-in-suit, the January 2025 jury trial in this case will conclude before the PTAB will issue its final written decisions in the IPRs. The PTAB's statutory deadline to issue its final written decision on the IPR challenging the '233 patent is June 11, 2025, and its deadline to issue its final written decision on the IPRs challenging the '331 patent is February 24, 2025. McCauley Decl. ¶6.

III. Argument

A. There is no *per se* rule that patent cases should be stayed pending IPR, and the four factors considered by the courts weigh against SRAM's requested stay

"There is no per se rule that patent cases should be stayed pending [IPR or] reexaminations, because such a rule would invite the parties to unilaterally derail litigation." *TPK Touch Solutions, Inc. v. Wintek Electro-Optics Corp.*, No. 13-cv-02218-JST, 2013 WL 6021324, *2 (N.D. Cal. Nov. 13, 2013) (citing cases) (inner quotations omitted); *Verinata Health, Inc. v. Ariosa Diagnostics, Inc.*, No. C 12-05501 SI, 2014 WL 121640, *2 (N.D. Cal. Jan. 13, 2014) (same). "A court is under no obligation to delay its own proceedings by yielding to ongoing PTO patent reexaminations, regardless of their relevancy to infringement claims which the court must analyze." *Verinata*, 2014 WL 121640, *2 (inner quotations omitted); *see also Viskase Corp. v. Am. Nat'l Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir. 2001) ("The court is not required to stay judicial resolution in view of the reexaminations.").

The parties agree that the courts in this district weigh four factors in deciding whether to stay an action in view of IPR proceedings, and that Factors 1 and 4 are generally considered or

collapsed together. As noted in *Cocona, Inc. v. VF Outdoor, LLC*, a case discussing a motion to stay pending IPR:

> Courts [in this district] generally apply a four-factor test when determining whether a stay should be granted pending reexamination: (1) whether a stay will simplify the issues in question and streamline the trial; (2) whether discovery is complete and whether a trial date has been set; (3) whether a stay would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and (4) whether a stay will reduce the burden of litigation on the parties and on the court.

No. 16-CV-02703-CMA-MLC, 2018 WL 10910847, at *3 (D. Colo. Mar. 19, 2018) (quoting *eSoft, Inc. v. Blue Coat Sys., Inc.,* 505 F. Supp. 2d 784, 787 (D. Colo. 2007) (inner quotation marks omitted).

"Courts frequently collapse the first and fourth factors." *Id*. "No one factor is determinative, and the Court considers the totality of the circumstances." *Well Master Corp. v. Flowco Prod. Sols., LLC*, No. 21-CV-02145-CMA-KLM, 2022 WL 4129399, at *3 (D. Colo. Sept. 12, 2022). And contrary to SRAM's selective arguments in its motion, the full constellation of facts in this case strongly supports denial of SRAM's motion to stay, and letting this case proceed to trial in January 2025 as scheduled, as explained in the following sections.

B. Factors 1 and 4 (potential simplification) weigh against a stay

1. Because the PTAB has not yet decided whether it will institute SRAM's IPRs against the '331 or the '233 patents-in-suit, the simplification factor weighs against a stay

Most district courts faced with pre-institution motions to stay have ruled that the uncertainty over whether the PTAB will institute IPR proceedings *weighs against a stay* under simplification Factors 1 and 4. That was the finding in *Cocona, Inc. v. VF Outdoor, LLC*, No. 16-CV-02703-CMA-MLC, 2018 WL 10910847 (D. Colo. Mar. 19, 2018), a decision from this

district. *Id*. at **4-5 (finding that the uncertainty of whether the PTAB would actually institute IPR proceedings weighed against a pre-institution motion to stay district court litigation under Factors 1 and 4); *and see id. at* 5 ("The court finds that until the PTAB decides whether to institute the IPR petition, this issue weighs against a stay."). In finding that the uncertainty of whether the PTAB would institute weighed against a stay, the *Cocona* Court noted that the Eastern District of Texas's *Trover* decision found that the "majority of courts that have addressed this issue have postponed ruling on stay requests or have denied stay requests when the PTAB has not yet acted on the petition for review," and noted that the *Trover* Court had cited "numerous cases from other circuits in support of its conclusion." *Id*. (citing *Trover Group, Inc. v. Dedicated Micros USA*, No. 2:13-cv-1047-WCB, 2015 WL 1069179, at *5 (E.D. Tex. Mar. 11, 2015)). The *Cocona* Court further noted that "[a]t least one sister court in the Tenth Circuit has adopted *Trover* on this issue." *Cocona*, 2018 WL 10910847, at *4 (citing *Vivint, Inc. v. Alarm.com Inc.*, No. 2:15-cv-392 CW, 2015 WL 13643323, at *2 (D. Utah Dec. 15, 2015)).

