

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

PUMA NORTH AMERICA, INC.,
Petitioner,

v.

NIKE, Inc.
Patent Owner

Case IPR2019-1059
Patent No. 9,375,046

PATENT OWNER'S 37 C.F.R. § 42.107 PRELIMINARY RESPONSE

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PATENT OWNER'S EXHIBIT LIST

Exhibit	Description
2001	Declaration of Joe Napurano
2002	CV of Joe Napurano
2003	Joint Claim Construction Statement
2004	Amended Scheduling Order
2005	Second Amended Complaint
2006	Notice of Scheduling Conference
2007	June 27, 2019 Order Resetting Briefing Schedule
2008	District of Massachusetts Local Rules
2009	Puma's Supplemental Preliminary Patent-Related Disclosures
2010	Mr. Steszyn's Declaration in Support of Claim Construction in District Court Litigation
2011	June 7, 2019 Order Denying Puma's Motion to Stay
2012	July 29, 2019 Order Resetting Claim Construction Hearing
2013	Supplemental Joint Claim Construction Statement
2014	Transcript from July 17, 2014 Deposition of Michael Steszyn
2015	U.S. Patent Application Publication 2010/0154256 ("Dua")

Pursuant to 37 C.F.R. § 42.107, Patent Owner NIKE, Inc. submits this Preliminary Response to the above-referenced Petition for *Inter Partes* Review of Claims 1, 2, 17 and 18 of U.S. Patent No. 9,375,046 (the “’046 Patent”). The Notice According a Filing Date for the Petition issued on June 5, 2019. (Paper 3.) This Preliminary Response is therefore timely filed on or before September 5, 2019, pursuant to 35 U.S.C. § 313 and 37 C.F.R. §§ 1.7, 42.1 and 42.107.

I. INTRODUCTION

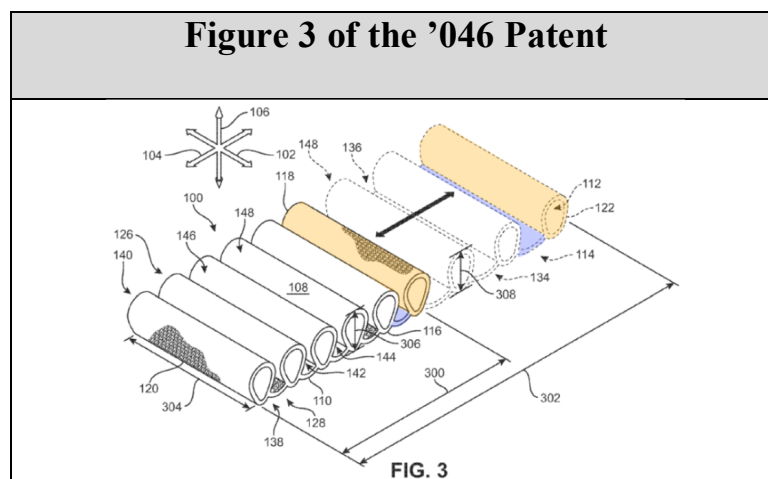
The Board should deny institution for at least three reasons. First, the Board should deny institution under 35 U.S.C. § 325(d) because the prior art reference Petitioner relies on is cumulative of a reference Patent Owner overcame during the original prosecution. Second, the Board should deny institution under 35 U.S.C. § 314(a) because trial in the District Court litigation involving the ’046 Patent is expected to conclude before the due date for a Final Written Decision. Finally, Petitioner has failed to meet its burden under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(c) of establishing a reasonable likelihood of success that any of the challenged claims would be unpatentable because the asserted prior art fails to disclose all claim limitations and Petitioner’s evidence of motivation to combine is deficient. Patent Owner explains in more detail below why each of these reasons supports the Board conserving its resources and denying institution.

II. THE '046 PATENT

A. The Invention of the '046 Patent

The invention of the '046 Patent relates to articles incorporating knitted components. (Ex. 1001, 1:20-22.) The articles include knitted webbed areas that move between a neutral position and an extended position and knitted tubular structures that are adjacent to the webbed areas. (*Id.*, 32:40-59.) When in the neutral position, a first area of the front surface of the webbed areas is hidden from visual observation. (*Id.*) When in the extended position, the first area of the front surface is revealed for visual observation. (*Id.*)

Figure 3 of the patent, reproduced below with highlighting, is an example embodiment of the invention where the article is shown in a neutral position with solid lines and in an extended position with broken lines. (*Id.*, 3:23-26.)



In this example, one of the knitted webbed areas is highlighted in blue and one of the knitted tubular structures is highlighted in orange, in both the neutral and extended positions. (*Id.*, 8:40-46.)

B. Prosecution History & Claims

The application as initially filed contained claims 1-20. (Ex. 1002, at 182-187.) The Examiner objected to the claims under 35 U.S.C. § 121 finding claims 1-15 recited footwear whereas claims 16-20 recited a method of knitting. (*Id.* at 673-675.) Patent Owner responded to the restriction requirement by electing claims 1-15 and cancelling claims 16-20. (*Id.* at 685-686.)

The Examiner issued a Non-final Office Action rejecting claims 1-15. (*Id.* at 695.) The Examiner rejected claims 1-7 as anticipated by U.S. Patent No. 5,118,569 (“Kuroda”). (*Id.* at 696-698.) In particular, the Examiner relied on Figure 18 in Kuroda as disclosing a unitary knit construction (13) including a plurality of webbed areas (19) that would stretch between two positions and tubular rib structures (16) formed from overlapping knit layers (17 and 18) where the rib structures are adjacent the webbed areas. (*Id.* at 696.)

The Examiner rejected claims 1-4, 6 and 7 as anticipated by U.S. Patent No. 3,307,379 (Woolley). (Ex. 1002, at 698-699.) In particular, the Examiner relied on Figures 1 and 2 in Woolley as teaching a unitary knit construction including a

plurality of webbed areas (W) configured to move between two positions that included tubular rib structures formed of two overlapping layers. (*Id.* at 698-700.)

The Examiner rejected claims 8-15 under 35 U.S.C. §103 as being unpatentable over U.S. Publ. Appl. 2010/0154256 (“Dua”) (Ex. 2015) in view of Woolley. (*Id.* at 700.) In particular, the Examiner found that Dua taught an article of footwear including a sole (20) and upper (30) including a unitary knit component (40) including tubular rib structures (42) with webbed areas between the ribs. (*Id.* at 701.) The Examiner found the tubular rib and webbed areas inherently included a plurality of courses formed from a yarn and that the webbed areas are configured to move, or stretch, between two positions in response to an applied force. (*Id.*) The Examiner relied on Woolley to disclose a tubular rib including two yarns in the web and rib areas. (*Id.*)

In response, the Patent Owner filed an amendment and remarks (Ex. 1002, at 734-742.) The Patent Owner argued that Kuroda did not disclose “the recited ‘plurality of webbed areas,’ nor an article with webbed areas and tubular structures ‘wherein . . . the webbed areas or tubular structures . . . stretch to move the webbed areas to the extended position in response to a force applied to the article.’” (*Id.* at 740.) The Patent Owner also argued that neither Woolley nor Dua disclosed a “plurality of webbed areas.” (*Id.* at 740-741.) Finally, Patent Owner argued that the combination of Dua and Woolley also did not disclose the limitation of claim 8

requiring “at least one of the webbed areas and tubular rib structures . . . stretch from a neutral position to the extended position in response to a force applied to the upper.” (*Id.* at 741.)

The Patent Owner next conducted an interview with the Examiner (Ex. 1002, at 753) and then submitted a Supplemental Amendment. (*See id.* at 747-752.) Of particular relevance here, the Patent Owner amended claim 1 to add limitations requiring: “webbed areas hav[e] a front surface” and that “wherein in the neutral position, a first area of the front surface is hidden from visual observation from a first viewing perspective, and wherein in the extended position, the first are of the front surface of is revealed for visual observation from the first viewing perspective.” (*Id.* at 748.)

Following the Supplemental Amendment, the Examiner issued a Notice of Allowance. (*Id.* at 921.)

The challenged claims as issued in the '046 Patent read as follows:

Claim Element	Claim Language
1[a]	An article comprising: a plurality of webbed areas that include a plurality of courses formed from a first yarn, the webbed areas having a front surface,
1[b]	the webbed areas configured to move between a neutral position and an extended position,
1[c]	the webbed areas being biased to move toward the neutral position and
1[d]	a plurality of tubular structures that are adjacent to the webbed areas, the tubular structures including a plurality of courses;
1[e]	wherein at least one of the webbed areas or tubular structures is configured to stretch to move the webbed areas to the extended position in response to a force applied to the article
1[f]	wherein in the neutral position, a first area of the front surface is hidden from visual observation from a first viewing perspective, and
1[g]	wherein in the extended position, the first area of the front surface is revealed for visual observation from the first viewing perspective.
2[a]	2. The article of claim 1, wherein the article is associated with a longitudinal direction and a lateral direction;
2[b]	wherein the plurality of webbed areas and the plurality of tubular structures extend along the longitudinal direction,
2[c]	wherein the plurality of webbed areas and the plurality of tubular structures are spaced apart in the lateral direction, and

2[d]	wherein the article is configured to stretch in the lateral direction between the neutral position and the stretched position, the article biased toward the neutral position.
17	The article of claim 1, wherein the article includes a knitted component, the knitted component comprising the plurality of webbed areas and the plurality of tubular structures.
18	The article of claim 17, wherein the knitted component is formed of unitary knit construction.

III. CLAIM CONSTRUCTION

The Petition offered four claim limitations for construction, which correspond to claim limitations originally disputed in the District Court proceeding (the “Litigation”). (*Compare* Petition at 8-18 with Ex. 2003, Joint Statement, at 4.) Since the filing of the Petition, the parties have agreed to constructions for two of the four claim limitations identified in the Petition (“course” and “neutral position/extended position”).¹ (Ex. 2013, Supplemental Joint Claim Construction Statement, at 7-8.) The parties continue to dispute the meaning of “webbed areas” and “tubular structure.” (*Id.* at 3-4.)

