

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

adidas AG
Petitioner,

v.

NIKE, Inc.
Patent Owner

Case IPR2016-00922
Patent No. 8,266,749

PATENT OWNER RESPONSE UNDER 37 C.F.R. § 42.120

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EXHIBIT LIST

Ex. 2004 Transcript of the Deposition of Lenny M. Holden (January 10, 2017)

Patent Owner NIKE, Inc. submits this response to the petition by adidas AG seeking an IPR of claims 1-9, 11-19, and 21 of U.S. Patent No. 8,266,749 (Ex. 1001) as obvious over Reed (Ex. 1006) and Nishida (Ex. 1009).

I. INTRODUCTION

NIKE is a worldwide leader in the design and development of athletic footwear. Its foundational purpose is simple: to innovate. True to that purpose, NIKE spent years designing and developing the technology in the '749 patent and its family – technology that has revolutionized the footwear industry.

The '749 patent at issue here is directed to a method of manufacturing footwear. An article of footwear typically has two primary elements, an upper and a sole structure. The upper covers the foot. The sole structure is below the upper between the foot and the ground.

Before the '749 patent, footwear manufacturers made uppers by piecing together multiple different materials to impart different properties to different areas of the upper. This process often required sourcing materials from multiple suppliers, operating multiple machines, and coordinating multiple assembly line techniques, manufacturing steps, and individuals.

NIKE recognized that conventional method of making uppers was inefficient, and NIKE addressed those inefficiencies in the '749 patent and its family. The patent recites, among other things, simultaneously knitting a textile

element (e.g., an upper) and a surrounding textile structure where the textile element has at least one texture that differs from the texture in the surrounding structure. The textile element (e.g., an upper) may also have different areas formed of different stitch configurations to impart varying textures. The textile element (e.g., an upper) is removed from the surrounding structure and incorporated into an article of footwear. In this way, the textile element (e.g., an upper) is formed of a single knitted material, but may have different textures or properties in different areas like a conventional upper made from multiple materials.

Instead of innovating like NIKE, Petitioner seeks a shortcut by challenging NIKE's patents. Petitioner does not dispute that the claims of the '749 patent are novel and not anticipated. Petitioner instead contends NIKE's claims would have been obvious to a person of ordinary skill.

Petitioner bases its obviousness challenge on the combination of two references that are very different from NIKE's invention. Reed is not directed to footwear, but rather to a specific type of garment made on a specific type of machine; namely, a garment made of two juxtaposed panels that are formed and seamed together during the knitting process on a circular double knitting machine. These garments include skirts, shirts, and dresses. Nishida is directed to a conventional method of making footwear uppers and related sole parts using multiple materials. The examiner analyzed Nishida during prosecution and

allowed the claims of the '749 patent.

Because of the many differences between NIKE's claims and the prior art, Petitioner fails to carry its burden of proving unpatentability. First, Petitioner concedes the level of ordinary skill in the art at the time of the invention was low. Petitioner contends a person of ordinary skill had only "a few years of experience" in the footwear industry and did not have knitting experience, let alone experience using knitting technologies to create uppers. This low level of skill precludes Petitioner from proving obviousness in this case.

Second, Petitioner fails to properly analyze the full scope and content of the prior art. Petitioner ignores relevant disclosure in Reed and Nishida that is critical to the obviousness analysis. For example, Petitioner ignores that Reed is directed to preseamed garments and that Nishida is directed to printing or producing layouts of footwear uppers and related sole parts on a preexisting backing.

Third, Petitioner fails to show that a person of ordinary skill in the art would have been aware of the problem the '749 recognized and addressed. Petitioner's failure to provide any evidence on this point is underscored by the age of Reed and Nishida, and the passage of time between that prior art and the invention.

Fourth, Petitioner fails to shown that Reed is "analogous art" for purposes of its obviousness challenge. That is, even if a person of ordinary skill had been aware of the problem the '749 patent recognized and addressed, Petitioner has not

shown that the person of ordinary skill would have looked to knitting technologies in other industries, such as Reed, to solve the problem.

Fifth, Petitioner fails to establish *why* a person of ordinary skill in the art would have been motivated to combine Reed and Nishida to derive the claimed subject matter with a reasonable expectation of success. Petitioner instead provides conclusory, and incorrect, arguments that Reed and Nishida are analogous art and directed to solving similar problems. But, even if that were true, it is not enough to establish a motivation to combine.

Sixth, Petitioner fails to show *how* a person of ordinary skill in the art would have combined Reed and Nishida. That is significant here because combining the teachings of Reed and Nishida would render Reed inoperable for its intended purpose of creating preseamed garments. Reed also teaches away from the combination. For these reasons, Petitioner cannot establish that a person of ordinary skill in the art would have been motivated to combine Reed and Nishida.

Seventh, Petitioner fails to address the differences between the prior art and the challenged claims. That is, even if a person of ordinary skill would have been motivated to combine Reed and Nishida, which is not the case, neither reference discloses certain limitations in all of the challenged claims.

In sum, Petitioner fails to carry its burden. NIKE requests that the Board enter a final written decision affirming the patentability of the challenged claims.

II. OVERVIEW OF THE '749 PATENT

A. THE INVENTION IS DIRECTED TO A METHOD OF MANUFACTURING AN ARTICLE OF FOOTWEAR USING KNITTING TECHNOLOGY

The challenged claims are directed to methods of manufacturing an article of footwear. (Ex. 1001, 11:43-14:5.) Claim 1 is illustrative:

Claim 1 of the '749 Patent
1. A method of manufacturing an article of footwear, the method comprising: simultaneously knitting a textile element with a surrounding textile structure, the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure; removing the knitted textile element from the surrounding knitted textile structure; incorporating the knitted textile element into the article of footwear.

B. THE INVENTION ADDRESSED INEFFICIENCIES WITH CONVENTIONAL METHODS OF MANUFACTURING THAT USED MULTIPLE MATERIALS TO CREATE FOOTWEAR UPPERS

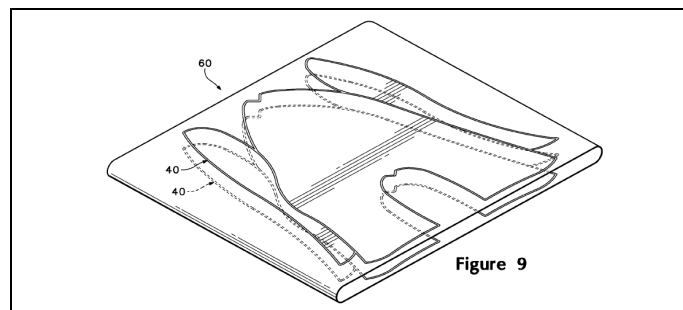
Conventional methods of manufacturing footwear involve creating uppers out of multiple materials to impart different properties to different areas of the upper. (Ex. 1001, 1:55-3:3.) For example, the “toe area and the heel area [of the upper] may be formed of leather, synthetic leather, or a rubber material to impart a relatively high degree of wear-resistance.” (*Id.*, 1:62-64.) The areas of the upper between the toe and heel areas “may be formed from a synthetic or natural textile” to impart “flexibility” or “air-permeability” to those areas. (*Id.*, 1:64-2:4.)

From the perspective of manufacturing, “utilizing multiple materials to

impart different properties to an article of footwear may be an inefficient practice.”

(Ex. 1001, 3:4-6.) For example, the “various materials utilized in a conventional upper are not generally obtained from a single supplier.” (*Id.*, 3:6-8.) A manufacturer, therefore, “must coordinate the receipt of specific quantities of materials with multiple suppliers that may have distinct business practices or may be located in different regions or countries.” (*Id.*, 3:8-12.) The materials “may also require additional machinery or different assembly line techniques to cut or otherwise prepare the material for incorporation into the footwear,” and “incorporating separate materials into an upper may involve a plurality of distinct manufacturing steps requiring multiple individuals.” (*Id.*, 3:12-17.)

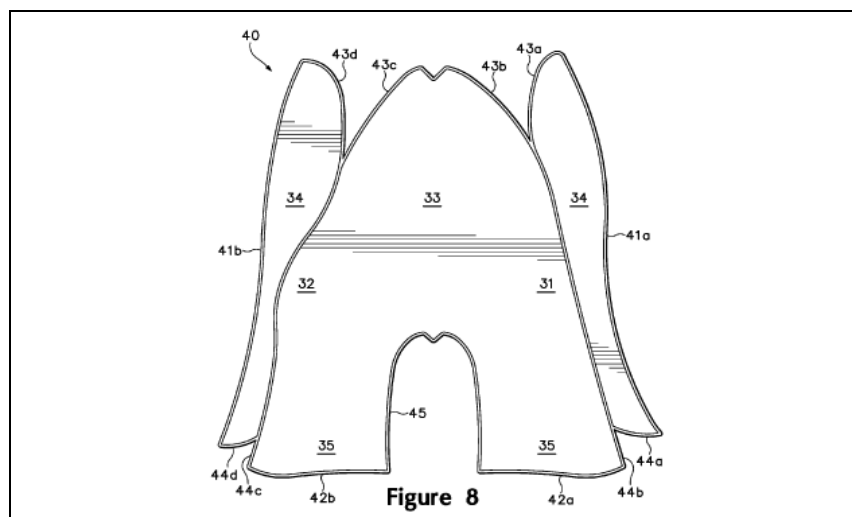
The '749 patent recognized and addressed these inefficiencies. (Ex. 1001, 11:43-14:5.) Figure 9 of the patent, reproduced below, shows an example of knitted textile elements and a surrounding knitted textile structure that have been simultaneously knitted in accordance with the invention. (*Id.*, 4:13-14.)



