

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FOX FACTORY, INC.,
Petitioner,

v.

SRAM, LLC,
Patent Owner.

IPR2017-00118
Patent 9,182,027 B2

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

CHERRY, *Administrative Patent Judge*.

ORDER
Modifying Institution Decision and
Granting Request for Additional Briefing
37 C.F.R. § 42.5(a)

I. BACKGROUND

FOX Factory, Inc. (“Petitioner”) filed a Petition pursuant to 35 U.S.C. §§ 311–19 to institute an *inter partes* review of claims 7–12 and 20–26 of U.S. Patent No. 9,182,027 B2 (Ex. 1001, “the ’027 patent”) on eight asserted grounds for unpatentability:

References	Basis	Challenged Claims
Thompson ¹ and JP-Shimano	§ 103(a)	7, 8, 11, 12, 20–22, 25, and 26
Thompson, JP-Shimano and Hattan	§ 103(a)	9, 10, 23, and 24
Dake and Martin	§ 103(a)	7, 8, 11, 20–22, and 25
Dake, Martin, and Hattan	§ 103(a)	9, 10, 12, 23, 24, and 26
Thompson and Martin	§ 103(a)	7, 8, 11, 12, 20–22, 25, and 26
Thompson, Martin, and Hattan	§ 103(a)	9, 10, 23, and 24
Dake and JP-Shimano	§ 103(a)	7, 8, 11, 20–22, and 25
Dake, JP-Shimano, and Hattan	§ 103(a)	9, 10, 12, 23, 24, and 26

Paper 2 (“Pet.”), 15, 45, 57, 80, 91. Patent Owner, SRAM, LLC, filed a Preliminary Response. Paper 5 (“Prelim. Resp.”). Applying the standard set forth in 35 U.S.C. § 314(a), which requires demonstration of a reasonable likelihood that Petitioner would prevail with respect to at least one challenged claim, we instituted an *inter partes* review of claims 7–12 and 20–26 of the ’027 patent only on the grounds for unpatentability based on obviousness over Thompson and JP-Shimano, and Thompson, JP-Shimano, and Hattan. Paper 8 (“Inst. Dec.”), 27. In the Institution Decision, we

¹ The applied references are described in more detail in a table in the Institution Decision. Inst. Dec. 5–6.

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determined, however, because Martin had previously been considered by the Office, that we should exercise our discretion under 35 U.S.C. § 325(d) and deny institution of grounds based on Martin. Inst. Dec. 7–10 (citing 35 U.S.C. § 325(d) (2012)).

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”). Each party requested an oral hearing (Papers 40 and 42); and we held a consolidated oral hearing with IPR2016-01876 and IPR2017-00472 on January 12, 2018. *See* Paper 47 (Trial Hearing Order). A transcript of that hearing is of record in this case. Paper 58.

On April 2, 2018, we issued a Final Written Decision determining that Petitioner had 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. Paper 59, 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. On May 25, 2018, Petitioner filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit (the “Federal Circuit”), challenging the determination of the Final Written Decision. Paper 61.

On December 19, 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). The Federal Circuit also remanded this case for us to “consider the non-instituted grounds.” *Id.* On March 20, 2020, the Federal Circuit issued the mandate in this case. *See* Ex. 3001.

II. NON-INSTITUTED GROUNDS

With respect to the non-instituted grounds, pursuant to 35 U.S.C. § 314(a), the holding in *SAS Institute*, and the Federal Circuit’s mandate in the instant proceeding, we modify the Institution Decision to include review on all of the challenged claims and on all of the grounds asserted in the Petition.

III. PROCEEDINGS ON REMAND

A. Conference with the Parties

In accordance with PTAB Standard Operating Procedure 9, we held a conference call with the parties on April 15, 2020, to discuss the status of the case and what was necessary to conclude this proceeding in accordance with the mandate of the Federal Circuit. Petitioner notified us that it did not intend to pursue the non-instituted grounds, and is prepared to accept adverse judgment in this proceeding as to the previously non-instituted grounds. After a discussion with the parties, Patent Owner agreed that a request for partial adverse judgment would be a satisfactory way to resolve the previously non-instituted grounds.

As for the other issue the Federal Circuit remanded, that we should “reevaluate the import of the evidence of secondary considerations with the burden of proving nexus placed on the correct party.” *Fox Factory*, 944 F.3d at 1380. The parties agreed that no new evidence was necessary. The parties also agreed that additional briefing was necessary. The parties did not agree, however, on the briefing schedule or length of the proposed briefs. Petitioner offered two proposals: (1) one round of simultaneous briefing where each party files one brief of 15 pages at the same time; or (2) two rounds of simultaneous briefing where each party files an opening brief of 15 pages and a responsive brief of 10 pages. Patent Owner requested that, because it has the burden of proof of showing nexus, it should be allowed to file an opening brief of 5000 words, then after the opening brief, Petitioner should be allowed to file a response brief of 3750 or 5000 words, and then, following the response brief, Patent Owner should be allowed to file a reply brief of 3750 words. As for the schedule, the parties agreed that under either proposal the first round of briefing should be due 30 days from any order setting the schedule, and the second round 30 days following the first round.

The panel reserved decision on the briefing schedule. Petitioner asked that we also include in any order setting the briefing schedule exactly what we wanted included in its request for partial adverse judgment. Petitioner informed us that it would be able to file its request for partial adverse judgment within 1 week of our order.

B. Petitioner’s Request for Partial Adverse Judgment

With respect to Petitioner’s Request for Partial Adverse Judgment, we have considered Petitioner’s arguments. Petitioner’s request should, at a minimum, (1) clearly identify the grounds it wishes to abandon,

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