In the Litigation, the claim construction issues in the ’046 Patent (and six other patents for which Petitioner has filed petitions for *inter partes* review) will

¹ In the District Court, the parties treated “neutral position” and “extended position” as two limitations. (*See* Ex. 2013, at 7-8.)

be fully briefed by August 12, 2019. (Ex. 2007.) The District Court scheduled a claim construction hearing for October 17, 2019. (Ex. 2012.) Thus, the claim construction hearing will conclude prior to the due date for the Board to issue a decision whether to deny institution of the petition, which is December 5, 2019, (see 35 U.S.C. §314(b) and 37 C.F.R. § 42.107(b)), and well before the due date for a Final Written Decision, which is December 5, 2020.²

The Petition was filed on May 3, 2019; thus, the claim construction standard articulated in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) applies. See 83 Fed. Reg. 51340 (Oct. 11, 2018). Under *Phillips*, words of a claim “are generally given their ordinary and customary meaning” as understood by a person of ordinary skill in the art at the time of the invention and in the context of the entire patent disclosure. *Phillips*, 415 F.3d at 1312. To ascertain how a person of ordinary skill would have understood the claim language, both intrinsic and extrinsic evidence may be consulted, with emphasis on the intrinsic evidence. *Id.* at 1314, 1317. Extrinsic evidence, while relevant, is less significant and must be “considered in the context of the intrinsic evidence.” *Id.* at 1317, 1319.

² This assumes that the Board issues its decision on institution three months after Patent Owner’s Preliminary Response and issues a Final Written Decision twelve months after its decision on institution.

Claims ““must be read in view of the specification, of which they are a part.”” *Phillips*, 415 F.3d at 1315. The specification ““is always highly relevant to the claim construction analysis.”” *Id.* But, “particular embodiments and examples appearing in the specification will not generally be read into the claims.”” *Comark Commc’ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1187 (Fed. Cir. 1998). “[I]t is improper to read limitations from a preferred embodiment described in the specification—even if it is the only embodiment—into the claims absent a clear indication in the intrinsic record that the patentee intended the claims to be so limited.” *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 913 (Fed. Cir. 2004).

There are “only two exceptions to [the] general rule” that claims are construed according to their ordinary and customary meaning: “1) when a patentee sets out a definition and acts as his own lexicographer, or 2) when the patentee disavows the full scope of the claim term either in the specification or during prosecution.” *Info-Hold, Inc. v. Applied Media Techs. Corp.*, 783 F.3d 1262, 1265-66 (Fed. Cir. 2015); *Straight Path IP Grp., Inc. v. Sipnet EU S.R.O.*, 806 F.3d 1356, 1361 (Fed. Cir. 2015) (“unless there is a disclaimer or redefinition [] the proper construction of any claim language must ... stay true to the claim language, and . . . avoid giving invention defining effect to specification language included for other descriptive and enablement purposes”).

The standards for finding lexicography or a disavowal are “exacting.” *Hill-Rom Servs., Inc. v. Stryker Corp.*, 755 F.3d 1367, 1371 (Fed. Cir. 2014). To act as a lexicographer, “a patentee must clearly set forth a definition of the disputed claim term other than its plain and ordinary meaning and must clearly express an intent to redefine the term.” *Id.* (holding patentee was not lexicographer because there were “no words of manifest exclusion or restriction”). To disavow or disclaim the full scope of a claim term, the patentee’s statements in the specification or prosecution history must amount to a “clear and unmistakable” surrender. *See, e.g., Massachusetts Inst. of Tech. v. Shire Pharm., Inc.*, 839 F.3d 1111, 1118-19 (Fed. Cir. 2016) (no disclaimer); *GE Lighting Solutions, LLC v. AgiLight, Inc.*, 750 F.3d 1304, 1309 (Fed. Cir. 2014) (no disclaimer).

As the Board has consistently recognized, only those terms which are in controversy need to be construed and only to the extent necessary to resolve the controversy. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017); *see also U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997); *Toshiba Memory Corp. v. Anza Technology Inc.*, IPR2018-01598, Paper 12 at 12 (PTAB Mar. 14, 2019). For the reasons presented herein, constructions of additional terms beyond the term addressed above are unnecessary for the Board to deny institution of this proceeding.

A. “Webbed Areas”

Petitioner asserts that “webbed area” mean a “knit base.” (Petition, at 8.) Petitioner does not argue the inventors acted as their own lexicographers for this term, or that the inventors disavowed the full scope of the term in the specification or during prosecution. (*See* Petition, at 8-13.) Thus, the Court must give the term its ordinary meaning. *Info-Hold*, 783 F.3d at 1265–67.

The term “webbed areas” uses common words and the scope of its meaning is readily apparent to even laypersons: “webbed areas” or “areas that are webbed.” (Ex. 2001, ¶ 42.) This is not a technical term with a special meaning in the art.³ (*Id.*) Indeed, Petitioner concedes that “webbed area” is “commonly used in the field” and that the ‘046 Patent uses the term “in accordance with its usual definition.” (Petition at 8.) The Board does not need to redefine these commonly understood words using other words.

³ Petitioner asserts that “webbed areas” is a “term of art,” but only cites the conclusory, unsupported declaration of its expert. (Petition, at 8 citing Ex. 1005, at ¶¶ 44-48); *Network Commerce Inc. v. Microsoft Corp.*, 422 F.3d 1353, 1361 (Fed. Cir. 2005) (expert’s claim construction declaration not useful where expert failed “support his conclusion with any references to industry publications or other independent sources.”)

Petitioner’s argument that the “webbed areas” be a “knit base” is also at odds with the intrinsic evidence. Independent claim 1 of the ’046 Patent does not include a “knit” limitation. (Ex. 1001, at 32:40-59.) Dependent claim 17 adds a “knit” limitation. (*Id.* at 34:47-50.) The doctrine of “claim differentiation” provides that an independent claim should not be construed as requiring a limitation added by a dependent claim. *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*, 438 F.3d 1374, 1380-81 (Fed. Cir. 2006). That is the case here—“webbed areas” in independent claim 1 should not be construed as requiring a “knit” limitation because dependent claim 17 adds a “knit” limitation to the “webbed areas.” *Id.*

When presented with claims 1 and 17 of the ’046 Patent during his deposition, Mr. Steszyn conceded that Petitioner’s proposed construction is incorrect and that it should be modified to “base,” instead of “knit base.” (Ex. 2014, at 195:10-196:1.)

NIKE requests that the Board resolve the parties’ dispute by rejecting Petitioner’s construction and ascribing the term its ordinary meaning.

B. “Tubular Structures”

Petitioner asserts that the term “‘tubular structures’ should be given its plain and ordinary meaning (*i.e.* ‘tube shaped structure’).” (Petition at 13.) Patent Owner agrees that “tubular structures” should have its plain and ordinary meaning, but disagrees with adding Petitioner’s gloss of “tube shaped structure.”

The court's opinion in *Medtronic* is instructive. *Medtronic, Inc. v. Edwards Lifesciences Corp.*, No. 11-1650, 2013 WL 2147909, at *12 (D. Minn. May 16, 2013). In that case, the parties disputed the meaning of “tubular.” The patent owner argued that “tubular” had its ordinary meaning of “tubular” or “tube-like,” which is broader than “tube” because it can encompass something that merely resembles a tube. *Id.* The defendant, like Petitioner here, proposed a construction of “tubular” that further defined tubular that referred, in part, to a tube. *Id.* The court determined “there is no indication that the word ‘tubular’ would be unclear to the jury” and gave the term its plain and ordinary meaning. *Id.*

Mr. Steszyn's declaration does not help Petitioner.⁴ (Ex. 1005, at ¶¶ 49-50.) He concedes “tubular” is not a technical term of art and would have the same meaning to a person of skill in the art as it does in its “everyday use.” (*Id.* at ¶ 49.) He then conflates “tubular” with “tube,” (*id.*), but the claims recite “tubular,” not “tube.” (*See e.g.* Ex. 1001, 32:47-49.) And, the '046 Patent does not limit the shape or dimension of the “tubular structure,” (Ex. 1001, 7:34-44), which means “tubular structures” do not have to be “tubes” as Petitioner's proposed construction would require.

⁴ Mr. Steszyn also cites the same example embodiments Petitioner cited in its Petition. (*Compare* Petition, at 13-15 with Ex. 1005, at ¶ 50.)

Consequently, “tubular structures” should be construed to have its ordinary meaning.

IV. THE BOARD SHOULD EXERCISE ITS DISCRETION AND DENY INSTITUTION

Institution of *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (“the PTO is permitted, but never compelled, to institute an IPR proceeding”). This is exactly the type of case where the Board should exercise its discretion and decline to institute an IPR proceeding. First, Petitioner relies on a reference (Tamm) that is cumulative of art that the Patent Owner overcame during original prosecution. Second, trial in the Litigation will occur before the due date for a Final Written Decision and the validity issues raised in the Petition and the Litigation both involve the single independent claim in the ’046 Patent. Finally, the Petition fails to establish a reasonable likelihood that any challenged claim will be found unpatentable.

A. The Board Should Deny Institution Under 35 U.S.C. § 325(d)

Section 325(d) gives the Board express discretion to deny a petition when “the same or substantially the same prior art or arguments previously were presented to the Office.” 35 U.S.C. § 325(d). In evaluating whether to exercise discretion under Section 325(d), the Board weighs the following non-exclusive factors:

- (a) the similarities and material differences between the asserted art and the prior art involved during examination;

(b) the cumulative nature of the asserted art and the prior art evaluated during examination; (c) the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection; (d) the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art; (e) whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and (f) the extent to which additional evidence and facts presented in the Petition warrant reconsideration of prior art or arguments.

Becton, Dickinson & Co. v. B. Braun Melsungen AG, IPR2017-01586, Paper 8, at 17-18 (PTAB Dec. 15, 2017) (precedential).

Applying these factors demonstrates that Petitioner bases its unpatentable arguments on a reference that is at best cumulative of prior art applied to the challenged claims.