The knitted textile elements are labeled 40 and the surrounding knitted textile structure is labeled 60. (Ex. 1001, 7:38-8:8.) The “textile structure 60 has a

generally cylindrical configuration” because it was knitted on a circular knitting machine. (*Id.*, 7:40-41.) During the knitting process, the types of stitches may be varied throughout the textile structure “so that a pattern is formed with the outline of textile element 40.” (*Id.*, 7:41-43.) The “differences in the stitches within textile structure 60 form an outline with the shape and proportions of textile element 40.” (*Id.*, 7:43-45.) The knitted textile elements may also have a texture that differs from a texture in the surrounding knitted textile structure. (*Id.*)

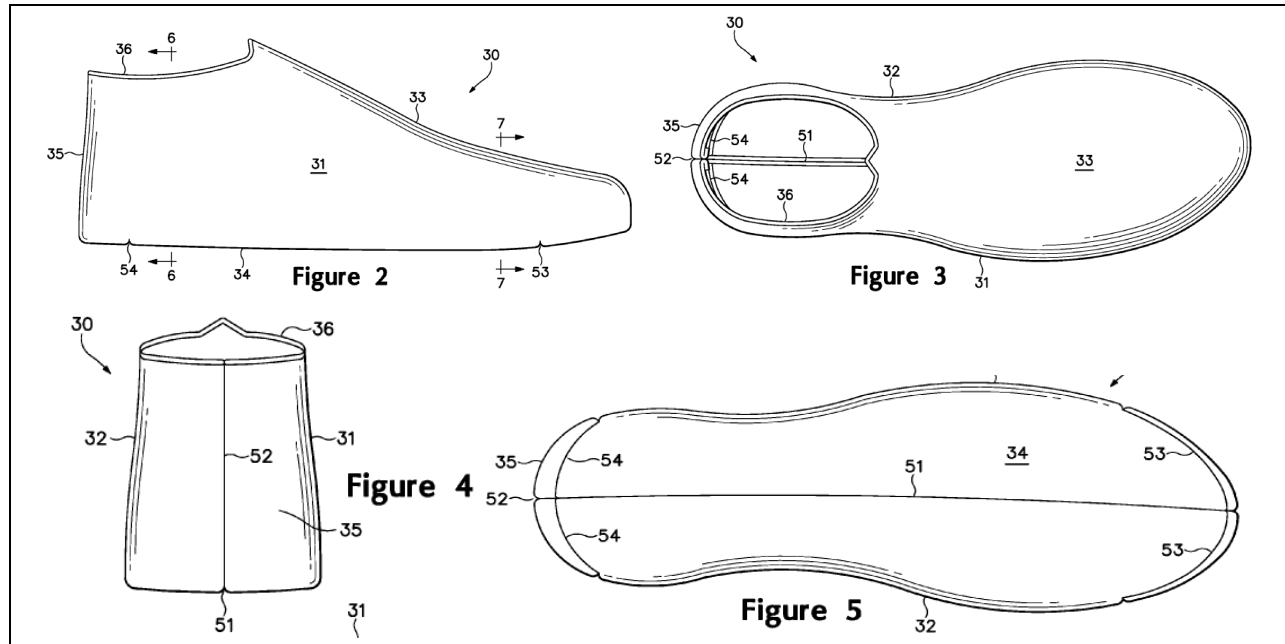
After the circular knitting machine is finished knitting the textile elements and surrounding textile structure, the entire structure is removed from the machine. (Ex. 1001, 8:4-8.) Each textile element is then cut from the surrounding textile structure “with a die-cutting, laser-cutting, or other conventional cutting operation.” (*Id.*) Figure 8 of the ’749 patent, reproduced below, shows what a knitted textile element may look like after it has been knitted on the knitting machine and then cut from the surrounding textile structure. (*Id.*, 5:59-60.)



The “textile element 40 is a single material element that is formed to exhibit a unitary (*i.e.*, one-piece) construction, and textile element 40 is formed or otherwise shaped to extend around the foot.” (Ex. 1001, 5:40-43.) The area of textile element labeled 32 is the lateral region of the upper, the area labeled 32 is the medial region, the area labeled 33 is the instep region, the area labeled 34 is the bottom surface, and the area labeled 35 is the heel region. (*Id.*, 5:21-36.)

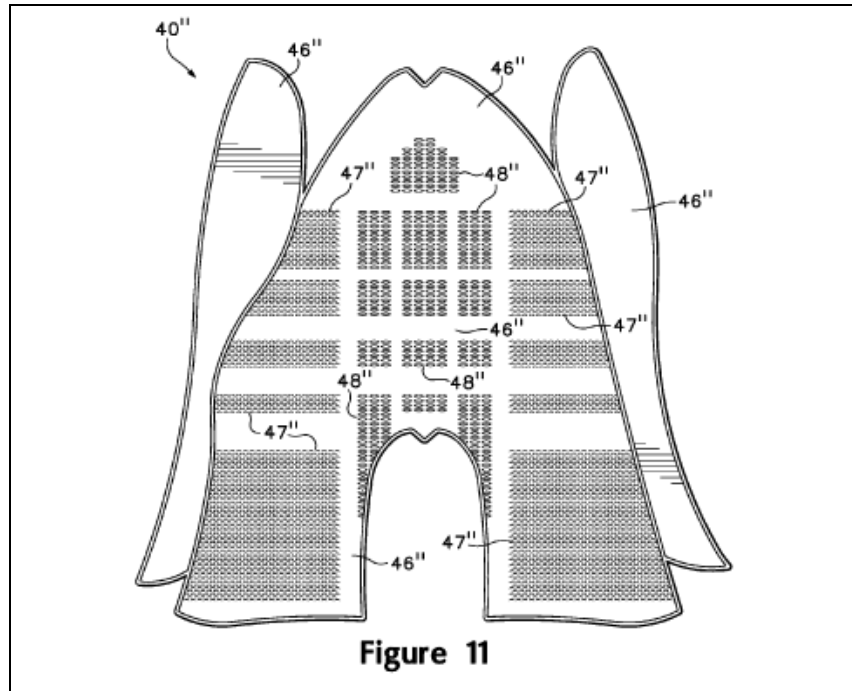
The textile element may have a “generally planar configuration” after it is removed from the surrounding textile structure. (Ex. 1001, 6:13-14.) That is, the knitting machine does not fold or seam the edges of the textile element, labeled 41a-44d in Figure 8 above, to form an upper during the knitting process. (*Id.*, 5:40-43.) Rather, after the textile element is removed from the surrounding textile structure, the edges of the generally planar textile element must then be folded and seamed to form an upper. (*Id.*, 5:59-6:29.) In the example shown in Figure 8, edges 41a and 41b are folded or otherwise overlapped so that 41a is placed adjacent to 41b. (*Id.*, 6:9-11.) The edges 41a and 41b are then seamed together by, for example, “stitching, an adhesive, or heat bonding.” (*Id.*, 6:11-13.) Similarly, edges 42a and 42b are folded and seamed together, edges 43a and 43b are folded and seamed together, edges 43c and 43d are folded and seamed together, edges 44a and 44b are folded and seamed together, and edges 44c and 44d are folded and seamed together. (*Id.*, 5:64-6:29.) Folding and joining these edges forms seams

51-54, which are shown in Figures 2-5 of the '749 patent reproduced below. (*Id.*, 5:59-62.)



The knitted textile element, or upper, may also have different areas with different textures that may be formed by varying the type of stitch during the knitting process. (Ex. 1001, 9:29-10:7.) Additionally, the knitted textile element may have areas with apertures that are formed by omitting stitches at specific locations during the knitting process. (*Id.*) For example, Figure 11 of the '749 patent, reproduced below, shows a knitted textile element with at least three different areas with three different textures. (*Id.*, 9:31-32.) They include a first area with a first texture 46" that is generally smooth, a second area with a second texture 47" that is generally rough, and a third area with a third texture 48" that is different than the first and second textures. (*Id.*, 9:29-57.) The third texture also

includes a plurality of apertures that extend through the upper. (*Id.*, 9:47-53.)



The manufacturing of the upper is essentially complete after the knitted textile element is removed from the surrounding textile structure and then seamed as described above. (Ex. 1001, 6:30-31.) The upper is formed of a single material but may still have different properties in different areas. (*Id.*) The upper may then be secured to a sole structure to complete the article of footwear. (*Id.*, 6:33-34.)

C. DURING PROSECUTION, THE EXAMINER CONSIDERED THE PRIOR ART THAT PETITIONER NOW RELIES ON IN ITS CHALLENGE

The examiner analyzed Nishida during prosecution of the '749 patent. (Ex. 1002, 237.) Petitioner acknowledges this fact at least three times in its petition. (Pet. 4-5, 11-12, 59-60.) Petitioner does not attempt to dispute, challenge, or rebut the examiner's findings regarding Nishida's disclosure. (*Id.*) Instead, Petitioner

argues the examiner did not consider Nishida in combination with Reed. (*Id.*) That is technically true, but the examiner considered prior art knitting machines like Reed. The specification of the '749 patent itself describes prior art circular knitting machines. (Ex. 1001, 7:46-63.)