District courts in the District of Delaware and Northern District of California, which routinely preside over patent infringement cases, have similarly found that the simplification factor is not met unless and until the PTAB actually issues a decision instituting IPR trial. For example, Chief Judge Leonard Stark for the District of Delaware from 2014-2021 noted in *Pragmatus Mobile, LLC v. Amazon.com, Inc*. that "[g]enerally, the 'simplification' issue does not cut in favor of granting a stay prior to the time the PTAB decides whether to grant the petition for inter partes review." No. 14-436-LPS, 2015 WL 3799433, *1 (D. Del. Jun. 17, 2015) (quoting *Feeney v. Apple Inc.*, No. 2:13–cv–00361–WCB, 2014 WL 3611948, at *2 (E.D. Tex. July 22, 2014) (inner quotations omitted).

Consistent with Chief Judge Stark and district courts in Delaware, Texas, and other circuits, courts in the Northern District of California have routinely found that the simplification factor is not met unless and until the PTAB institutes IPR trial. *See, e.g., GoPro, Inc. v. C&A Mktg., Inc*., No. 16-cv-03590-JST, 2017 WL 2591268, at **3-4 (N.D. Cal. June 15, 2017); *TPK Touch Solutions, Inc.*, 2013 WL 6021324, at *4; *SAGE Electrochromics, Inc. v. View, Inc.*, No. 12-cv-06441-JST, 2015 WL 66415, at **2-4 (N.D. Cal. Jan. 5, 2015). In *TPK*, the Court denied a pre-institution motion to stay, finding, *inter alia*, "that in most cases, the filing of an IPR request by itself does not simplify the issues in question and trial of the case. Ultimately, the PTO may not institute IPR proceedings." *TPK Touch Solutions, Inc.,* 2013 WL 6021234, at *4. "Even if it does [institute IPR proceedings], the Court and the parties cannot know whether the claims subject to IPR will be the same claims that the Plaintiff asserts here." *Id*.

FOX respectfully submits that this Court should adopt the reasoning of the Delaware, Northern District of California, Texas, and other circuits and find that simplification Factors 1 and 4 are not met here because the PTAB has not decided whether it will institute, and the PTAB will not have issued all of its institution decisions on SRAM's IPR petitions until about June 11, 2024.

2. None of the cases cited by SRAM rivals the full spectrum of facts and circumstances that heavily weigh against a stay in this case

While SRAM cites some Colorado cases for its simplification argument (and for other factors), all the cases cited by SRAM involved facts and circumstances very different from the full array of facts and factors in this case that together weigh compellingly against a stay. For example, in this case, 1) the jury trial is set for January 2025, so the jury will decide this case

before the PTAB would decide SRAM's IPRs (assuming the PTAB actually institutes IPR trials on both patents-in-suit); 2) SRAM delayed filing its IPRs until its one-year deadline, many months after serving its invalidity contentions, and allowed the case to proceed to its current advanced stage; 3) FOX and SRAM are direct competitors, and delaying the adjudication of the case will prolong and exacerbate the harm to FOX (*see* § II.A, above, and as explained in FOX's motion for a PI); and 4) discovery is well underway and the claims construction hearing has taken place. McCauley Decl. ¶ 8.

None of the cases cited by SRAM accounts for or considers the compelling collection of facts and factors at bar, which *in toto* strongly support denial of SRAM's motion to stay. And SRAM has presented no case in which a stay was granted, either pre- or post-institution, where the parties are direct competitors, trial had been set, and the case was at an advanced stage, as here. For example, in *Cocona*, not only was the patent owner a non-practicing entity (NPE) that did not practice the asserted patent, *its entire business was licensing that and other patents to others*. 2018 WL 10910847, at *6. Because the plaintiff was an NPE, the *Cocona* court noted, "[a]ny harm Cocona incurs during a stay for the IPR petition can be compensated by royalties, *i.e.*, money damages." *Id*. That is not the case for FOX, who practices its patented invention and has not licensed it to anyone (Dkt. 91-1 ¶14), and is suffering ongoing harm from SRAM's ongoing infringement and resulting taking of market share from FOX. Dkt. 73-1 ¶¶18-22. The *Cocona* case was also at an early stage; the claim construction hearing had not occurred and importantly, trial had not been set. *Id*. at *7.