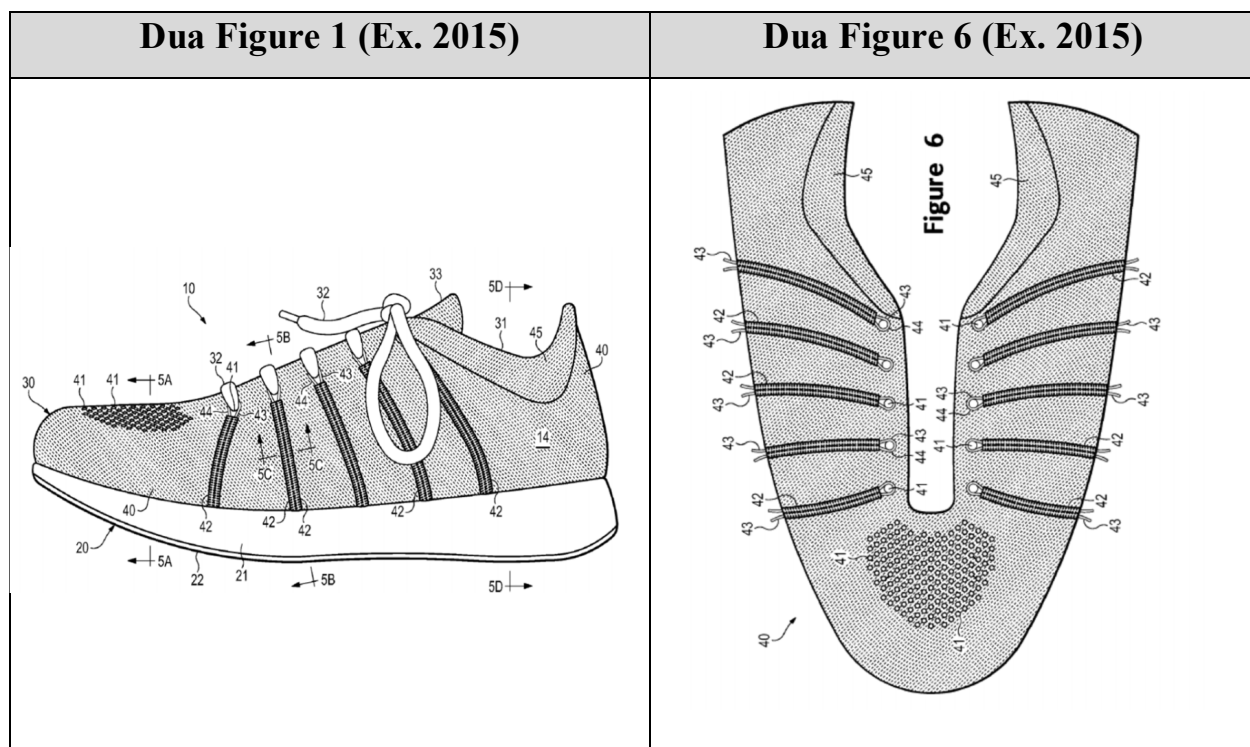
1. The Petition Relies on the Prior Art That is Similar To and Cumulative of the Applied Prior Art

The first three *Becton Dickinson* factors evaluate the similarity of the prior art evaluated and applied during original examination and the prior art asserted in the Petition. Petitioner challenges the claims of the '046 Patent on two grounds, arguing claims 1, 2, 17 and 18 are (i) anticipated by U.S. Patent Application No.

2014/0310984 (“Tamm”) and (ii) invalid as obvious over Tamm in view of knowledge of POSITA. (Petition, at 18.)

Petitioner’s primary reference, Tamm, was not applied or considered during prosecution, but its disclosure is substantially similar to that of U.S. Patent Application Publication 2010/0154256 (“Dua”) (Ex. 2015), which the Examiner applied during prosecution. (Ex. 1002, at 700-701.)

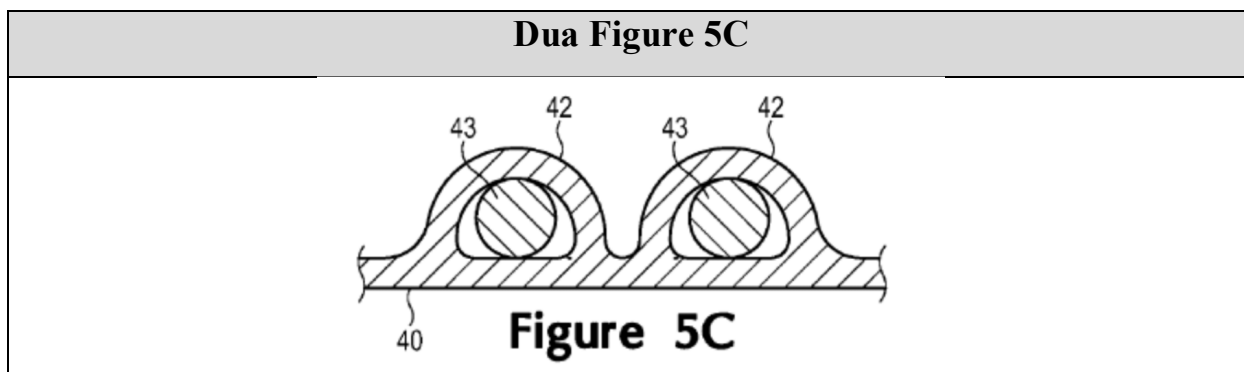
Dua discloses an article of footwear having an upper made from a knitted component. (Ex. 2015, at ¶¶ 20, 22.) Figures 1 and 6 from Dua are reproduced below:



The knitted component 40 may use different yarns and knit types that allow different areas of the knitted component to have different properties, such as the stretch or resistance to stretch. (*Id.*, ¶¶ 4, 22-23, 27.) For example, “a majority of knitted

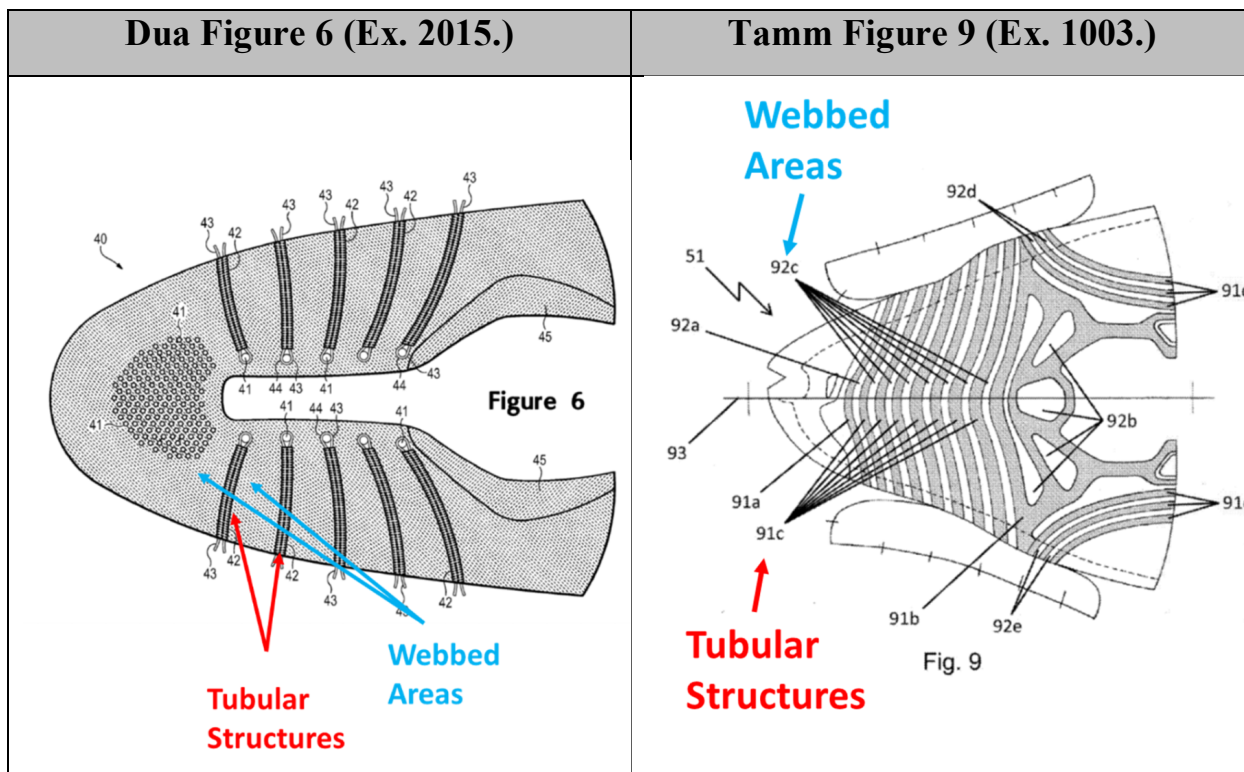
component 40 may be generally formed through the selection of knit type and yarn type to stretch when placed in tension, thereby allowing upper 30 to conform with the contours of the foot.” (*Id.*, ¶ 27.)

The knitted upper component in Dua may also include knitted components, such as “tubes 42 which are generally hollow structures formed by two overlapping layers of knitted material” (Ex. 2015, at ¶ 24.) A cross-section of a tube 42 having a strand 43 is shown in Figure 5C (*Id.* at ¶24):



Tubes 42 may be adjacent one another or separated from one another and formed of a material that resists stretch compared to the upper. (*Id.*, at ¶¶ 27, 46.)

Assuming Petitioner’s read of Tamm is correct, Tamm contains substantially the same pertinent disclosure as Dua, which the Examiner applied during prosecution. Both Dua and Tamm disclose an article of footwear with an upper made of a unitary knitted component. (Ex. 1003, ¶ 40; Ex. 2015, ¶ 37.) Figure 6 in Dua and Figure 9 in Tamm are reproduced below and with structures annotated that correspond to the Examiner’s and Petitioner’s positions:



The Examiner found that Dua included tubular rib structures (42) with webbed areas between the ribs. (Ex. 1002 at 701.) Petitioner argues that Tamm discloses tubular structures⁵ (92a-92e) with webbed areas (91a-91e) between the ribs. (Petition, at 23-25, 30-32.) The Petitioner relies on statements in Tamm similar to statements in Dua relating to the ability of the knitted component to stretch and thereby move between a neutral and extended position. (*Compare* Petition at 26 citing Ex. 1003, at ¶ 47

⁵ Patent Owner disagrees with Petitioner’s assertion that Tamm discloses “a plurality of tubular structures that are adjacent to the webbed areas” as recited in Claim 1. See Section V(A)(1).

with Ex. 2015, at ¶ 27.) In particular, both knitted components stretch to conform to a foot when worn (Ex. 1003, ¶ 47; Ex. 2015, ¶ 27.)

The structures **not** disclosed in Dua and Tamm also are substantially the same. Claim 1 issued after the Patent Owner amended the claim to add two limitations:

wherein in the neutral position, a first area of the front surface is hidden from visual observation from a first viewing perspective, and

wherein in the extended position, the first are of the front surface is revealed for visual observation from the first viewing perspective.

(Ex. 1002, at 748, 931.) As discussed below, Tamm does not expressly or inherently disclose the hidden/revealed limitations which resulted in the issuance of the ‘046 Patent. See Section V(A)(2) and V(A)(3). Indeed, Petitioner acknowledges this deficiency by turning to the “knowledge” of POSITA for the hidden/revealed limitations to plug the holes in Tamm’s disclosure. (Petition, at 18, 55, 60.) Nor does Dua disclose the hidden/revealed limitations, as may be inferred from the Examiner finding the claims patentable.

For at least these reasons, the disclosure present and absent in Dua, which the Examiner considered and applied, is substantially the same as that found in Tamm. See *Kayak Software Corp. v. Int’l Bus. Mach. Corp.*, CBM2016-00075, Paper 16 at p. 9 (Dec. 15, 2016) (designated informative Mar. 21, 2018) (declining institution where references were considered in substantive rejections during prosecution, and

explaining “that instituting review solely because the exact combination of [references] advanced by Petitioner was not set forth in the prosecution history would exalt form over substance”) Thus, the first and second *Becton Dickinson* factors weigh in favor of denying institution.