The examiner initially rejected claims 1-8, 11-18, and 21 as anticipated by Nishida. (Ex. 1002, 237.) The examiner based this rejection on her incorrect belief (which she later corrected) that Nishida discloses simultaneously knitting a textile element and a surrounding structure. (*Id.*) The examiner stated that “Nishida shows a process for producing a shoe comprising simultaneously knitting a textile element (3) with a surrounding textile structure (1 and 4), the elements are removed from the surrounding textile and the longitudinal edges that are joined together (7 and 8) and a sole attached thereto (see figure 3) as claimed.” (*Id.*)

In response, NIKE corrected the examiner’s misunderstanding of Nishida. (Ex. 1002, 258-260.) NIKE explained that “Nishida fails to disclose a knitted textile element *simultaneously* formed with a knitted textile structure during a knitting process.” (*Id.*, 259 (emphasis in original).) Instead, “Nishida discloses that layouts 2 are printed, embroidered, woven, or knitted onto a *pre-existing* backing material 4.” (*Id.* (emphasis in original).) Specifically, NIKE continued, “Nishida discloses that layouts 2 are produced by ‘a fabric printing process ... on the web of material and/or by a textile production process inside the web of

material.”” (*Id.* (citing Nishida at 2:50-56).) Because Nishida teaches that layouts 2 may be produced by a ‘fabric printing process ... on the web of material,’ Nishida necessarily teaches that the backing material for the web of material must be formed prior to the production of the layouts.” (*Id.*) In other words, NIKE continued, “the formation of Nishida’s backing material must precede the printing of the layouts thereupon.” (*Id.*)

With respect to the “backing material,” NIKE explained that “Nishida further discloses that ‘the web of material has a backing 4 that can be a conventionally used material ...’ and that ‘the web of material 1 is produced so that its surface areas 1.1, in which no layout(s) 2 or tongue(s) 40 are provided, consist of a lightweight material quality that is a simple and economical as possible.” (*Id.* (citing Nishida at 3:13-15).) NIKE explained Nishida provides that “these surface areas 1.1 can be produced like a gauze or with low to very low warp and/or filling gauge and/or, for example, by being thin-spun or the like.” (*Id.* (citing Nishida at 5:45-52).) This means “Nishida discloses that the backing material 4, which includes the surface area 1.1 outside the layouts, is formed separately from the layouts 2 themselves.” (*Id.*)

NIKE also explained the portion of Nishida that states the “layouts 2 may be produced ‘by a textile production process inside the web of material.’” (*Id.*) NIKE explained that portion is “not a disclosure that the layouts and the area surrounding

the layouts are simultaneously formed.” (*Id.*) For example, NIKE continued, “embroidery, which could be considered a prime example of a ‘textile production process inside the web of material,’ is specifically listed by Nishida as a process for forming a layout.” (*Id.*, 259-60 (citing Nishida at 5:27-31).) NIKE explained that “embroidery is produced as a subsequent operation onto an existing backing material.” (*Id.*, 260.)

For all these reasons, NIKE explained to the examiner that “Nishida fails to disclose that the layouts are *simultaneously formed* with the backing material or the surrounding surface areas.” (Ex. 1002, 260 (emphasis in original).) Even further, NIKE continued, “Nishida fails to disclose that the layouts are *simultaneously knitted* with the backing material.” (*Id.* (emphasis in original).) That is, NIKE explained, “although Nishida discloses that the backing material can be ‘a knitted fabric’ and that the layouts may be ‘knitted,’ Nishida fails to disclose that these two processes occur simultaneously.” (*Id.* (citing Nishida as 3:13-15).) NIKE further noted that “processes that involve ‘knitting through’ or ‘stitching through’ a backing material, such as disclosed in US 4,144,727 to Duhl et al., titled ‘Knitted Malimo Type Fabric,’ were known at the time of Nishida’s application.” (*Id.*) Thus, NIKE continued, “it is entirely in keeping with Nishida’s disclosure for a layout (knitted or otherwise) to be subsequently produced on an existing backing material (knitted or otherwise) using a Malimo-type process.” (*Id.*)

The examiner and NIKE thereafter conducted an interview to discuss Nishida. (Ex. 1002, 278.) During the interview, the examiner acknowledged that her initial understanding of Nishida was incorrect. (*Id.*) The examiner stated in an interview summary, “[a]fter further consideration and arguments it was clarified that Nishida may disclose a web of material having different textures, but there is no clear disclosure of the textures differing such that the textile element has a texture which is different than the texture of the surrounding textile structure and that the textile element and the surround structure are simultaneously knitted.” (*Id.*) The examiner further agreed that “Nishida does not provide any clear disclosure of where the differing textures are located.” (*Id.*) The examiner asked NIKE to “clarify” this corrected understanding of Nishida in a request for reconsideration. (*Id.*)

NIKE submitted a request for reconsideration as directed. (Ex. 1002, 285-286.) NIKE first again explained that “Nishida discloses that the backing 4 for the web of material 1 must be formed prior to the production of the layouts,” and thus, “Nishida fails to disclose a knitted textile element *simultaneously* formed with a knitted textile structure, having a differing texture, during a knitting process.” (*Id.*, 286 (emphasis in original).)

NIKE then addressed an excerpt of Nishida that had initially confused the examiner; namely, the excerpt of Nishida that reads: “[a]s already indicated, the

webs of material being used can be produced by program-controlled web material production devices whose programs can be matched almost at will according to the corresponding basic setting with deviations in size of the layouts of the individual shoe uppers or with changes of the type of weave or knit of individual areas or contours, the type of fiber or yarn and/or the color.” (Ex. 1002, 286 (citing Nishida at 5:63-6:2.) NIKE explained that even if, *arguendo*, the disclosure “changes of the type of weave or knit of individual areas” refers to the backing of Nishida, that disclosure “fails to disclose that the type of weave or knit is associated with any specificity to any particular area of Nishida’s backing.” (*Id.*) In other words, NIKE continued, “Nishida simply fails to disclose that its backing material has a first texture in an area associated with a textile element and a differing texture in an area surrounding the textile element.” (*Id.*) Thus, NIKE explained, “Nishida fails to disclose differing textures of any simultaneously knitted textile element and its simultaneously knitted surrounding textile structure.” (*Id.*)

The examiner agreed with NIKE that Nishida fails to disclose at least these two limitations of the claims: (i) a textile element and a surrounding structure that are simultaneously knitted, and (ii) a textile element that has a texture different than the surrounding textile structure. (Ex. 1002, 278 and 295-296.) The examiner withdrew her rejection and allowed claims 1-8, 11-18 and 21 (and she had previously allowed claims 9, 10, 19, and 20). (*Id.*, 295-296.)

III. PETITIONER FAILS TO CARRY ITS BURDEN OF PROVING THAT CLAIMS 1-9, 11-19, AND 21 ARE UNPATENTABLE

Petitioner has “the burden of proving a proposition of unpatentability by a preponderance of the evidence.” 35 U.S.C. § 316(e). There are two distinct burdens of proof: a burden of persuasion and a burden of production. *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1375-77 (Fed. Cir. 2016). Both burdens are on Petitioner and never shift to NIKE. *Id.* at 1376 (rejecting argument that burdens shift to patent owner once Board institutes IPR).

A. LEGAL STANDARD

A claim is obvious only “if 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 art to which said subject matter pertains.” 35 U.S.C. § 103(a) (pre-AIA); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The ultimate determination is a question of law, but it is based on underlying factual findings. *In re Nuvasive, Inc.*, 842 F.3d 1376, 1381 (Fed. Cir. 2016). The facts include (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) the presence of secondary considerations of nonobviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). Petitioner’s arguments fail as to all of the *Graham* factors at issue here.

B. PETITIONER CONCEDES THE LEVEL OF ORDINARY SKILL IN THE ART AT THE TIME OF THE INVENTION WAS LOW

A determination of obviousness requires a finding of the level of ordinary skill in the art at the time of the invention. *Graham*, 383 U.S. at 17. The “level of skill in the art is a prism or lens through which ... the Board views the prior art and the claimed invention.” *Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001). This reference point prevents a factfinder from using its “own insight or, worse yet, hindsight, to gauge obviousness.” *Id.*

To determine the level of ordinary skill, the Board considers various factors, including “1) the types of problems encountered in the art; 2) the prior art solutions to those problems; 3) the rapidity with which innovations are made; 4) the sophistication of the technology; and 5) the educational level of active workers in the field.” *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 666–67 (Fed. Cir. 2000); *Wangs Alliance Corp. v. Koninklijke Philips N.V.*, IPR2015-01290, Paper 63, 13-16 (Nov. 23, 2016). It is more difficult to establish obviousness under a lower level of ordinary skill. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1366 (Fed. Cir. 2012).

Petitioner fails to analyze the Board’s factors or any other factors for determining the level of ordinary skill. (Pet. 8.) Petitioner instead provides a conclusory description of what it contends is the level of ordinary skill. (*Id.*; Ex. 1003 at ¶ 34.) In doing so, Petitioner concedes the level of ordinary skill was low,

stating that a person of ordinary skill would have only “a few years of experience in the footwear industry.” (*Id.*)

Petitioner describes the skills it contends a person with “a few years of experience” would possess, including an “understanding” of the product cycle for bringing a product to market, an “understanding that there are some key review milestones” during the product cycle when “upper material designs are reviewed,” an “understanding” of “typical” construction methods, and an “understanding” of the “material choices” and “construction techniques and processes” used to create conventional shoes. (*Id.*) Absent from Petitioner’s description is any knitting experience, let alone experience using knitting technologies to create knitted footwear uppers. (*Id.*)

Petitioner’s alleged footwear expert, Mr. Holden, confirmed during his cross-examination that a person with just “a few years of experience in the footwear industry” would have no knitting experience. Mr. Holden, who has nearly forty years of experience in the footwear industry and who Petitioner contends has extraordinary skill in the art, testified that even today – thirteen years after the invention of the ’749 patent – he has no meaningful knitting experience. For example, Mr. Holden admitted that he has never used knitting technologies to design or create knitted footwear uppers. (Ex. 2004, 60:16-22, 71:22-73:3, 73:23-74:14.) He admitted he has never operated or programmed a knitting machine.