In *Well Master Corp. v. Flowco Prod. Sols., LLC*, and unlike here, the case was "in a relatively early stage of the proceedings," no trial date had been set, and it was "entirely unclear

whether validity proceedings in district court would proceed any more expeditiously than they would at the PTO." No. 21-CV-02145-CMA-KLM, 2022 WL 4129399, at *6 (D. Colo. Sept. 12, 2022). These same essential circumstances were also present in *Personalis, Inc. v. Foresight Diagnostics Inc.*, No. 22-CV-01913-CNS-NRN, 2023 WL 371931 (D. Colo. Jan. 24, 2023), in which the Court wrote that "[t]he case has not progressed at all" (*id*. at *6), and also in *Kamstrup A/S v. Axioma Metering AUB*, No. 19-cv-1669-WJM-SKC, 2019 WL 6296699 (D. Colo. Nov. 25, 2019), in which the defendant also had no non-infringement arguments (*id*. at *2). In *Smith Sport Optics, Inc. v. Burton Corp.*, 601 F. Supp. 3d 936 (D. Colo. 2022), the defendant had diligently filed its IPR petition seven months before the one-year statutory deadline (*id*. at 942-43), no trial date had been set,[6] and discovery had barely begun (initial disclosures and patent-related contentions had been served, but defendant had not served any document requests and no depositions had been taken). *Id*. at 941-42.

Here, in contrast, SRAM delayed a full year before filing is IPR petitions and delayed almost another five months from the filing of its first two petitions to file its motion to stay. In the meantime, FOX has diligently prosecuted its case to an advanced stage and trial has been set. FOX filed PI motion. The parties have served infringement and invalidity contentions, both parties have served and responded to interrogatories and document requests, six depositions have already been taken, and claim construction briefing and hearing have been completed. McCauley Decl. ¶8.

[6] The *Smith Sport Optics* opinion repeatedly cited cases discussing the significance of whether a trial date has been set, which the Court began with a header stating "Status of Discovery and Date for Trial," but then never mentioned a trial date. The court instead focused on its perception that discovery had barely begun and the early nature of the proceedings. *Smith Sport Optics,* 601 F. Supp. 3d at 941-42.

In *eSoft, Inc. v. Blue Coat Sys., Inc.,* 505 F. Supp. 2d 784 (D. Colo. 2007), defendant moved to stay only nine months after the complaint had been filed (*id*. at 785), no trial date had been set (*id.* at 788), and eSoft had filed in this district five additional and co-pending cases asserting the same patent. *Id*. at 788 n.2. Here, in contrast, SRAM delayed a full year to file its IPRs, this case was pending almost eighteen months between the time FOX filed its complaint in July 2022 and SRAM filed its motion to stay in late December 2023, and FOX has no other pending cases for patent infringement in this district.

C. Factor 2 (age and stage of this case) weighs against a stay because trial is set for a date 2.5 years after FOX filed suit; discovery and proceedings are well underway; and FOX has diligently prosecuted this case to stop SRAM's infringement

The age and stage of this case also weigh against a stay. FOX filed the original complaint in July 2022, shortly after SRAM's infringing products first became available to FOX (and the market) in April and May 2022.[7] FOX filed detailed papers requesting a preliminary injunction in January 2023, in advance of the busy sales season in spring and summer 2023. Trial is set for January 2025, and by then FOX's case will have been pending for about 2.5 years since FOX filed its original complaint in July 2022. FOX is eager for trial and would be prejudiced if trial were delayed. Discovery is well underway, including six depositions having been taken to date and fact discovery closing on March 7, 2024. McCauley Decl. ¶8. The parties exchanged

[7] SRAM did not begin selling the forks accused of infringement until April and May 2022. FOX immediately obtained samples of the now accused forks as soon as they were available in April and May of 2022, performed infringement analyses, decided to file suit, and promptly filed this action in July 2022. Although a press release on or about October 5, 2021 indicated that SRAM planned to sell suspension forks with bleeder valves that FOX suspected might infringe FOX's '331 patent (which SRAM cites in its motion), it is undisputed that SRAM did not commercially release those forks until April and May 2022, and that the infringing forks were not available to FOX for an infringement analysis until April and May 2022.

their infringement and invalidity contentions in early 2023, completed their claim construction exchanges and briefing in 2023, and the claim construction hearing took place on December 7, 2023. *Id*.