Additionally, Petitioner relies on disclosure in Tamm that is cumulative of how the Examiner applied Dua and the Patent Owner relies on the same points of distinction and arguments here with respect to Tamm. By amending the claims to add the hidden/revealed limitations, the Patent Owner effectively argued that Dua (and other cited prior art) did not disclose the added limitations and that the claims as a whole would not have been obvious to POSITA. Thus, the fourth *Becton Dickinson* factor weighs in favor of denying institution. See *Edge Endo, LLC v. Maillefer Instruments Holding S.A.R.L.*, IPR2018-01349, Paper 15 at 12-13 (PTAB Jan. 14, 2019) (substantial overlap in arguments where Patent Owner response to examiner’s rejection and arguments in Preliminary Response were the same); see also *Neology, Inc. v. Star Sys. Int’l, Ltd.*, IPR2019-00367, Paper 9, at 12-13 (PTAB June 6, 2019) (fourth *Becton Dickinson* factor weighed in favor of denying institution where Petitioner made substantially the same argument about the asserted prior art that the Examiner made about applied prior art during prosecution).

2. Petitioner Failed to Sufficiently State How the Examiner Erred in its Evaluation of the Asserted Prior Art

The “petitioner has the initial burden to identify such errors made by the examiner” in evaluating the prior art. *Neil Ziegmann, N.P.Z., Inc. v. Stephens*, IPR2015-01860, Paper 13 at 10 (PTAB Sept. 6, 2017) (expanded panel). Petitioner does not point out any error by the Examiner in the evaluation of Dua, which has the same pertinent disclosure as Tamm. Thus, this factor weighs in favor of denying institution. *See Neology, Inc. v. Star Sys. Int’l Ltd.*, IPR2019-00367, Paper 9 at 13 (PTAB June 6, 2019) (failure to include “any argument pointing out how the Office erred in evaluating the asserted prior art” weighed in favor of denying institution.).

3. Petitioner Does Not Provide Sufficient Additional Evidence or Facts to Warrant Reconsideration of Prior Art or Arguments Already Considered and Rejected by the Examiner

As discussed above, Tamm is not new evidence because it is cumulative of a reference (Dua) considered by the Examiner. The only arguably “new” evidence in the Petition is the declaration of Mr. Steszyn, but this evidence does not warrant reconsideration of the evidence and arguments the Examiner considered. (Ex. 1007); *see CSL Behring GMBH v. Shire Viropharma Inc.*, IPR2019-00459, Paper 8 at 19 (PTAB July 2, 2019) (“But the mere fact that Petitioner has presented expert declaration evidence in support of its unpatentability challenge is not in itself a basis to proceed with institution.”)

Mr. Steszyn’s declaration mirrors the arguments presented in the Petition and does not warrant reconsideration of the prior art. *See Edge Endo, LLC v. Maillefer Instruments Holding, S.A.R.L.*, IPR2018-01349, Paper 15 at 19 (PTAB Jan. 14, 2019) (expert declaration that “largely mirror[ed] the arguments presented in the Petition” did not “warrant reconsideration of the prior art or arguments.”)

4. The *Becton Dickinson* Factors Cumulatively Weigh in Favor of Denying Institution

As explained above, five of the six *Becton Dickinson* factors strongly support denying the Petition under § 325(d). Thus, the *Becton Dickinson* factors weigh in favor of dismissing the Petition under § 325(d).

B. The Board Should Decline to Institute Under 35 U.S.C. § 314(a)

The Board should exercise its discretion and deny institution under 35 U.S.C. § 314(a) in view of the overlap between the Petition and the Litigation, and the progress and expected completion date of the Litigation. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2017) (“the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion”); 35 U.S.C. § 314(a). The Board’s updated Trial Practice Guide instructs that an ongoing district court proceeding related to the same patent may favor denying a petition. *See* 83 Fed. Reg. 38989 at 10–11 (Aug. 13, 2018).

The Patent Owner filed suit in the United States District Court for the District of Massachusetts alleging that Petitioner infringes the ’046 Patent and nine other

patents. (Ex. 2005, Second Amended Complaint.) Petitioner seeks institution of an *inter partes* review on seven of the ten patents asserted in the Litigation. (See IPR2019-01042; IPR2019-01043; IPR2019-01058; IPR2019-1059; IPR2019-1060; IPR2019-01190, and IPR2019-01342.)

The District Court held an initial scheduling conference on October 29, 2018. (See Ex. 2006, Notice of Scheduling Conference.) Under the current case schedule, claim construction briefing completed on August 12, 2019 and a claim construction hearing will occur on October 17, 2019. (Ex. 2012, July 29, 2019 Order Resetting Hearing Date.) Fact discovery concludes by April 10, 2020 and expert discovery concludes by July 8, 2020. (Ex. 2004, Amended Scheduling Order, at 2.)

The Local Rules for the District of Massachusetts states that the “court ***shall*** schedule a trial . . . to be held within ***24 months*** after the [initial scheduling] conference.” (Ex. 2008, L.R. D. Mass. at 16.6(c)(1) (emphasis added).) Thus, trial in the Litigation is expected no later than October 29, 2020.

In the Litigation, the Petitioner provided invalidity contentions for the ’046 Patent that include the same prior art, arguments, and grounds for invalidity as set forth in its Petition. More specifically, Petitioner asserts in the Litigation that claims 1, 2, 17 and 18 are anticipated by Tamm or obvious in view of Tamm. (*Compare* Petition, at 18 *with* Ex. 2009, Puma’s Supplemental Preliminary Patent-Related Disclosures, at Ex. B-4.)

Petitioner identified the same limitations for claim construction in its Petition and in Litigation. (*Compare* Petition at 8-18 with Ex. 2003, Joint Statement, at 4, 6-7; Ex. 2013, Supplemental Joint Statement, at 3-4, 7-8.) Again, the District Court scheduled a claim construction hearing for October 27, 2019. ((Ex. 2012.)

There will likely be substantial overlap between the Petition and the Litigation with respect to expert testimony. Although Petitioner has not served any expert reports yet in the Litigation, Mr. Michael Steszyn, who submitted a declaration in support of the Petition (Ex. 1005), also submitted a declaration in support of Petitioner's proposed claim construction in the Litigation. (Ex. 2010.) Presumably, Mr. Steszyn will provide an expert declaration on the validity of the '046 Patent in the Litigation consistent with his declaration here. Thus, the evidence from experts in the Litigation will likely overlap with the expert evidence here. *See E-One, Inc. v. Oshkosh Corp.*, IPR2019-00162, Paper 16, at 10–11 (PTAB June 5, 2019) (considering the substantial overlap of expert testimony between the petition and litigation as a factor weighing in favor of denying the petition).

In the Litigation, the parties will fully brief dispositive motions by mid-September 2020. (*See* Ex. 2004, Amended Scheduling Order, at 2-3; Ex. 2008, D. Mass. L.R. 56.1.) District Courts typically rule on any dispositive motion prior to trial, which in this case is expected in October 2020.

A Final Written Decision is not due until December 5, 2020, which will likely be after the District Court’s claim construction rulings, dispositive motions rulings and trial. Because Litigation likely will have already concluded, every issue presented in the Petition will be decided by the District Court prior to the conclusion of this proceeding before the Board. Therefore, institution will not serve the objective of providing an effective and efficient alternative to district court litigation. *See E-One, Inc.*, IPR2019-00162, Paper 16, at 12–13 (denying institution because, *inter alia*, the district court had received briefing, heard oral argument, and issued a claim construction ruling).

Instituting an IPR proceeding under the facts and circumstances here would be an inefficient use of the Board and parties’ resources. The fundamental objective of an *inter partes* review proceeding is “to provide an effective and efficient alternative to district court litigation.” *NHK Spring Co., Ltd. v. Intrix-Plex Technologies, Inc.*, IPR2018-00752, Paper 8, at 20 (PTAB Sep. 12, 2018) (quoting *General Plastic Industrial Co. v. Canon Kabushiki Kaisha*, IPR2016-01357, Paper 19 (PTAB Sep. 6, 2017)). Instituting an IPR proceeding in this case would only increase the costs and expense incurred by the parties to this proceeding, waste the resources of the Board, and promote inefficiencies. *See NHK Spring*, IPR2018-00752, Paper 8 (denying institution, in part, because district court proceedings deciding the same issues would conclude before the trial before the PTAB). In fact,

the District Court has denied Petitioner’s motion to stay the Litigation pending IPR review. (Ex. 2011, June 7, 2019, Order.) Thus, instituting an IPR proceeding would ***multiply*** the proceedings, increase cost, and potentially lead to inconsistent outcomes, results that all run counter to primary objectives of an IPR proceeding.

V. PETITIONER FAILED TO ESTABLISH A REASONABLE LIKELIHOOD THAT IT WILL PREVAIL

The Director of the PTO may institute *Inter Partes* Review only after determining “that the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a). This burden of persuasion never shifts to Patent Owner. See *Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015). “[T]he PTO is permitted, but never compelled, to institute an IPR proceeding.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016). As explained below, Petitioner has failed to establish a reasonable likelihood that it will prevail in proving at least one claim is unpatentable.