(Ex. 2004, 70:19-71-15.) He admitted he has never removed a knitted upper from a web of material and processed it into a shoe. (Ex. 2004, 73:4-18.) In fact, Mr. Holden testified he never would have been allowed to do any of those things because it would have been too “dangerous.” (Ex. 2004, 71:25-72:25, 74:3-75:9.) If it was too “dangerous” for Mr. Holden with his nearly forty years of experience, a person with just a “few years of experience” would not have had any knitting experience, let alone experience using knitting technologies to create uppers.

In sum, the level of ordinary skill in the art at the time of the ’749 patent was low. It is more difficult, therefore, for Petitioner to establish obviousness, and Petitioner cannot overcome that more difficult hurdle as discussed below.

C. PETITIONER’S EXPERT DECLARATION SHOULD BE GIVEN NO WEIGHT

Mr. Holden’s declaration should be given no weight for several reasons. First, Mr. Holden’s declaration is no more than an “expertized” version of the petition. (Ex. 1003). He admitted during cross-examination that Petitioner’s counsel wrote the declaration for him. (Ex. 2004, 12:5-11.) The declaration should be given no weight for this reason alone. *See, e.g., InfoBionic, Inc. v. Braemar Manufacturing, LLC*, IPR2015-01704, Paper 11 (declaration that merely parrots petition given no weight).

Second, during cross-examination, Mr. Holden was unable to answer basic questions about the patent, the prior art, footwear, knitting technologies, and the

declaration Petitioner's counsel prepared for him. For example, Mr. Holden used the term "stitch configuration," which is a claim term in the '749 patent, at least twenty times (excluding quotations) in his declaration, but during cross-examination he was unable to define the term. (Ex. 2004, 78:22 – 79:18; Ex. 1003, ¶¶ 42, 72, 81, 117, 119, 134, 148, 169, 181, 182, 201, 206.) Mr. Holden also states in his declaration that he "had discussions with [Petitioner's] external knitting consultant to confirm [his] understanding of certain stitch configurations," but during cross-examination he testified he did not discuss "stitch configurations" with the consultant. (Ex. 2004, 111:11–116:7; Ex. 1003, ¶ 81.) After being pressed to give a definition of "stitch configurations" during cross-examination, Mr. Holden offered the incoherent testimony that "as it applies to almost any type of configuration, basically it is -- it relates to the design, possibly the outline, of how a process is applied." (*Id.*, 78:22-79:18)

Similarly, Mr. Holden was unable to explain during cross-examination what the term "texture" means in the context of the '749 patent even though he uses that term in his declaration. (Ex. 2004, 176:22 – 184:11.) After being pressed to give a definition, Mr. Holden testified that "texture" may mean "actual texture" or it may mean the "appearance of texture." (*Id.*) Mr. Holden even offered the incredible testimony that a color is texture in the context of the '749 patent. (*Id.*) Mr. Holden gave that testimony, despite the fact that Petitioner (and Mr. Holden by

way of the declaration that Petitioner prepared for him) argued in the petition that “texture” should be given its “ordinary and customary meaning,” which does not include “appearance of texture” or “color.” (Pet. 7.)

Mr. Holden was also unable to define the terms “knit interlock stitch,” “interknitted stitch,” and “non-interknitted stitch,” which are all terms Reed uses to describe his invention. (Ex. 2004, 76:8 – 81:18.) Mr. Holden testified that he was not even familiar with those terms until this proceeding, and that the only way he would know what they mean is if he looked them up in the Spencer reference marked as Exhibit 1010, which Mr. Holden read for the first time during this proceeding. (*Id.*) Because Mr. Holden is not familiar with “knit interlock stitches,” “interknitted stitches,” and “non-interknitted stitches,” he also testified that he does not know what textures those stitches provide. (Ex. 2004, 80:24 – 81:8.)

Mr. Holden also testified that he does not understand portions of Nishida’s description of the invention disclosed in Nishida. (Ex. 2004, 162:19 – 168:2.) For example, Nishida states “this invention relates to a process for the production of a shoe shaped part using a web of material with a plurality of patterns in the form of the layout of a shoe upper, cutting out these layouts from the web of material and stitching the parts of the shoe upper to a top part” (Ex. 1009, 1:10-15.) Mr. Holden was asked during cross-examination what Nishida means when it says “cutting out these layouts from the web of material and stitching the parts of the

shoe upper to a top part.” (Ex. 2004, 163:3 – 168:2.) Mr. Holden testified that he is not “really clear exactly what that means” and then proceeded to testify that he “assumed” Nishida might be referring to stitching a “sock.” (*Id.*)

Mr. Holden also testified that he did not review or analyze the patent that Nishida intended to improve upon. (Ex. 2004, 167:11-20.) Nishida states the “primary object of this invention is to further develop” the “process” for making shoe parts described in German Patent No. 627 878. (Ex. 1009, 1:10-46.) Mr. Holden did not review or analyze that patent. (Ex. 2004, 167:11-20.)

Mr. Holden was also unable to answer many other basic questions during cross-examination. For example, he was unable to describe the difference between weaving and knitting. (Ex. 2004, 81:9-18.) He was also unable to identify a single difference between footwear and apparel/garments. (*Id.*, 39:16 –40:1.)

In sum, Mr. Holden did not author his declaration and, during cross-examination, he was unable to answer basic questions about the declaration, the patent at issue, the prior art, footwear, and knitting technologies. Mr. Holden’s declaration is not helpful, and it should be given no weight.

Petitioner may criticize NIKE for not submitting an expert declaration. But it is Petitioner’s burden to prove unpatentability; it is not NIKE’s burden to prove patentability. *Magnum Oil*, 829 F.3d at 1375–77. There is no reason to require NIKE to submit an expert declaration, particularly here where the ’749 patent and

the prior art references themselves confirm that Petitioner fails to carry its burden. *See, e.g., VirnetX Inc. v. Apple Inc.*, No. 2015-1934, 2016 WL 7174130, at *3 (Fed. Cir. Dec. 9, 2016) (rejecting argument that expert testimony is necessary for the PTAB to make findings regarding what a person of ordinary skill would have understood with respect to prior art references); *In Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1079 (Fed. Cir. 2015) (“[n]o rule requires ... an expert [to] guid[e] the [PTAB] as to how it should read prior art” and PTAB “members, because of expertise, may more often find it easier to understand and soundly explain the teachings and suggestions of prior art without expert assistance.”); *Shinn Fu Company of America, Inc., et al., v. The Tire Hanger Corporation*, IPR2015-00208, Paper 24 (April 22, 2016) (granting patent owner’s motion to amend and finding proposed claims patentable where patent owner did not file an expert declaration, relying instead on express disclosures in the prior art and the challenged patent).

D. PETITIONER FAILS TO PROPERLY ANALYZE THE FULL SCOPE AND CONTENT OF THE PRIOR ART

All relevant teachings of a cited reference must be considered in determining what it fairly teaches to one having ordinary skill in the art. *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 448 (Fed. Cir. 1986) (“It is impermissible within the framework of section 103 to pick and choose from any one reference only so much of it as will support a given position to the exclusion of

other parts necessary to the full appreciation of what such reference fairly suggests to one skilled in the art.”) Petitioner, however, provides only a cursory discussion of Reed and Nishida that ignores critical disclosure of both references. (Pet. 9-11.) In doing so, Petitioner improperly fails to address the full scope and content of the prior art. Below NIKE provides the scope and content of Reed and Nishida.

1. Reed teaches using a circular double knitting machine to knit two juxtaposed panels of a garment and to seam them together during the knitting process

Reed states that his “*present invention*” relates generally to knitted garments and more particularly to a *garment* which is *preseamed* and preformed on a *circular knitting machine*.” (Ex. 1006, 1:8-11.) That description of the “present invention” limits the scope of Reed to preseamed garments made on circular knitting machines. *See, e.g., Pacing Techs., LLC v. Garmin Int’l, Inc.*, 778 F.3d 1021, 1024 (Fed. Cir. 2015) (if inventor describes the “present invention” as a whole, the scope of the invention is limited to what the inventor describes); *Regents of Univ. of Minn. v. AGA Med. Corp.*, 717 F.3d 929, 936 (Fed. Cir. 2013) (if inventor “describes the features of the ‘present invention’ as a whole,” the inventor alerts the reader that “this description limits the scope of the invention”).

