

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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FOX FACTORY, INC.,  
Petitioner,

v.

SRAM, LLC,  
Patent Owner.

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IPR2017-00118  
Patent 9,182,027 B2

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Before MICHAEL W. KIM, *Vice Chief Administrative Patent Judge*,  
FRANCES L. IPPOLITO, and KEVIN W. CHERRY,  
*Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

JUDGMENT

Final Written Decision on Remand  
*Determining All Challenged Claims Unpatentable*  
35 U.S.C. §§ 144, 318

## I. INTRODUCTION

### A. BACKGROUND

#### 1. *Original Proceedings Before the Board*

Fox Factory, Inc. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) requesting institution of *inter partes* review of claims 7–12 and 20–26 (“the challenged claims”) of U.S. Patent No. 9,182,027 B2 (Ex. 1001, “the ’027 patent”) on eight asserted grounds for unpatentability:

References	35 U.S.C. §	Claims Challenged
Thompson <sup>1</sup> , JP-Shimano <sup>2</sup>	103(a) <sup>3</sup>	7, 8, 11, 12, 20–22, 25, 26
Thompson, JP-Shimano, Hattan <sup>4</sup>	103(a)	9, 10, 23, 24
Dake <sup>5</sup> , Martin <sup>6</sup>	103(a)	7, 8, 11, 20–22, 25
Dake, Martin, Hattan	103(a)	9, 10, 12, 23, 24, 26
Thompson, Martin	103(a)	7, 8, 11, 12, 20–22, 25, 26
Thompson, Martin, Hattan	103(a)	9, 10, 23, 24
Dake, JP-Shimano	103(a)	7, 8, 11, 20–22, 25

<sup>1</sup> U.S. Patent No. 6,273,836 B1, issued Aug. 14, 2001 (Ex. 1019).

<sup>2</sup> Japanese Utility Model Application Kokai Publication No. JP S56-42489, published Apr. 18, 1981 (Ex. 1006). Exhibit 1006 includes both the published Japanese Patent Application (pages 1–10) and an English translation (pages 11–18). We refer exclusively to the English translation.

<sup>3</sup> Because the claims at issue have an effective filing date prior to March 16, 2013, the effective date of the applicable provisions of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (“AIA”), we apply the pre-AIA version of 35 U.S.C. § 103 in this Decision.

<sup>4</sup> U.S. Patent No. 3,375,022, issued Mar. 26, 1968 (Ex. 1004).

<sup>5</sup> U.S. Patent No. 556,254, issued Mar. 10, 1896 (Ex. 1009).

<sup>6</sup> U.S. Patent No. 4,174,642, issued Nov. 20, 1979 (Ex. 1005).

Dake, JP-Shimano, Hattan	103(a)	9, 10, 12, 23, 24, 26
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Pet. 15, 45, 57, 80, 91. SRAM, LLC (“SRAM” or “Patent Owner”) filed a Preliminary Response (Paper 5, “Prelim. Resp.”).

Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review (“Decision to Institute”) of the ’027 patent as to (1) claims 7, 8, 11, 12, 20–22, 25, and 26 under 35 U.S.C. § 103(a) as unpatentable over Thompson and JP-Shimano; and (2) claims 9, 10, 23, and 24 under 35 U.S.C. § 103(a) as unpatentable over Thompson, JP-Shimano, and Hattan. Paper 8 (“Dec.”), 27. We did not institute *inter partes* review on any of the other grounds set forth in the Petition. *See id.*

After institution, Patent Owner filed a Patent Owner Response to the Petition, addressing only the instituted grounds (Paper 13 (“PO Resp.”)), and Petitioner filed a similarly limited Reply (Paper 32 (“Reply”)). Patent Owner was also permitted to file a Sur-Reply (Paper 38 (“Sur-Reply”)). We held a consolidated oral hearing with IPR2016-01876 and IPR2017-00472 on January 12, 2018. A transcript of the oral hearing has been entered into the record. Paper 58 (“Tr.”).