A. Petitioner Failed to Establish a Reasonable Likelihood That It Will Prevail on Ground 1 Challenge – Tamm § 102(a)

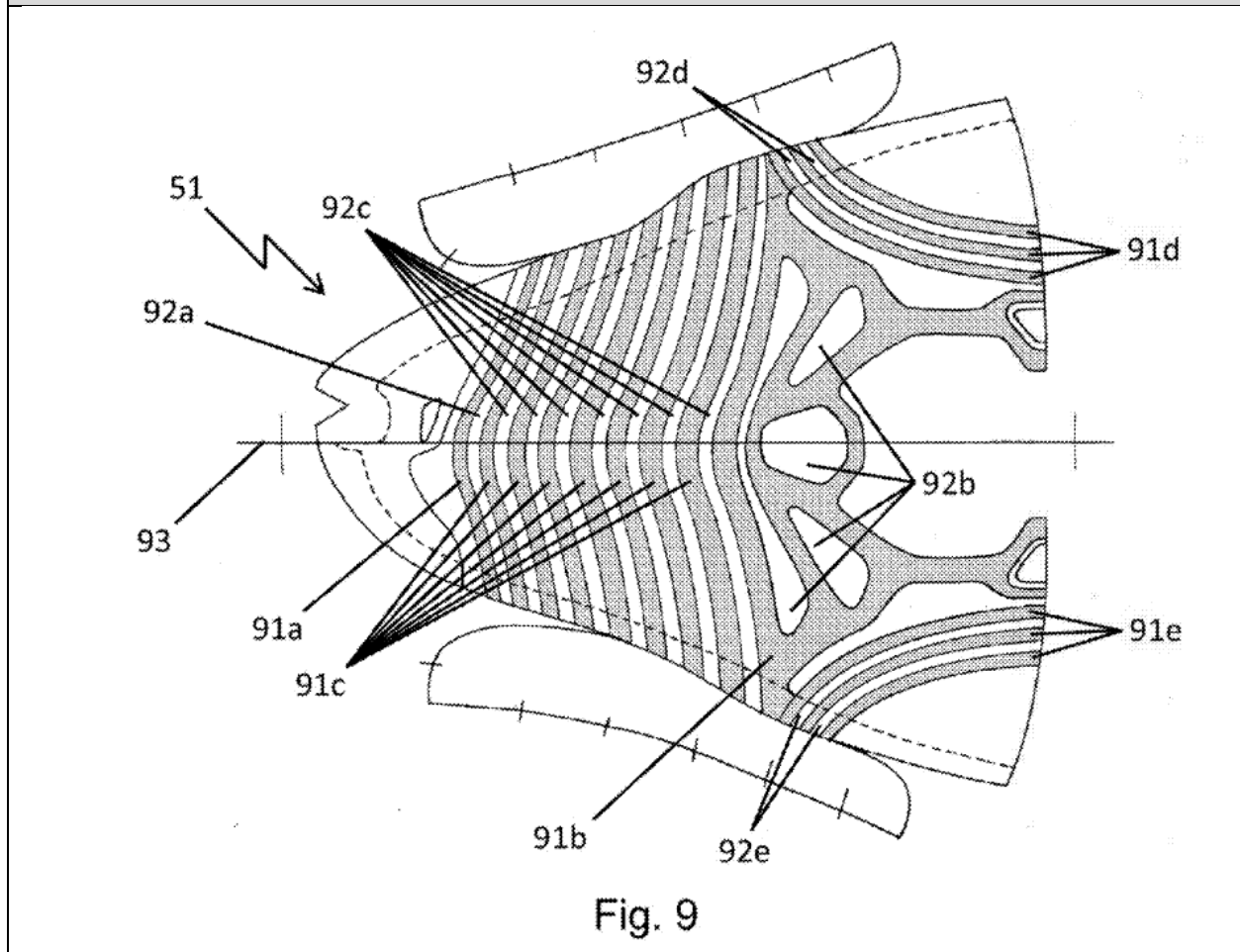
Ground 1 of the Petition alleges that Claims 1, 2, 17 and 18 are anticipated by Tamm (Petition, at 18.) Anticipation requires “that all of the claim elements and their limitations are shown in a single prior art reference,” *In re Skvorecz*, 580 F.3d 1262, 1266 (Fed. Cir. 2009) and arranged in the same manner. *TF3 Ltd. v. Tre Milano*,

LLC, 894 F.3d 1366, 1374 (Fed. Cir. 2018) (“Not only must each claim element be shown in a single reference, but the elements must be ‘arranged or combined in the same way as recited in the claims.’”) (citations omitted). As explained below, the Petition fails to show a reasonable likelihood that Tamm discloses all of the claim elements of Claims 1, 2, 17 and 18.

1. Tamm Does Not Disclose “a Plurality of Tubular Structures that are Adjacent to the Webbed Areas, the Tubular Structures Including a Plurality of Courses” – All Challenged Claims

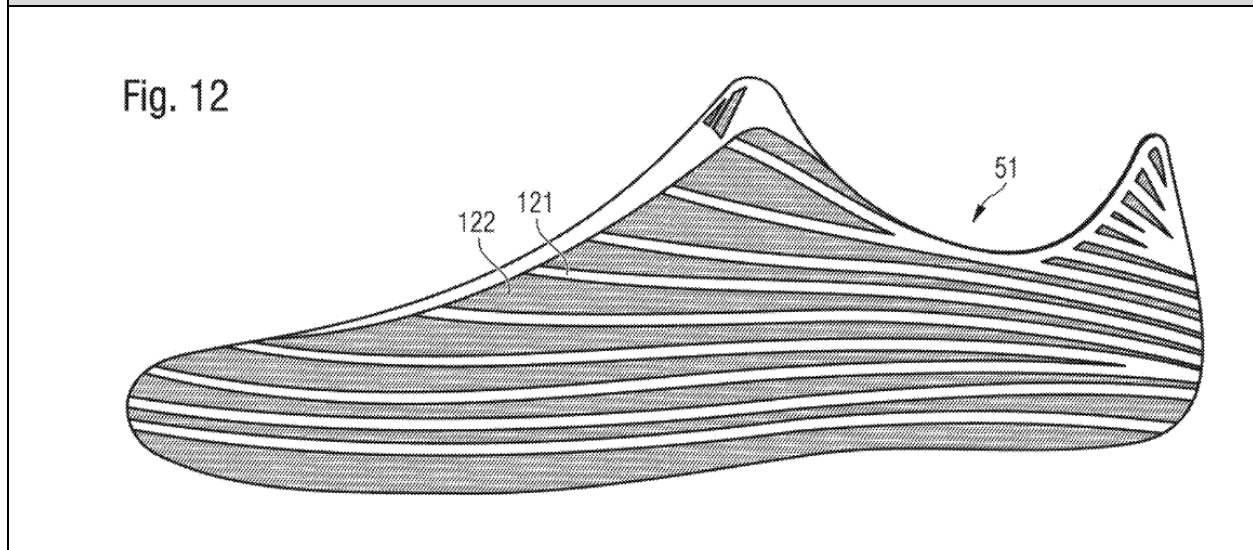
Petitioner failed to demonstrate that Tamm includes “tubular structures that are adjacent to the webbed areas,” which is a limitation found in all of the challenged claims. (Ex. 1001, 32:40-49.) Petitioner asserts that the “first partial area” in Tamm corresponds to the “webbed areas” and that a “second partial area” corresponds to the “tubular structures.” (Petition, at 23, 30.) The “first” and “second” partials areas are depicted in Figure 9 and are items 91a-91e and 92a-92e, respectively:

Figure 9 of Tamm



(Ex. 1003, Fig. 9, ¶¶ 0190-0192, 0207.) Petitioner also relies on Figure 12 in Tamm where “first partial area” is item 121 and the “second partial area” is item 122:

Figure 12 of Tamm



(Petition at 24, 30; Ex. 1003, Fig. 12, ¶ 0221.)

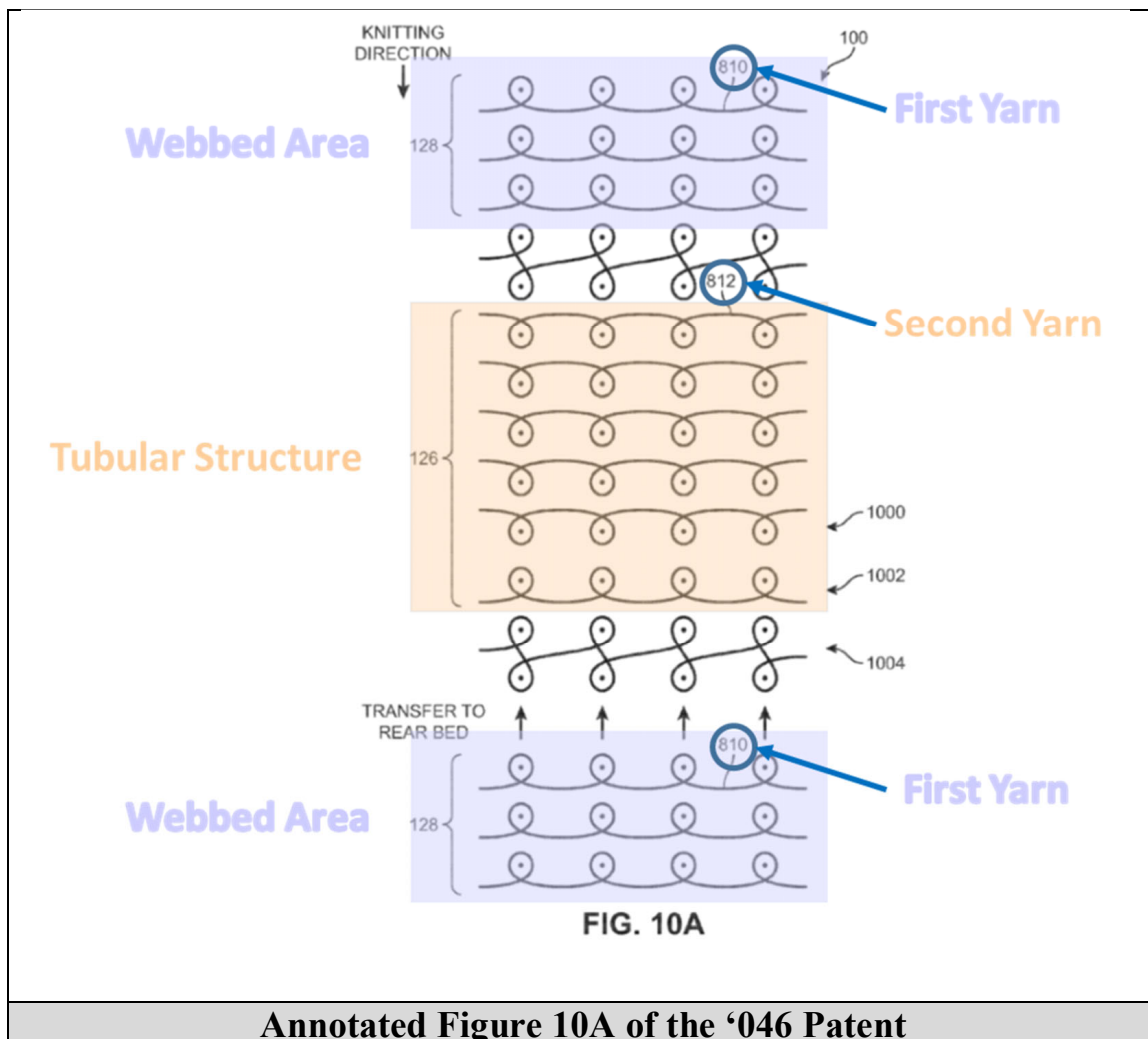
Petitioner failed to show that the “second partial areas” in Tamm are “tubular structures.” Indeed, Tamm does not expressly describe any second partial area as a tubular structure. Nor does Tamm contain any discussion from which one would understand the second partial areas are tubular structures. (Ex. 2001, at ¶¶ 57-61.) In other words, Petitioner modifies Tamm’s second partial area such that it includes tubular structures. This modification, however, tanks its anticipation position. See *Enplas Display Device Corp. v. Seoul Semiconductor Co., Ltd.*, 909 F.3d 398, 405 (Fed. Cir. 2018) (“Prior art that must be modified to meet the disputed claim limitation does not anticipate the claim.”).