FOX has thus actively and diligently prosecuted this case to put an end to SRAM's infringement, and trial is scheduled in January 2025, which cut against a stay under Factor 2. In *Swift Distribution, LLC v. Pro Stage Gear, LLC*, Judge R. Brook Jackson denied a motion for a post-institution stay pending IPR, noting that, *inter alia*, the case had been "actively litigated" to date; the court had already scheduled a five-day trial; that by the time of trial "the case will have been pending approximately two years"; and that the defendant "has continued to sell what [patent owner] claims to be infringing products all this time and presumably will continue to do so during the year or so that this case would be delayed by a stay." Case No. 17-cv-00585-RBJ (D. Colo. Oct. 15, 2018) (slip op. at 4) (attached as Ex. 2 to McCauley Decl.). Similarly, in *Verinata Health*, the court denied a stay, noting that a trial date was set, discovery was well underway, and "the parties have fully briefed the issue of claim construction, attended a Markman hearing, and received a claim construction order." 2014 WL 121640, at *2. In *Comcast Cable Comms. Corp., LLC v. Finisar Corp.*, No. C 06-04206 WHA, 2007 WL 1052883 (N.D. Cal. Apr. 5, 2007), the court denied a motion to stay, noting that "the Court has invested a large amount of time in preparing a claim construction ruling. We are nine months into the case and eleven months from trial." *Id.* at *1. All of these cases undermine SRAM's requested stay under Factor 2.

Moreover, the facts and circumstances in this case stand in marked contrast to the cases relied upon by SRAM (discussed in section II.B.2 above). In most of SRAM's cases, a trial date

had not been set, and little to nothing had occurred by way of discovery or claim construction proceedings. Here, in contrast, this case has been actively litigated, the claim construction hearing is behind us, and the trial FOX has been actively seeking is within reach. The full array of facts and circumstances weighs against a stay.

D. Factor 3 (undue prejudice) cuts against a stay because FOX and SRAM are direct competitors, FOX sought a preliminary injunction, and SRAM delayed filing its IPR petitions

The courts, including those cited by SRAM, recognize and even *presume* that Factor 3 weighs against a stay where the parties are direct competitors, as FOX and SRAM are here (*see* § II.A, above). For example, in *Smith*, cited by SRAM, the Colorado district court noted that "when two parties are in competition in the marketplace, there is a risk that a patent-holder whose patent is being infringed will be prejudiced in ways that are not easily calculated to render monetary damages. … Thus, this factor weighs in favor of denying the Motion [to Stay]." 601 F. Supp. 3d at 942 (citing cases). In *Personalis*, a case cited by SRAM and from this District, the court noted that "prejudice is heightened when parties to litigation are **direct competitors; in such cases, courts presume that a stay will prejudice the non-movant**." 2023 WL 371931, at *4 (quoting *ADA Sols. Inc. v. Engineered Plastics, Inc.*, 826 F. Supp. 2d 348, 350-51 (D. Mass. 2011) (bold type added). The *Personalis* court found that "[b]ecause the Parties here are direct competitors, the Court agrees that this [prejudice] factor weighs against a stay." *Id*. at *5. In *Well Master*, another case cited by SRAM and from this District, the court similarly noted that where the parties are direct competitors, the courts "**presume that a stay will prejudice the non-movant**," and that the prejudice factor weighed against a stay for that reason. 2022 WL 4129399, at *6 (quoting *ADA Sols.*, 826 F. Supp. 2d at 350-51) (bold type added); *see also SenoRx, Inc. v.*