The remainder of Reed’s disclosure describes what he means by preseamed garments, and it confirms that Reed is limited to using a circular knitting machine to make preseamed garments. Reed explains that, in the prior art, “clothing in the

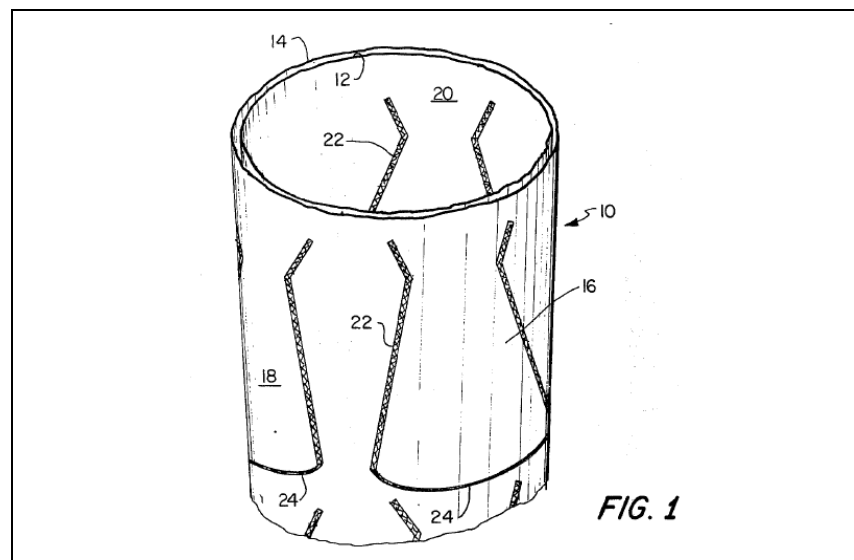
garment industry is generally made by superimposing one fabric over another, cutting it into panels to conform to the shape of the individual according to current fashion, seaming along the outer edges of the panel and attaching various parts, by stitching to form seams, until a complete garment is formed.” (Ex. 1006, 1:13-19.) Reed criticizes those conventional methods as inefficient uses of “time, cost and labor.” (*Id.*; *see also id.*, 6:18-22.) Indeed, the conventional methods involved superimposing two preexisting panels of material, forming a garment into those preexisting panels, cutting the shaped garment from the two preexisting panels, and then seaming the two cutouts together to create the final garment. (*Id.*)

Reed’s solution is to use a circular double knitting machine to create finished, or nearly finished, garments that are preseamed by the knitting machine during the knitting process. (Ex. 1006, 1:58-2:16.) The circular double knitting machine simultaneously knits two juxtaposed panels (*e.g.*, a front and back panel of a garment) and seams them together at their edges, all during the knitting process. (*Id.*; *see also id.*, 6:25-28.)

More specifically, Reed explains that his “present invention uses an electronic circular double knitting machine programmed to simultaneously knit two concentric tubes . . . and additionally programmed to interconnect the two concentric tubes by a knit interlock stitch to form the outline of the design of a garment.” (Ex. 1006, 1:58-64.) The “resulting knitted structure will have two

layers of single fabric knitted or seamed together in the shape of the desired garment wherein the anatomy of the user would fit between the single knitted fabrics.” (*Id.*, 1:64-68.) The “garment has a first surface formed from portions of one tube and a second surface formed from a juxtaposed portion of the other tube.” (*Id.*, 2:1-3.) The garment is then cut from the tube “and turned inside out if a hidden seam is desired.” (*Id.*, 2:14-16.)

Figure 1 in Reed, reproduced below, shows an example of a knitted structure as “it would come off a circular double knit knitting machine” in accordance with his invention. (Ex. 1006, 2:66-68.) A circular double knitting machine is “a machine that has two separate sets of needles.” (*Id.*, 3:36-41.) In other words, a circular double knitting machine knits two concentric tubes of material. (*Id.*)



The knitted structure, labeled 10, has an inner tube, labeled 12, and an outer tube, labeled 14. (*Id.*, 3:1-3.) The outer tube 14 is “concentric to, and

encompasses, the inner tube 12.” (*Id.*) The “tubes 12 and 14 are simultaneously knitted concentrically” on the circular double knit machine. (*Id.*, 3:3-5.)

In the example shown in Figure 1, the knitted structure 10 includes three garments which, for example, may be skirts 16, 18 and 20. (Ex. 1006, 3:5-7.) The “garments 16, 18 and 20 are outlined by a plurality of interconnecting knitted stitches 22 and 24” that the circular double knitting machine stitches during the knitting process. (*Id.*, 3:8-9.) The “interconnecting knitting 22 not only forms the outline 10 of the garments 16, 18 and 20, but joins the inner tube 12 to the outer tube 14 so as to create a seam.” (*Id.*, 3:9-12.) That is, the skirts are preseamed by the circular double knitting machine during the knitting process. (*Id.*) In this way, “the knitted structure 10 includes (around its circumference) a plurality of finished garments which need only be severed from the structure 10 and turned inside out if a hidden seam is desired.” (*Id.*, 3:15-19.)

Finally, Reed identifies a number of “objects of the invention,” including providing “a method for preseaming and preforming knitted garments” and providing “a method of reducing the cost of manufacturing of garments by using the versatility of a computerized electronic knitting machine.” (Ex. 1006, 2:19-40.) Reed states that all of his “objects of the invention” are “obtained” by producing “a preformed and preseamed fabric on a circular knitting machine so as to reduce time, cost and labor involved in making garments.” (*Id.*, 6:18-22.)

2. Nishida teaches printing or producing layouts for footwear uppers and related sole parts on a preexisting backing of material

Nishida states that the “primary object of this invention is to further develop” the “previously known process” for making shoe parts described in German Patent No. 627 878 (the “German Patent”). (Ex. 1009, 1:10-46.) The German Patent teaches producing a web of material with successive strips of different weaves. (Ex. 1009, 1:20-22.) A first strip has a weave that is suitable for the counter-stiffener portion of a shoe upper. (Ex. 1009, 1:24-30.) A second strip has a weave that is suitable for the vamp and the side portions of a shoe upper. (Ex. 1009, 1:26-30.) A third strip has a weave that is suitable for the toe cap of a shoe upper. (Ex. 1009, 1:27-30.)

The German Patent then teaches printing patterns in the form of U-shaped layouts directly onto that preexisting web of material. (Ex. 1009, 1:22-24.) The U-shaped layouts are patterns of shoe uppers and they are printed onto the web of material in an arrangement such that the portions of the U-shaped layouts that correspond to the counter-stiffener are printed onto the first strips, the portions of the U-shaped layouts that correspond to the vamp and side portions are printed onto the second strips, and the portions of the U-shaped layouts that correspond to the toe cap are printed onto the third strips. (Ex. 1009, 1:27-30.) After the U-shaped layouts have been printed onto the preexisting web of material, the U-

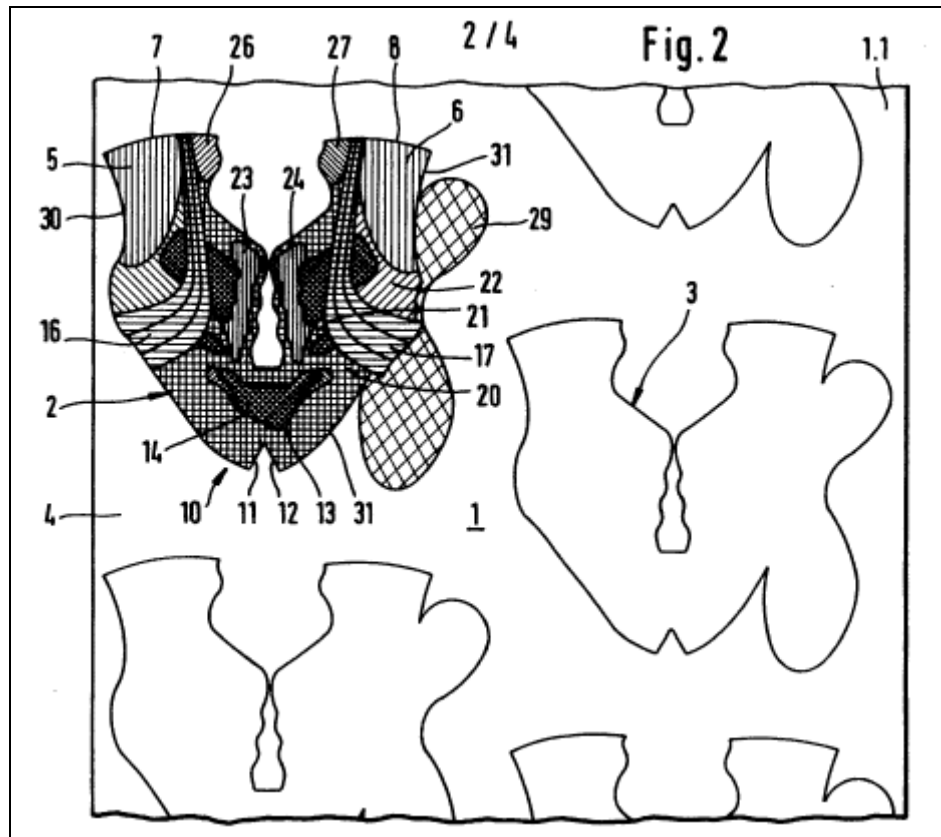
shaped parts are cut out, and then folded and seamed together to create an upper. (Ex. 1009, 1:34-37.) But, according to Nishida, the upper does not have a bottom surface, which Nishida refers to as the “related sole part.” (*Id.*)

Nishida sought to address the German Patent’s failure to produce the “related sole part.” (Ex. 1009, 1:40-47.) Nishida states that “the primary object of this invention is to further develop this previously known process [described in the German Patent] *so that a shoe upper, in many cases, can be configured together with the related sole part.*” (*Id.*)

Nishida teaches achieving that objective by producing a web of material just like in the German Patent. (Ex. 1009, 1:48-2:53.) The web of material has two primary components – a preexisting backing and one or more layouts printed or produced on the backing. (*Id.*, 1:40-2:53 and 3:6-26.) The backing is formed prior to the production of the layouts. (*Id.*) The backing “can be a conventionally used material formed, for example, of a warp and filling or a knitted fabric.” (Ex. 1009, 3:13-15.)