Petitioner makes inferential leaps not supported by the disclosure of Tamm to argue that the “second partial areas of Tamm are tube shaped structures”

(Petition, at 31.) Petitioner infers that the “second partial areas” are “tube shaped structures” because an isolated passage in Tamm states that knitwear “may include pockets or tunnels” that have a “hollow space.” (Petition, at 31-32, citing Ex. 1003, at ¶ 0100.) Petitioner relies solely on Paragraph 100 in Tamm, but that paragraph makes no mention of a “second partial area.”⁶ (Ex. 1003, at ¶ 0100; Ex. 2001, at ¶ 58.) Furthermore, the portions of Tamm discussing the “second partial areas” 92a-92e and 122 do not describe these areas as a tubular structure, be it a tunnel, pocket, or otherwise. (Ex. 1003, ¶¶ 0189-0213; Ex. 2001, at ¶ 59.) Simply put, nothing in Tamm links the “second partial area” of Figures 9 and/or Figure 12 with the pockets or tunnels described in Paragraph 100. Thus, there is not express disclosure in Tamm that the “second partial areas” are pockets or tunnels, let alone the “tubular structures” in the challenged claims. *See TF3 Ltd.*, 894 F.3d at 1374 (anticipation requires “the elements must be ‘arranged or combined in the same way as recited in the claims.’”).

⁶ Petitioner cites Paragraph 13 and 50 in Tamm which state that the first and second partial areas “may run substantially parallel to one another.” (Petition, at 32.) These passages, at best, disclose the position of the two areas relative one another, which says nothing about the structure of the second partial area and whether it is a “tubular structure.”

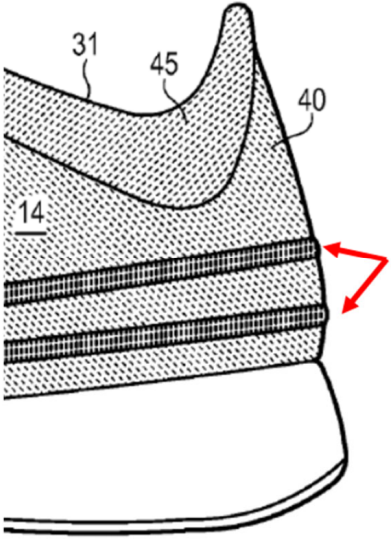
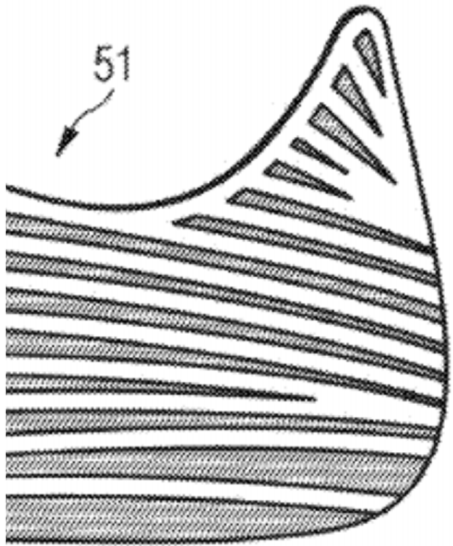
The “pockets” or “tunnels” in Tamm also are spaces between two textile layers. ((Ex. 1003, ¶ 0100) (“Other multi-layered constructions may include pockets or tunnels, in which two textile layers . . . are connected to each other only in certain areas so that a hollow space is created.”); (Ex. 2001, at ¶ 56.) These spaces are similar to the spaces between layers in corrugated cardboard. (*Id.*) Tamm’s “pockets” or “tunnels” differ from the claimed “tubular structures,” which the ‘046 Patent describes as a three-dimensional, structural element knitted from a single yarn. (Ex. 1001, 19:51-20:15, Figure 10A; Ex. 2001, Decl. ¶¶ 64-65.) Figure 10A of the ‘046 Patent provides a knitting diagram that depicts how the “webbed areas” and “tubular structures” are each knitted from a single yarn:



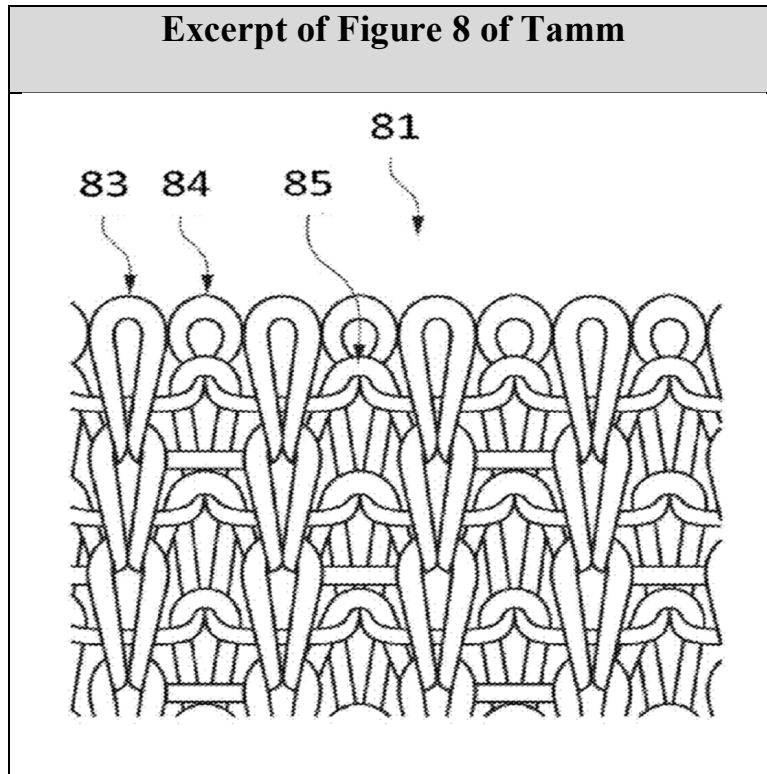
The purple highlighted areas are courses (rows of loops) that make up a webbed area and the orange highlighted area reflects courses that make up a tubular structure. (*Id.*, Ex. 2001, at ¶ 65.) Stitches 1004 connect a “tubular structure” to a “webbed area.” (Ex. 1001, 20:5-15.) Figure 3 of the ‘046 Patent below shows a portion of knitwear having a “plurality of tubular structures that are adjacent to webbed areas”:

using an intarsia or Jacquard techniques, both of which produce flat-knit structures, not tubular structures. (Ex. 1003, at ¶ 0212.)

A POSITA would expect the figures in Tamm to indicate whether the “second partial areas” are tubular, but they do not. (Ex. 2001, Decl. at ¶ 62.) Neither figure contains a cross-sectional view showing a tube structure or markings suggesting the second partial areas are tubular structures. (Ex. 2001, Decl. at ¶ 63.) If the “second partial areas” were tubular or raised above the first areas 121, areas 122 would have bulges or bumps in the heel and toe areas reflecting a tubular dimensionality, but they do not. (Ex. 2001, Decl. at ¶ 63.) For example, Dua, which expressly discloses that items 42 are tubes, depicts the tubular dimensionality in a cross-section (Figure 5C) as well as in a side-view (Figure 7G), which provides the same side-view perspective as Figure 12 in Tamm. *Compare* Ex. 2015, Figure 7G with Ex. 1003, Figure 12.) Figure 7G in Dua shows a small bump or protrusion in the heel and toe area indicating that tubes 42 are raised above other portions of the knit component 40.

Dua Figure 7G (Ex. 2015.)	Excerpt of Tamm Figure 12 (Ex. 1003.)
 A technical drawing of a shoe's side profile. It shows a heel area with horizontal lines and a curved top edge. Labels 31, 45, 40, and 14 point to different parts of the heel. A red double-headed arrow points to the horizontal lines, with the word "Protrusions" written in red next to it.	 A technical drawing of a shoe's side profile, showing a heel area with horizontal lines and a curved top edge. Label 51 points to the heel area.

Petitioner infers that the pockets or tunnels, *i.e.* the “tubular structures,” in Tamm have a plurality of courses, relying on Figure 8 and Paragraphs 0044 and 0174. (Petition at 32-33.) Paragraph 44 discloses two types of knitting for the partial areas—*weft-knitting* and *warp-knitting*—but does not refer to pockets or tunnels or courses. (See Ex. 2001, at ¶¶ 52, 54, 61.) Paragraph 174 explains that the *weft-knitted* fabric depicted in Figure 8 has a layer of monofilament *weft-knitted* into a layer of a first yarn:



(Ex. 1003, Fig. 8; ¶ 174; Ex. 2001, at ¶ 53.) Reference number 83 refers to the first layer and reference number 84 refers to the second layer which are connected to one another by stitches 85. (*Id.*) Although Figure 8 shows loops of yarn, it does not depict a tunnel or pocket (or any tubular structure), nor does Tamm describe Figure 8 as such. (See Ex. 2001, Decl. at ¶¶ 53-54.) Indeed, Figure 8 shows stitches 85 connecting the two layers in all areas of the fabric, whereas Tamm describes a tunnel or pocket as formed where “two textile layers . . . are connected to each other **only in certain areas** so that a hollow space is created.” (Ex. 1003, ¶ 100) (emphasis added.) In other words, Figure 8 cannot depict a tunnel or pocket because the two layers in Figure 8 are connected throughout.

For at least these reasons, Petitioner has failed to show that the “second partial areas” in Tamm meets the limitation in Claim 1 of “a plurality of tubular structures that are adjacent to the webbed areas.”

2. Tamm Does Not Disclose “Wherein in the Neutral Position, a First Area of the Front Surface is Hidden From Visual Observation From a First Viewing Perspective”⁷ – All Challenged Claims

Petitioner failed to cite any express disclosure in Tamm discussing a hidden surface when its knitted component is in a relaxed state. This is not surprising because Tamm has no such disclosure. (See Ex. 2001, Decl. at ¶ 71.)