Petitioner relies on the testimony of Richard R. Neptune, Ph.D. (Ex. 1023 and Ex. 1050) in support of its contentions. Patent Owner relies on the testimony of Robert H. Sturges, Ph.D. (Ex. 2002 and Ex. 2074) and Ron Ritzler (Ex. 2004 and Ex. 2076) in support of its contentions.

Petitioner also filed a Motion to Exclude certain evidence. Paper 45 (“Pet. Mot. Exclude”). Patent Owner filed an Opposition to Petitioner’s Motion to Exclude. Paper 51 (“PO Opp.”). Petitioner also filed a Reply in support of its Motion to Exclude. Paper 53 (“Pet. Mot. Reply”). Patent

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Owner also filed a Motion to Exclude certain evidence. Paper 46 (“PO Mot. Exclude”). Petitioner filed an Opposition to Patent Owner’s Motion to Exclude. Paper 50 (“Pet. Opp.”). Patent Owner filed a Reply in support of its Motion to Exclude. Paper 52 (“PO Mot. Reply”).

Patent Owner also filed Observations on Cross Examination. Paper 41 (“Obs.”). Petitioner filed a Response to Patent Owner’s Observations on Cross Examination. Paper 48 (“Response Obs.”). We considered Patent Owner’s observations and Petitioner’s response in arriving at our Final Written Decision in this case.

On April 2, 2018, we issued a Final Written Decision. *See* Paper 59 (“Final Written Decision” or “Final Dec.”). We determined that Petitioner failed to demonstrate by a preponderance of the evidence that claims 7–12 and 20–26 of the ’027 patent were unpatentable as rendered obvious by the combined teachings of Thompson and JP-Shimano, and Thompson, JP-Shimano, and Hattan.<sup>7</sup> *Id.* at 64. On April 24, 2018, the U.S. Supreme Court held that a decision to institute under 35 U.S.C. § 314 may not institute on fewer than all of the claims challenged in the Petition. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018). Although the panel instituted review on all of the challenged claims, the panel had not instituted review on all of the asserted grounds. Petitioner appealed our Final Written Decision to the U.S. Court of Appeals for the Federal Circuit. *See* Paper 61.

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<sup>7</sup> We also denied-in-part and dismissed-as-moot in part the parties’ Motions to Exclude. Final Dec. 64. Neither party challenges the portion of our ruling denying their Motions. Furthermore, we have not relied on any of the exhibits for which we dismissed the Motions as moot. Accordingly, we do not revisit our determinations on the Motions to Exclude.

## 2. *Federal Circuit Decision*

On December 18, 2019, the Federal Circuit issued a decision vacating the obviousness determination in our Final Written Decision and remanding this case to “reevaluate the import of the evidence of secondary considerations with the burden of proving nexus placed on the correct party.” *Fox Factory v. SRAM, LLC*, 944 F.3d 1366, 1380 (Fed. Cir. 2019) *cert. denied* No. 20-158, 2020 WL 5883383 (Mem. Oct. 5, 2020) (also in the record as Ex. 3001). The Federal Circuit also remanded this case for us to “consider the non-instituted grounds” in accordance with *SAS Institute. Id.*

## 3. *Remand Proceedings*

On April 15, 2020, we conferred with the parties to discuss the procedure for the remand. Paper 62, 4. Regarding the evidence of secondary considerations, the parties agreed that no new evidence was necessary, but that additional briefing was necessary. *Id.* at 5. Regarding the non-instituted grounds, Petitioner notified us that it did not intend to pursue the non-instituted grounds and would request partial adverse judgment on those grounds. *Id.* at 4–6.

On April 24, 2020, we authorized additional briefing on the narrow issue of “the import of the evidence of secondary considerations with the burden of proving nexus placed on the correct party.” Paper 62, 7. We also modified the Decision to Institute to include review of all challenged claims and all grounds presented in the Petition. *Id.* at 6.

On April 30, 2020, Petitioner requested partial adverse judgment under 37 C.F.R. § 42.73(b) on the grounds for which we did not originally institute *inter partes* review in this proceeding. Paper 63, 2. Patent Owner did not oppose the request, which we address below.

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