After the backing is formed, Nishida teaches printing or producing layouts on the preexisting backing, just like the German Patent. The layouts are printed (with a fabric printing process) or produced (with a textile production process) onto the preexisting backing. (*Id.*, 1:50-56; 2:20-26, 3:13-15, and 5:45-52.) Similar to the German Patent, the layouts may have different weave or knit types in

different areas that correspond to different areas of the upper. (*Id.*) But, unlike the German Patent, the layouts may also have different weave or knit types in areas that correspond to “related sole parts.” (*Id.*) That is, unlike the German Patent, each layout in Nishida has a “related sole part.” (*Id.*, 1:57-59.) Figure 2 of Nishida, reproduced below, shows an example of the layouts printed or produced on a preexisting backing. (*Id.*, 2:59-60.) The “related sole part” is labeled 29. (*Id.*, 4:19-21.)



The areas labeled 1.1 of the preexisting backing do not have layouts printed or produced on them, and they are formed of different materials than the portions of the preexisting backing where the layouts are printed or produced. (Ex. 1009,

3:13-15.) For example, the areas labeled 1.1 may “consist of a lightweight material quality that is a simple and economical as possible,” such as “a gauze or with low to very low warp and/or filling gauge and/or, for example, by being thin-spun or the like.” (*Id.*, 3:13-15 and 5:45-52.)

After the layouts are printed or produced on the preexisting backing, each upper and its related sole part is cut from the web of material. (*Id.*, 2:1-5.) They remain connected to each other as a cut-out unit. (*Id.*) The upper portion of the cut-out unit is first folded and seamed to create the upper. (*Id.*, 3:27-4:46.) The related sole part is then “stitched or basted to the free outside edge” of the upper. (*Id.*, 2:9-10 and 4:19-3.) That completed upper is “then brought into a gluing, injection or casting mold, in which a midsole and an outsole are molded by known measures.” (*Id.*, 4:43-46.)

E. PETITIONER FAILS TO SHOW THAT A PERSON OF ORDINARY SKILL IN THE ART WOULD HAVE BEEN MOTIVATED TO COMBINE THE PRIOR ART

An obviousness determination requires “more than a mere showing that the prior art includes separate references covering each separate limitation in a claim.” *Unigene Labs., Inc. v. Apotex, Inc.*, 655 F.3d 1352, 1360 (Fed. Cir. 2011). It requires the additional showing that a person of ordinary skill at the time of the invention would have selected and combined the prior art elements in the normal course of research and development to yield the claimed invention. *Id.*

Here, Petitioner must demonstrate that a person of ordinary skill in the art would have been motivated to combine the teachings of Reed and Nishida to derive the claimed subject matter with a reasonable expectation of success. *Procter & Gamble Co. v. Teva Pharms. USA, Inc.*, 566 F.3d 989, 994 (Fed. Cir. 2009); *Apotex Inc. v. Wyeth LLC*, IPR2014-00115, Paper 94 (Apr. 20, 2015). Mere “conclusory statements” are insufficient; “there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *KSR*, 550 U.S. at 418. Petitioner fails to make this required showing.

1. Petitioner fails to show a person of ordinary skill in the art would even have been aware of the problem the '749 patent addressed

Petitioner provides no evidence that a person of ordinary skill – with just a few years of experience in the footwear industry – would have been aware of the problem the '749 patent addressed. (Pet.) Persons of skill in the art cannot have tried and failed to solve a problem if they were never aware of the problem. *Leo Pharms. Prods., Ltd. v. Rea*, 726 F.3d 1346, 1356–57 (Fed. Cir. 2013).

That is the case here. The number of years that passed between the prior art and the '749 patent underscores that skilled artisans long failed to appreciate the problem. *Id.* In *Leo*, the Federal Circuit reversed a Board’s obviousness determination because nothing in the cited prior art appreciated the problem the invention addressed. *Id.* at 1353. Because there was no prior recognition of the

problem, there was no reason in the record why one of skill in the art would attempt to combine the cited prior art to arrive at the invention. *Id.* at 1354 (“Only after recognizing the existence of the problem would an artisan then turn to the prior art and attempt to develop [the solution].”).

Similarly, the '749 patent recognized the problem of making footwear uppers from multiple materials. (Ex. 1001, 3:4-24.) But neither Reed nor Nishida recognized that problem. In 1975, nearly 30 years before the '749 patent, Reed addressed inefficiencies of seaming garments together after the knitting process. (Ex. 1006, 1:5-2:40.) Reed did not recognize any footwear-related problems, let alone problems with making uppers from multiple materials. (*Id.*) Over fifteen years later, in 1992, Nishida addressed the German Patent's failure to provide related sole parts. (Ex. 1009, 1:40-47.) Nishida did not, however, recognize a problem with making footwear uppers from multiple materials. Indeed, Nishida's solution is to make footwear uppers and related sole parts from multiple materials. (*Id.*, 1:48-2:53.) It was not until many years later, in 2004, that NIKE recognized and addressed the problem. (Ex. 1001.)

Petitioner has failed to establish that a person of ordinary skill in the art would have even recognized the problem the '749 patent addressed. Petitioner, therefore, fails to meet its burden of proving the challenged claims are obvious. *Leo Pharms*, 726 F.3d at 1356–57.

2. Petitioner fails to show that Reed is “analogous art” for purposes of an obviousness challenge

Even if a person of ordinary skill had recognized the problem, which is not the case, Petitioner fails to show that the person would look to Reed for solutions. To qualify as prior art for obviousness, a reference must be “analogous art.” *K-TEC, Inc. v. Vita-Mix Corp.*, 696 F.3d 1364, 1375 (Fed. Cir. 2012). That means it must: (i) “be from the same field of [the inventor’s] endeavor;” or (ii) “be reasonably pertinent to the particular problem with which the inventor is involved.” *Id.* A reference is “reasonably pertinent” if it, as a result of its subject matter, “logically would have commended itself to an inventor’s attention in considering his problem.” *Id.* Reed fails to satisfy either condition.

First, Reed is not from the same field of endeavor as the ’749 patent. The ’749 patent is directed to footwear. (Ex. 1001.) Reed is not directed to footwear, but rather to preseamed garments. (Ex. 1006, 1:5-2:41.)

Second, Reed is not reasonably pertinent to the problem of the ’749 patent. The ’749 patent addressed the problem of conventional footwear made of multiple materials. (Ex. 1001, 3:4-6.) Reed addressed the problem of garments that are not seamed during the knitting process. (Ex. 1006, 1:5-2:41.) Given these differences, Reed would not have logically commended itself to the attention of a person of ordinary skill in the art, particularly given the low level of ordinary skill in the art. Indeed, Petitioner cannot show a person of ordinary skill, with no knitting

experience, would have looked to Reed's knitting solutions for garments at least because Petitioner's own alleged footwear expert testified that he did not understand much of Reed and that it would have been too "dangerous" for him to create uppers on a knitting machine. If a person with nearly forty years of experience would not look to or understand Reed, a person with just a "few years" of experience certainly would not do so.

Petitioner, therefore, fails to meet its burden of proving the challenged claims are obvious. *See, e.g., In re Oetiker*, 977 F.2d 1443, 1447 (Fed. Cir. 1992) (reversing obviousness rejection where PTO relied on non-analogous art; "It has not been shown that a person of ordinary skill, seeking to solve a problem of fastening a hose clamp, would reasonably be expected or motivated to look to fasteners for garments. The combination of elements from non-analogous sources, in a manner that reconstructs the applicant's invention only with the benefit of hindsight, is insufficient to present a prima facie case of obviousness."); *In re Clay*, 966 F.2d 656, 658–59 (Fed. Cir. 1992) (PTO erred in finding prior art was within inventor's field of endeavor merely because both related to the petroleum industry, where the claimed invention operated in environments and conditions significantly different from the prior art; PTO further erred because the prior art was not reasonably pertinent to the problem the inventor solved, where the prior art and claimed invention were directed to different purposes, with the claimed invention

directed to storage in a man-made dead space and the prior art directed to extraction in unconfined natural rock formations).

3. Petitioner fails to show *why* a person of ordinary skill in the art would have been motivated to combine Reed and Nishida

Petitioner's alleged rationale for combining Reed and Nishida is premised on a handful of conclusory assertions rather than articulated reasoning with rational underpinnings. (Pet. 12-13.) First, Petitioner argues that a person of ordinary skill would have been motivated to combine Reed and Nishida based on Reed's statements that its "present invention may be used to form all types of garments" and that conventional knitting machines were used to make "stockings." (*Id.*, 12.) In other words, Petitioner contends that a person of ordinary skill in the art would have interpreted those statements to mean that Reed may be used to create not just garments, but also footwear uppers, including the uppers taught by Nishida. (*Id.*) But Petitioner cherry-picks those statements from Reed out of context. In reality, Reed states that "circular knitting machines have been used to make tubular knitted *garments*, such as ladies stockings, sweaters and other *garments*." (Ex. 1006, 1:33-35.) Reed never refers to "stockings" as footwear, and Reed never suggests its invention could be used for anything other than a specific and limited type of garment—a preseamed garment. (Ex. 1006, 1:58-2:40.)

Moreover, even if Reed suggests to a person of ordinary skill in the art that

his invention could be used to make footwear uppers, which he does not, Petitioner fails to explain why that would have motivated a person of ordinary skill in the art to combine Reed and Nishida. Petitioner's quoted snippets from Reed about his invention being used to form all types of "garments" and that conventional knitting machines are used to make "stockings" are nothing more than generic statements that bear no relation to any specific combination of prior art elements. (Ex. 1006, 1:33-35.) Those statements fail to explain or suggest why a person of ordinary skill in the art would have combined elements from Reed and Nishida in the way the claimed invention does, particularly given the low level of skill in the art with no knitting experience. *ActiveVideo Networks, Inc. v. Verizon Commc'ns, Inc.*, 694 F.3d 1312 (Fed. Cir. 2012); *Volkswagen v. Velocity Patent*, IPR2015-00275, 2015 WL 3543109 (PTAB, June 1, 2015).