Lacking an express disclosure in Tamm, Petitioner pieces together isolated and distinct portions of Tamm to infer that Tamm discloses a first area that is hidden from view when the article is in a neutral position. (Petition, at 37-39.) Petitioner premises its argument on the same disclosures discussed above that Tamm’s “second partial areas ‘*may* include pockets and tunnels.” (Petition, at 38 citing Ex. 1003, at ¶ 0100) (emphasis added.) Then, Petitioner infers that “the second partial areas are raised above the front surface of [the] first partial areas” because Tamm mentions “three-dimensional knitting” and integrating “structural variations” into “knitwear.” (See Petition at 38, citing Ex. 1003, at ¶ 0087-0089.) Finally, Petitioner argues that because “*some* tube shapes (*e.g.*: Ω) form an undercut *when* affixed to a surface”

⁷ Patent Owner refers to this limitation as the “hidden limitation.”

they will “necessarily hide a portion of the surface” *if* the shapes are opaque. (*Id.* at 38-39) (emphasis added.) None of the inferences, assumptions, or conclusions find support in Tamm. Indeed, Petitioner admits as much by relying almost exclusively on Mr. Steszyn’s declaration. (Petition, 38-39.)⁸

First, for the reasons discussed above, the Tamm does not expressly disclose that the “second partial areas” are tubular structures. (Ex. 2001, at ¶¶ 57-60.)

Second, Petitioner does not explain adequately its leap in logic in advocating that a POSITA “**would understand** that Tamm discloses that the second partial areas are raised above” the first partial areas. (Petition at 38) (emphasis added.) Petitioner cites paragraphs 0087-0089 in Tamm, but does not explain how the discussion in those paragraphs relates to the first and second partial areas depicted in the Figure 9 embodiment. In fact, paragraphs 87-89 do not refer to Figure 9, a first partial area or

⁸The Steszyn Declaration repeats Petitioner’s argument nearly verbatim. (*Compare* Petition at 37-39 *with* Ex. 1005, at ¶¶ 89-91. Thus, “Petitioner’s expert does not add materially to Petitioner’s attorney argument.” *Exacq Techs., Inc. v. JDS Techs., Inc.*, IPR2016-00568, Paper 7 at 22 (PTAB June 14, 2016); *Friendfinder Networks Inc. v. WAG Acquisition, LLC*, IPR2015-01037, Paper 8 at 9 (PTAB Oct. 19, 2015) (finding declaration that “appeared to be an almost verbatim copy of” petition text “contributes little, if anything”).

a second partial area. (Ex. 1003, at ¶¶ 87-89.) Instead, these paragraphs generically discuss “three-dimensional (3D) knitwear” that may have other integrated structures, such as pockets or loops.⁹ These paragraphs do not mention any structure in the “knitwear” being raised above another structure either, let alone a second partial area raised above a first partial area, as Petitioner concludes. (Ex. 2001, at ¶¶ 61-63.) Nor do paragraphs 0087-089 discuss the spatial orientation of the pockets or tunnels relative to any other portion of the “knitwear.” And, as discussed above, nothing in Figures 9 or 12 indicates that the “second partial areas” are raised above the first partial areas. (Ex. 2001, Decl. at ¶ 63.)

Next, Petitioner makes unsupported assumptions about the shape of the structure purportedly integrated into “knitwear” and its properties. More specifically, Petitioner assumes that the “second partial areas” will not only be a tubular structure, but could have a particular tube shape, “(e.g.: Ω)” that “necessarily hide a portion of the surface” (*Id.* at 38.) Tamm refers to “[c]ontours, structures,

⁹ Tamm’s reference to three-dimensional knitwear refers to varying the number of stitches (stitch accumulation), type of stitches, or type of yarn in order to add topographic features to the knit component, such as bulges, ribs or waves. (Ex. 2001, at ¶ 55; Ex. 1003, at ¶¶ 0088, 0101.)

knobs, curvatures, notches, opening, fasteners, loops and pockets,”¹⁰ but contains no discussion of that a “second partial area” is a tube or tubular or Ω -shaped structures. (Ex. 1003, at ¶ 0089; Ex. 2001, at ¶¶ 58-59.) Petitioner also assumes that the imaginary tubes are “opaque,” but Tamm does not refer to any structure as opaque. (Petition, at 38-39.) Both of Petitioner’s assumptions about the shape and opaqueness of the imaginary tubes rely entirely on Mr. Steszyn’s testimony—which itself is simply a verbatim repetition of Petitioner’s conclusory and unsubstantiated attorney argument.

Then, Petitioner concludes that portions of a front surface of the first partial will be “hidden” from view in a neutral position based on the same three faulty inferences already discussed, namely that (i) the second partial area in Tamm are tubular structures, (ii) the tubular structures have an “ Ω ” shape and are opaque, and (iii) the tubular structures are raised above the first partial areas. (Petition, at 39.) Petitioner argues that the “hidden” view is shown by Petitioner’s annotation of

¹⁰ Petitioner asserts that a POSITA “would understand” that the second partial areas would be “formed as pockets or tunnels.” (Petition at 38.) Paragraph 0089 does not mention a three-dimensional knitwear having an integrated “tunnel.” (Ex. 1003, at ¶ 0089.)

Figure 12. (*Id.*) But Petitioner’s annotation of Figure simply circles a portion of the shoe, and points to no area that is or could be hidden. (*Id.*, at 38.)

Finally, Petitioner makes a misplaced attempt to analogize Tamm and Patent Owner’s infringement contentions from the litigation. (Petition, at 39-41.) This analogy is irrelevant because the infringement contentions are not prior art and do not demonstrate which portions of Tamm allegedly teaches this claim limitation. *Oracle Corp. v. Crossroads Sys., Inc.*, IPR2014-01177, Paper 13 at 9 (PTAB Jan. 28, 2015) (infringement contentions did “not demonstrate which portions of the references teach or render obvious the claim limitations.”)

For at least these reasons, Petitioner failed to show that Tamm meets the “hidden” limitation.

3. Tamm Does Not Disclose “Wherein in the Extended Position, the First Area of the Front Surface is Revealed From Visual Observation From a First Viewing Perspective” – All Challenged Claims

Petitioner’s argument that Tamm discloses the limitation: “wherein in the extended position, the first area of the front surface is revealed from visual observation from a first viewing perspective” (the “revealed” limitation) suffers from the same flaws as Petitioner’s “hidden” limitation argument. Tamm does not discuss extending or stretching the knitwear to reveal a hidden surface. (Ex. 2001, Decl. at ¶¶ 73-75.) Again, the same three faulty inferences underlay Petitioner’s contention that Tamm expressly discloses the “reveal” limitation, including: (i) the

second partial area in Tamm are tubular structures, (ii) the tubular structures have an “Ω” shape and are opaque, and (iii) the tubular structures are raised above the first partial areas. (See Petition, at 41-42.) For the reasons discussed above with respect to the “hidden” limitation, Petitioner failed to demonstrate that Tamm meets the “reveal” limitation. More specifically, because Tamm does not disclose a “hidden” first area, Tamm by extension cannot disclose “reveal[ing]” a first area.

4. Tamm Does Not Disclose the Limitations of Claims 2, 17 and 18

Claims 2, 17 and 18 are dependent claims that ultimately depend from Claim 1. Because Petitioner failed to demonstrate that Tamm discloses the limitations discussed above in Claim 1, Petitioner also failed to establish a reasonable likelihood that Tamm anticipates any of Claims 2, 17 and 18.

B. Petitioner Failed to Establish a Reasonable Likelihood That It Will Prevail on Ground 2 – Tamm in View of Knowledge § 103

Petitioner tacitly concedes weaknesses in its Ground 1 anticipation contention by arguing in Ground 2 that the challenged claims are obvious in view of Tamm and the “knowledge” of a person of ordinary skill. (Petition at 18.) Petitioner’s obviousness contentions fail to establish a reasonable likelihood that the Petitioner will prevail with respect to at least one challenged claim for at least four reasons. First, Petitioner’s obviousness analysis failed to consider the subject matter of the claimed inventions as a whole as required by 35 U.S.C. § 103(a). Second, Petitioner

failed to identify the differences between Tamm and the challenged claims. Third, Tamm does not disclose all limitations in the challenged claims and Petitioner does not rely on “knowledge” to cure those deficiencies. Finally, Petitioner’s modifications to Tamm lack rational factual underpinnings. Each of these deficiencies are addressed below following a brief recitation of applicable law.

To establish a *prima facie* case of obviousness, all of the claimed features must be taught or suggested by the prior art. *See In re Royka*, 490 F.2d 981 (CCPA 1974); *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1361 (Fed. Cir. 2012). Failure to do so defeats a claim of obviousness. *Kinetic Concepts*, 688 F.3d at 1361; *Cardiovascular Sys., Inc. v. Cardio Flow, Inc.*, IPR2018-01658, Paper 7 at 17 (PTAB Mar. 8, 2019) (“The failure to identify structure in the cited references that meets these limitations alone is sufficient to deny the Petition on the six grounds that rely on [reference].”).

To establish obviousness, it is petitioner’s “burden to demonstrate both that a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success in doing so.” *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1381 (Fed. Cir. 2016) (quotations omitted). Moreover, “there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR Int’l v. Teleflex Inc.*, 127 S. Ct. 1727, 1741

(2007) (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)). A petitioner cannot satisfy this burden by “employ[ing] mere conclusory statements” and “must instead articulate specific reasoning, based on evidence of record,” to support an obviousness determination. *Magnum Oil*, 829 F.3d at 1380. The required explanation as to how and why the references would be combined avoids an impermissible “hindsight reconstruction,” using “the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims in suit.” *TriVascular Inc. v. Samuels*, 812 F.3d 1056, 1066 (Fed. Cir. 2016); *In re NTP, Inc.*, 654 F.3d 1279, 1299 (Fed. Cir. 2011).

1. Petitioner’s Fails to Address Whether the Invention “as a Whole” Would Have Been Obvious

Petitioner contends that “Tamm in view of the knowledge of a person of ordinary skill in the art renders obvious ***each of the elements*** of the Challenged Claims.” (Petition at 52) (emphasis added); *see also* Petition at 62 (“each of the ***limitations*** of claim 1 . . . is disclosed by Tamm or obvious in view of Tamm and . . . knowledge of a [POSITA].”) (emphasis added.); (Ex. 1005, ¶ 141 (“in my opinion ***each of the limitations*** of claim 1 of the ‘046 Patent is . . . obvious in view of Tamm and the knowledge and skill of a POSITA”) (emphasis added.) Petitioner’s focus on the individual ***elements*** of the challenged claims fails to apply the correct legal standard for addressing obviousness which requires assessing whether the invention as a whole would have been obvious. *Cardiovascular*, IPR2018-01658,

Paper 7 at 17-18. (denying institution where Petitioner’s obviousness analysis concluded that “the *elements* of claim 1 *are obvious*” over the prior art and Petitioner failed to address “the invention as a whole.”) (emphasis in original); *see also Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F. 2d 158, 164 (Fed. Cir. 1985) (“It is elementary that the claimed invention must be considered as a whole in deciding the question of obviousness.” (citation omitted)); 35 U.S. § 103(a) (“the differences between the subject matter sought to be patented and the prior art are such that ***the subject matter as a whole would have been obvious*** at the time the invention was made to a person having ordinary skill” in the relevant technology.”) (emphasis added.)