Hologic, Inc., Case No. 12–173–LPS–CJB, 2013 WL 144255, at *7 (D. Del. Jan. 11, 2013) ("Courts have recognized that when the parties are direct competitors, there is a reasonable chance that delay in adjudicating the alleged infringement will have outsized consequences to the party asserting infringement has occurred, including the potential for loss of market share and an erosion of goodwill."); *Everlight Elec. Co. v. Nichia Corp*., No. 12-cv-11758, 2013 WL 1821512, at *8 (E.D. Mich. April 30, 2013) ("Additionally, Plaintiffs will be further prejudiced because they are direct competitors with Defendants in the LED industry. Courts routinely deny requests for stay during the pendency of PTO proceedings where the parties are direct competitors."); *Universal Elec., Inc. v. Universal Remote Control, Inc*., 943 F. Supp. 2d 1028, 1034 (C.D. Cal. 2013) (finding plaintiff would "suffer prejudicial harm from its competitor's market activity during a lengthy delay in the case.").

FOX and SRAM are direct competitors that together supply approximately 80-85% of the mid- to high-end brand/OEM mountain bike fork market. *See* § II.A, above. There can be no reasonable dispute that delay in adjudicating the alleged infringement will have detrimental effect on FOX's market share and goodwill during the lengthy stay. Factor 3 weighs against a stay for that reason alone.

Moreover, district courts have found that "'[f]ilings for IPR made well after the initiation of litigation [] may suggest an unfair tactical advantage or dilatory motive" even when they are filed before the statutory deadline." *TruePosition, Inc., v. Polaris Wireless, Inc*., No. 12-646-RGA-MPT, 2013 WL 5701529, at *6 (D. Del. Oct. 21, 2013), report and recommendation adopted, No. 12-646-RGA, 2013 WL 6020798 (D. Del. Nov. 12, 2013). Here, SRAM's delay in waiting until the one-year deadline to file its petitions, while allowing work and efforts in the

litigation to continue, cuts against a stay under Factor 3, as recognized in several cases in addition to *TruePosition*. *See, e.g., Cocona,* 2018 WL 10910847, at *8 (discussing *Trover* and decisions from several other circuits); *Trover*, 2015 WL 1069179, at *3 ("The defendants waited for nearly a year after the complaints were filed against them before filing their petition for inter partes review. … [¶] The pattern of delay on the defendants' part cuts against granting a stay. [Citing cases.]"); *Pragmatus*, 2015 WL 3799433, at *1 ("The timing of Moving Defendants' filing suggests they may be seeking a tactical advantage, given they were aware of the prior art asserted in their IPR petition many months before filing the petition just three days before the statutory deadline."); *but see Cocona*, 2018 WL 10910847, at *8 (noting that one-year deadline might suggest that taking the full one-year could be considered reasonable).

SRAM served its invalidity contentions against both the '331 and '233 patents on April 27, 2023. McCauley Decl. ¶5. SRAM had no need to delay preparing and filing its IPR petitions until August 10, 2023 for the '331 patent and November 30, 2023 for the '223 patent. SRAM's arguments that its IPR petitions are extensive and that they needed to wait until claim construction are meritless because SRAM's prior art references and invalidity positions in their invalidity contentions are substantially the same as in the IPR petitions, so presumably SRAM 1) sufficiently understood FOX's claim construction positions from the infringement contentions, and 2) had gathered all its invalidity positions by April 2023 at the latest (when SRAM filed its invalidity contentions for both patents-in-suit).

The courts also recognize that a patent owner's filing of a motion for preliminary injunction cuts against a stay under the prejudice factor. *See, e.g., Cocona,* 2018 WL 10910847, at *7 ("For the undue prejudice factor, the courts also consider how quickly or not the patent

owner has moved to date, *whether the patent owner has sought preliminary injunctive relief*, and whether the defendant has unduly delayed filing its IPR petition as a dilatory tactic." (italics added)). FOX's motion for PI, in combination with the parties' status as direct competitors, the prejudicial harm to FOX from SRAM's continuing infringing activities during a stay, and SRAM's delay in filings its IPR petitions thoroughly refute any argument that Factor 3 (undue prejudice) supports a stay of this case.

IV. Conclusion

SRAM's pre-institution motion to stay this case should be denied.

Dated: January 8, 2024

Respectfully submitted,

/s/ Robert F. McCauley

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CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of January, 2024, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following email addresses:

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