Second, Petitioner argues that a person of ordinary skill in the art would have been motivated to combine Reed and Nishida because they are "analogous art." (Pet. 12.) But, even if Reed and Nishida are analogous art (Reed is not analogous art as explained above), that alone is not enough to show that a person of ordinary skill would have been motivated to combine them, particularly given the low level of skill in the art with no knitting experience. *See, e.g., Microsoft Corp. v. Secure Web Conference Corp.*, IPR2014-00745, Paper 12, at 14 (Sep. 29, 2014) (denying petition where petitioner failed to show motivation to combine and,

at best, showed prior art was “analogous art”); *Shopkick v. Novitaz*, IPR2015-00279, 2015 WL 3826806 (PTAB, May 29, 2015) (just because the cited references are “analogous art” and share the “same design incentives” does not establish that it would have been obvious to combine their features).

Third, Petitioner argues that a person of ordinary skill in the art would have been motivated to combine Reed and Nishida because “both Reed and Nishida are directed to reducing costs associated with producing textile elements using the latest advances in knitting technology.” (Pet. 13.) But even if that were true, “knowledge of a problem and motivation to solve it are entirely different from motivation to combine particular references to reach the particular claimed method.” *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1373 (Fed. Cir. 2008); *Volkswagen*, IPR2015-00275, 2015 WL 3543109 at *8 (rejecting argument that person of ordinary skill in the art would have been motivated to combine references because they shared similar goals); *Shopkick*, IPR2015-00279, 2015 WL 3826806 at 2 (same).

In any event, to make this argument, Petitioner again cherry-picks the “objectives” of Reed and Nishida out of context. (Pet. 13.) Reed’s and Nishida’s objectives are very different when the references are analyzed in context. Reed provides five specific “objects of the invention,” all of which are directed to creating preseamed garments. (Ex. 1006, 2:19-40.) Nishida, in contrast, states that

its “primary object” is to “further develop” the process disclosed in the German Patent so that “a shoe upper . . . can be configured together with the related sole part.” (Ex. 1009, 1:40-43.) Reed and Nishida are not directed to solving the same problems as each other, let alone the problem addressed by the ’749 patent.

Thus, Petitioner fails to provide a substantive analysis and fact-based reason why a person of ordinary skill would have combined Reed and Nishida, particularly given the low level of skill in the art with no knitting experience. For this reason, Petitioner fails to meet its burden of proving obviousness.

4. Petitioner fails to show *how* a person of ordinary skill in the art would have combined Reed and Nishida

Petitioner not only fails to show *why* a person of ordinary skill in the art would have been motivated to combine Reed and Nishida, but Petitioner also fails to show *how* a person of ordinary skill in the art would have combined elements from Reed and Nishida in the way the claimed invention does. *ActiveVideo Networks*, 694 F.3d at 1312. That is, absent from Petitioner’s argument is any explanation of how the teachings of Reed and Nishida might be combined to arrive at the claimed invention. (Pet. 12-13.) This is particularly true given the low level of skill in the art with no knitting experience.

Petitioner merely states, in conclusory fashion, that “in view of the substantial similarities between the methods described in Reed and Nishida, a person of ordinary skill in the relevant art would certainly have been motivated to

modify Reed's method to include the additional features described by Nishida to produce a textile element for use in a shoe upper, as well as to produce a shoe incorporating such a textile element, as this is nothing more than combining 'prior art elements according to known methods to yield predictable results' and/or the '[u]se of known technique[s] to improve similar devices (methods, or products) in the same way.'" (Pet. 13.)

That contention raises many questions and answers none. For example, Petitioner does not explain how it contends a person of ordinary skill in the art would "modify Reed." (*Id.*) Petitioner does not explain what "additional features described by Nishida" it contends a person of ordinary skill would "modify Reed" to include. (*Id.*) Petitioner states it is "nothing more than combining prior art elements according to known methods to yield predictable results," yet Petitioner fails to identify what prior elements it contends a person of ordinary skill in the art would take from Reed and what prior elements it would take from Nishida. Petitioner also fails to explain what it contends is the "predictable result" that a person of ordinary skill would yield by combining elements of Reed and Nishida. (*Id.*) Similarly, Petitioner states the combination of Reed and Nishida is the "use of known techniques to improve similar devices (methods, or products) in the same way," but Petitioner does not explain what it contends is the "known technique" in Reed or Nishida, or what it contends is the "similar" device, method, or product in

Reed of Nishida, or how it contends that similar device, method, or product is “improved” in the “same way” as Reed or Nishida. (*Id.*)

Petitioner fails to meet its burden of proving the challenged claims are obvious over Reed and Nishida for this additional reason. Indeed, Petitioner’s failure to show *how* a person of ordinary skill in the art would have combined Reed and Nishida is particularly deficient in this case because, as discussed below, the combination of Reed and Nishida would render Reed inoperable for its intended purpose, and moreover, Reed teaches away from Nishida.

5. The combination of Reed and Nishida would render Reed inoperable for its intended purpose

Petitioner cannot show that a person of ordinary skill would have been motivated to combine Reed and Nishida because that combination would render Reed inoperable for its intended purpose. Prior art combinations that change the basic principles under which the prior art was designed to operate, or that render the prior art inoperable for its intended purpose, fail to support a conclusion of obviousness. *In re Gordon*, 733 F.2d 900, 902 (Fed. Cir. 1984) (finding no motivation to combine where the proposed modification would render the prior art being modified unsatisfactory for its intended purpose); *Plas-Pak Indus., Inc. v. Sulzer Mixpac AG*, 600 F. App’x 755, 758 (Fed. Cir. 2015) (same).

The *Plas-Pak* opinion is instructive. In that case, Plas-Pak filed a petition for *inter partes* reexamination against a patented method for dispensing multi-

component paints with a spray nozzle. *Plas-Pak*, 600 F. App'x at 756. Plas-Pak challenged the patent as obvious based on a combination of references called Jacobsen and Hunter. *Id.* Jacobsen disclosed a system for dispensing fluid materials. *Id.* at 757. Hunter disclosed a spray nozzle. *Id.* Plas-Pak argued a person of ordinary skill would have been motivated to combine the references because it would have been “nothing more than predictable variation of prior art elements according to their established functions.” *Id.* The Board rejected the argument and the Federal Circuit affirmed because combining the references would have rendered Jacobsen inoperable for its intended purpose. *Id.* at 759-760.

The Federal Circuit explained that Jacobsen's dispensing system has a “very specific function of dispensing fluid materials directly into surface cracks to minimize leakage.” *Id.* at 759. The Federal Circuit explained that if Jacobsen is modified to include Hunter's spray nozzle, Jacobsen would no longer dispense fluid material directly into surface cracks, *i.e.*, Hunter's spray nozzle sprays a wide pattern as opposed to dispensing directly into a crack. *Id.* Plas-Pak argued that a person of ordinary skill would have understood that Jacobsen's dispensing system had applications beyond merely filling cracks. *Id.* The Federal Circuit rejected that argument because Jacobsen's specification repeatedly recites that its intended purpose is to fill cracks, including statements describing the “invention” as dispensing directly into cracks. *Id.* The Federal Circuit also explained that

Jacobsen does not teach how a spray nozzle might accomplish the intended purpose of dispensing directly into cracks. *Id.* at 759-760. The Federal Circuit held, therefore, that a person of ordinary skill would not have been motivated to pursue the combination because modifying Jacobsen to accommodate the spray nozzle of Hunter would render Jacobsen inoperable for its intended purpose. *Id.*

Similarly, here, Reed has a “very specific function” of producing preseamed garments on a circular double knitting machines. (Ex. 1006, 1:8-11, 1:58-2:41.) Reed repeatedly recites its intended purpose, including statements describing the “present invention” as producing preseamed garments. (*Id.*) For example, Reed states the “present invention” relates to “a garment which is preseamed.” (*Id.*, 1:8-11.) Reed also states that all of the “objects” of his invention are “obtained” by producing a “preseamed” garment. (*Id.*, 6:18-22.) Furthermore, Reed does not teach how a producing a garment that is not preseamed might accomplish his intended purpose of producing preseamed garments. (Ex. 1006.)

Nishida, however, teaches producing a layout for a footwear upper and related sole part that is not preseamed by a circular double knitting machine during the knitting process. (Ex. 1009, Abstract, 3:27-42, 4:19-30.) Nishida teaches producing a layout on a preexisting web of material, cutting the layout out of the web of material, shaping and folding the layout so that corresponding edges align, and then seaming those corresponding edges together to complete the upper and

related sole. (*Id.*) Nishida's Abstract explains that the invention is directed to "the production of a shoe upper by [first] cutting out of the shoe upper in the form of a layout from a web of material, [and second] shaping of the shoe upper with connection of material parts of the layout with formation of seams." (*Id.*) Nishida's abstract continues that the "layout is [first] cut from the web as a unit with the sole part and [second] processed into a shoe part having an upper and sole part." (*Id.*) Figure 2 of Nishida, reproduced below, helps illustrate this point.