Petitioner’s flawed approach to obviousness does not establish a reasonable likelihood that at least one challenged claim would be found unpatentable.

2. Petitioner Fails to Conduct an Adequate *Graham* Analysis

Petitioner fails to adequately explain the differences between Tamm and the challenged claims. In Ground 1, Petitioner alleges Tamm discloses all limitations. In Ground 2, Petitioner fails to explain with particularity which limitations are missing in Tamm, *i.e.* the differences between Tamm and the challenged claims. Nor does Petitioner explain with particularity what knowledge a POSITA provides that

addresses the missing limitations. The failure to conduct a proper *Graham*¹¹ analysis is fatal to Petitioner’s challenged. See *Apple Inc. v. Contentguard Holdings, Inc.* IPR2015-0040, Paper 9 at 12-13. (PTAB June 29, 2015) citing *Liberty Mut. Ins. Co. v. Progressive Casualty Ins. Co.*, CBM2012-00003, Paper 7, at 3 (PTAB Oct. 25, 2012) (“A petitioner who does not state the differences between a challenged claim and the prior art, and relies instead on the Patent Owner and the Board to determine those differences . . . risks having the corresponding ground of obviousness not included for trial for failing to adequately state a claim for relief.”); *Johns Manville Corp. v. Knauf Insulation, Inc.*, IPR2015-01598, Paper 16 at 9 (PTAB Dec. 17, 2015) (“Due to Petitioner’s failure to articulate a clear difference between the subject matter of the challenged claims and [prior art], we decline to institute an IPR trial in this case.”)

¹¹ The legal conclusion of obviousness is resolved on the basis of underlying factual determinations, including: (1) “the scope and content of the prior art,” (2) “differences between the prior art and the claims at issue,” (3) “the level of ordinary skill in the pertinent art,” and (4) any “secondary considerations,” or objective indicia, of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

3. “Knowledge” Does Not Provide the Missing Disclosure in Tamm

While not set forth with particularity, Petitioner appears to rely on “knowledge” only to address the “hidden” and “revealed” limitations. (Petition, at 54-62.) Critically, Petitioner does not cite to “knowledge” for the limitation “a plurality of tubular structures that are adjacent to the webbed structures including a plurality of courses.” (Petition at 54.) Instead, Petitioner relies only on Tamm and refers the Board to the anticipation section of its Petition for this limitation. (*Id.*) But as Patent Owner explained, Petitioner failed to demonstrate that Tamm discloses second partial areas that are “tubular structures.” See Section V(A)(1). Thus, Petitioner’s obviousness challenge suffers from the same deficiency as its anticipation argument. See *Dahien Corp. v. Reno Techs. Inc.* IPR2019-00248, Paper 11 at 16 (PTAB May 22, 2019) (denying institution where “Petitioner relies *only* on Zhang, and *not* the knowledge of a POSITA, as teaching [recited] limitation” and Petitioner failed to demonstrate that Zhang taught limitation) (emphasis added.) Thus, Petitioner failed to carry its burden of proof. See *Cardiovascular*, IPR2018-01658, Paper 7 at 17 (“The failure to identify structure in the cited references that meets these limitations alone is sufficient to deny the Petition on the six grounds that rely on [reference].”)

4. Petitioner’s Obviousness Arguments Fail to Provide Sufficient Explanation Why a POSITA Would Modify Tamm to Arrive at the Claimed Inventions

Petitioner’s argument that a POSITA would be motivated to combine Tamm with the knowledge of a POSITA fails for several reasons.

First, Petitioner recites a number of modifications to Tamm that a POSITA “**could**” make:

- “pockets or tunnels Tamm **could** be used to create second partial areas with a surface higher than the front surface of the first partial surfaces.” (Petition at 57) (emphasis added.)
- “A person of ordinary skill in the art would understand that a similar visual effect **could** be achieved through the use of opaque, tube-shaped knitwear to blocking sight-lines” (Petition at 58, 62) (emphasis added.)
- “A person of ordinary skill in the art would recognize that by creating the visual effect from first and second partial areas that are part of a single knit material, waste material **could** be minimized.” (Petition at 59) (emphasis added.)

Petitioner, however, fails to adequately explain why a POSITA **would** make the modifications, which is the key inquiry. *See Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1073 (Fed. Cir. 2015) (“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.”); *Kingston Tech. Co., Inc. v. Memory Techs., LLC*, IPR2019-00638, Paper 7 at 21 (PTAB July 8, 2019) (“The issue is not whether one with ordinary skill in the art “could” perform an operation but whether one with ordinary skill in the art, without application of improper hindsight, would have reason and want to do so.”)

Second, Petitioner offers two conclusory statements addressing the proposed modifications to Tamm: “A person of ordinary skill in the art would be highly motivated to design an article with such a visual effect in order to generate visual appeal while minimizing manufacturing costs.” (Petition, at 58-59.) According to Petitioner, a POSITA would be motivated to do so because “[i]ncluding a unique visual feature by assigning specific areas of color to partial areas is very attractive as it incorporates an additional aesthetic feature with no additional process, no additional labor and therefore little or no cost implication.” (*Id.*, at 59.) Petitioner provides no support except to cite to Mr. Steszyn’s declaration, which states nothing beyond the same conclusory statement. (See Ex. 1005, ¶¶ 129-132.) On the contrary, providing a shoe with different visual effects stemming from 3D structures such as the “tubular structures” in the challenged claims would require a significant amount of time, resources, and cost to develop and manufacture. (Ex. 2001, ¶ 81.) As discussed above, the upper of Tamm is made from a virtually flat surface. (*Id.*, at ¶¶

52-56, 81.) To modify the upper to include the 3D structures and loops of the '046 Patent would require a POSITA to reengineer how to knit the entire upper. (See Ex. 2001, ¶ 81.) In effect, modifying Tamm in the way Petitioner seemingly suggests would increase processing steps, and add significant design and development time and cost, and increase overall product lead time. (Ex. 2001, ¶ 81.)

Petitioner also argues a POSITA would be motivated to modify Tamm to minimize “waste and ease recyclability.” (Petition at 59.) These conclusory statements are insufficient because they lack a reasoned explanation for the modifications. See *In re Nuvasive, Inc.*, 842 F.3d 1376, 1383 (Fed. Cir. 2016) (“‘[C]onclusory statements’ alone are insufficient and, instead, the [modification] finding must be supported by a ‘reasoned explanation.’”) Petitioner never attempts to articulate why creating a visual effect would minimize waste material. For example, Petitioner never explains where the reduction of material occurs, nor how it is achieved. Indeed, if anything, modifying Tamm to include 3D structures creating a visual effect would increase cost and waste because the use of 3D structures would require additional yarn, and thus additional material, than the flat configuration of Tamm. (Ex. 2001, ¶ 83.)

Third, Petitioner fails to explain why a POSITA would modify Tamm and substitute the hidden/reveal feature found in the challenged claims amongst

countless “aesthetic options” or ways to “increase visual interest.”¹² (See Petition 58-59.) Petitioner cites a portion of Tamm discussing how one yarn in a Jacquard knit may be visible only on one side of the product. (*Id.* at 58 citing Ex. 1003, at ¶ 0113.) Significantly, Tamm’s so-called “aesthetic option” views two **different** surfaces (the surface of the upper facing outward toward the consumer and the surface facing inward inside the shoe), whereas the challenged claims require a portion of the **same** surface to be hidden when the webbed areas are in a neutral position and revealed in an extended position. For example, Tamm explains that “knitwear may be provided with two different colors for the **front** and **back** [...] compris[ing] a different color on the **outside** than on the **inside**. (Ex. 1003, ¶ 0099 (emphasis added).) Only by using hindsight would a POSITA choose the particular hidden/reveal effect recited in the claimed inventions. (See Ex. 2001, at ¶ 82.) But, this directly conflicts with well-established law that it is impermissible to use “hindsight reconstruction,” in using “the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to

¹² Again, the declaration of Mr. Steszyn is conclusory and mirrors the exact same language in the Petition and should be given little or no weight. See 37 C.F.R. § 42.65(a). For example, paragraphs 88-91 of Mr. Steszyn’s declaration and pages 54-59 of the Petition are nearly identical.

achieve the result of the claims in suit.” *TriVascular, Inc. v. Samuels*, 812 F.3d 1056, 1066 (Fed. Cir. 2016); *In re NTP, Inc.*, 654 F.3d 1279, 1299 (Fed. Cir. 2011).

Moreover, Petitioner’s minimizing cost and waste rationales do not support its proposed modification. Tamm already discloses a one-piece knit that is cost-effective to produce because it minimizes the use of cut parts that increase waste. (Ex. 1003, ¶¶ 0008, 0043, 0049.) Thus, modifying Tamm to utilize the hidden/reveal feature would not provide any additional cost or waste savings. To the contrary, adding the hidden/reveal feature would increase cost and manufacturing complexity. (Ex. 2001, Decl. ¶ 83.)

For at least these reasons, a POSITA would not be motivated to modify Tamm in the manner suggested by the Petitioner.

VI. CONCLUSION

The Board should exercise its discretion and deny institution under 35 U.S.C. § 314(a) and 35 U.S.C. § 325(d) because the reference Petitioner relies upon is cumulative of a reference applied by the Examiner in the original prosecution. Next, the Board should deny institution under 35 U.S.C. § 314(a) because trial in the District Court litigation is expected to conclude before the due date for a Final Written Decision. Finally, the Board should deny institution because Petitioner failed to meet its burden under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(c) of

establishing a reasonable likelihood of success that any of the challenged claims would be unpatentable for the reasons discussed above.

Date: September 5, 2019

Respectfully submitted,

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CERTIFICATE OF WORD COUNT

The undersigned hereby certifies that the portions of the above-captioned **PATENT OWNER'S 37 C.F.R. § 42.107 PRELIMINARY RESPONSE** has 10,779 words in compliance with the 14,000 word limit set forth in 37 C.F.R. § 42.24. This word count was prepared using the Microsoft Word word-processing system used to prepare this paper.

Date: September 5, 2019

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CERTIFICATE OF SERVICE

The undersigned hereby certifies service on the Petitioner, pursuant to 37 C.F.R. § 42.6(e) and by agreement of counsel, by electronic (e-mail) delivery of a true copy of the foregoing PATENT OWNER'S 37 C.F.R. § 42.107 PRELIMINARY RESPONSE to the attorneys of record for Petitioner as follows:

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