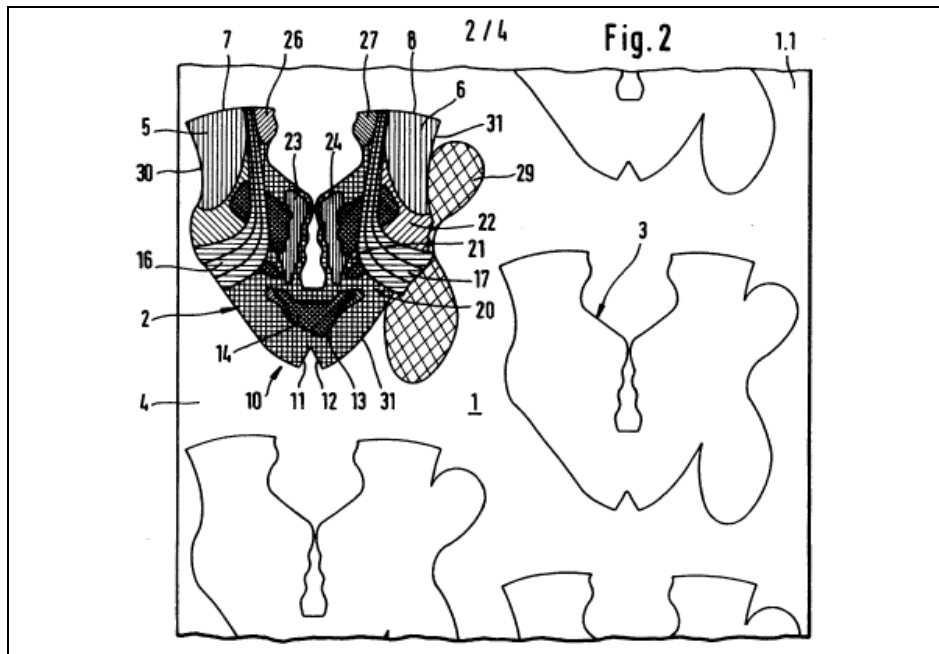


Figure 2 of Nishida shows a layout of shoe upper and related sole part, labeled 2, that has been printed or produced on a layout of material. (Ex. 1009, 1:5-12.) Figure 2 shows the layout as it would look after the production process has been completed. (*Id.*) The layout is next cut from the web of material. (*Id.*, 3:31-32.) The layout is then shaped and folded so that edges 7 and 8 are aligned

and seamed together, edges 11 and 12 are aligned and seamed together, and sole part 29 is “folded” and seamed to the longitudinal edges of the upper. (Ex. 1009, 3:27-42 and 4:19-30.) The upper and related sole part are seamed together after the production process, not during the process of producing layout 2. (*Id.*)

Petitioner does not argue in its petition that the layout of Nishida may be preseamed during the production process. (Pet.) Mr. Holden also testified during cross-examination that Nishida does not teach that its layout may be preseamed during the production process. (Ex. 2004, 160:24 – 162:18.)

Petitioner also does not explain in its petition how a footwear upper could even be preseamed on a circular double knitting machine. (Pet.) Nor could it do so because, as seen in Figure 2 of Nishida above, the edges that need to be seamed together are not aligned or juxtaposed and, thus, a circular double knitting machine could not seam those edges together during the knitting process. Mr. Holden testified that he did not even consider this issue. (Ex. 2004, 152:15 – 153:12.)

Thus, if Reed is modified to knit the layouts of Nishida, the result would be two layouts seamed together that would need to be cut from the surrounding textile, then separated from each other, and then each one would need to be shaped, folded, and seamed as described in Nishida. Simply put, the result of combining Reed and Nishida would not be a garment or a preseamed garment (assuming, *arguendo*, that footwear is a garment). Consequently, because modifying Reed to

accommodate the layout of Nishida would render Reed inoperable for its intended purpose of producing a preseamed garment, a person of ordinary skill in the art would not have been motivated to pursue the combination. *Plas-Pak*, 600 F. App'x at 760; *In re Gordon*, 733 F.2d at 902; *Tec Air, Inc. v. Denso Mfg. Mich. Inc.*, 192 F.3d 1353, 1360 (Fed. Cir. 1999) (claims not obvious where the combination would render prior art inoperable for its intended purpose); *BMC Med. Co. v. Resmed Ltd.*, IPR2014-01363, Paper 25 at 18 (Jan. 20, 2016) (same); *Wangs Alliance*, IPR2015-01290, Paper 63 (Nov. 23, 2016) (same). Petitioner fails to satisfy its burden of proving unpatentability for this additional reason.

6. Reed teaches away from combining it with Nishida

Petitioner cannot show that a person of ordinary skill would have been motivated to combine Reed and Nishida for the additional reason that Reed teaches away from combining it with Nishida. A reference teaches away “when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.” *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1327 (Fed. Cir. 2009). That is the case here as Reed teaches away from the layouts of Nishida that are not preseamed during the production process of the layouts.

The *DePuy* case is instructive. The challenged claim in that case was directed to a device for stabilizing spinal column segments with a rigid pedicle screw. *DePuy*, 567 F.3d at 1324-25. Medtronic argued the combination of prior art references, Puno and Anderson, achieved the rigid pedicle screw of the challenged claim. *Id.* at 1326. The district court rejected Medtronic's argument, finding instead that Puno teaches away from a rigid screw because "Puno warns that rigidity increases the likelihood that the screw will fail." *Id.* The district court, therefore, held "that Puno's teachings undermine the very reason Medtronic proffers as to why it would have been obvious to combine Puno and Anderson, viz., the creation of a rigid screw." *Id.* at 1327. The Federal Circuit affirmed on appeal, holding that the "district court correctly found that Puno, viewed against the backdrop of the collective teachings of the prior art, teaches away from a rigid pedicle screw . . . , such that a person of ordinary skill would have been deterred from combining Puno and Anderson." *Id.* at 1328.

Similarly, here, Petitioner combines the knitting process of Reed with the layouts of Nishida to allegedly produce a knitted element that is removed from a surrounding textile structure and then shaped, folded, and seamed to complete an article of footwear as provided in the challenged claims. (Pet.; Ex. 1001, 11:43-14:5.) But Reed teaches away from that combination by criticizing prior art methods of manufacturing garments that did not result in preseamed garments,

explaining that the problem with the prior art methods is that they required the manufacturer to cut panels of a garment from larger textile and then seam the panels together to complete the garment. (Ex. 1006, 1:13-18.) Reed solves that problem by preseaming the panels of the garment together during the knitting process. (*Id.*, 1:8-11, 1:58-2:41.)

Nishida suffers from the same drawbacks that Reed identified with the prior art methods of manufacturing. (Ex. 1009, Abstract, 3:27-42, 4:19-30.) Nishida teaches producing a layout on a preexisting web of material, cutting the layout out of the web of material, shaping and folding the layout so that corresponding edges align, and then seaming those corresponding edges together to complete the upper and related sole. (*Id.*) Consequently, Reed, when viewed against the backdrop of the collective teachings of the prior art, teaches away from seaming textiles after the completion of the knitting or production process, as described in Nishida and as claimed in the '749 patent, such that a person of ordinary skill would have been deterred from combining Reed and Nishida. *DePuy*, 567 F.3d at 1328. Petitioner fails to satisfy its burden of proving unpatentability for this additional reason.

F. PETITIONER FAILS TO PROPERLY ANALYZE THE DIFFERENCES BETWEEN THE CLAIMED SUBJECT MATTER AND THE PRIOR ART

Petitioner must identify any alleged differences between the claimed subject matter and the prior art. *See Graham*, 383 U.S. at 17-18; *Travelocity.com L.P. v. Cronos Technologies, LLC*, Case CBM2014-00082, Paper 10, 19 (Sept. 15, 2014)

(denying petition because petitioner failed to identify alleged differences between the claim subject matter and the prior art). Here, however, Petitioner does not identify with any specificity what limitations it contends are missing from Reed that a person of ordinary skill in the art would have modified Reed to supply or would have sought for in the teachings of Nishida. (Pet. 13-32.) It is insufficient for Petitioner to assert that each of the references teaches all of the limitations of the challenged claims “and then to leave it to [the Board] to apply the teachings for Petitioner to demonstrate its asserted grounds.” *Travelocity.com*, Case CBM2014-00082, Paper 10. This is “especially true when Petitioner expressly forgoes asserting grounds of unpatentability based on the application of the cited references individually to the challenged claims,” such as Petitioner did here. *Id.*

For this additional reason, Petitioner fails to satisfy its burden of proving the challenged claims are obvious over Reed and Nishida. *Id.*; *see also Apple Inc. v. OpenTV, Inc.*, IPR2015-01031, 2015 WL 9899019, at *8 (Oct. 13, 2015) (denying obviousness challenge where petitioner failed to identify alleged differences between the claimed subject matter and the prior art); *Samsung Elecs. Co., Ltd., et al. v. Imperium (IP) Holdings*, IPR2015-01233, 2015 WL 9599164, at *9 (Dec. 1, 2015) (same). In any event, an analysis of the differences between the claimed subject matter and the prior art reveals that neither Reed nor Nishida discloses limitations of the challenged claims, as NIKE explains further below.

- 1. Reed and Nishida do not disclose the claim limitation of simultaneously knitting a textile element and a surrounding textile structure where the knitted textile element has a texture that differs from a texture in the surrounding knitted textile structure**

The challenged claims all require simultaneously knitting a textile element with a surrounding textile structure where the knitted textile element has a texture that differs from a texture in the surrounding knitted textile structure. (Ex. 1001, 11-43-14:5.) Neither Reed nor Nishida discloses this limitation.

Petitioner splits this limitation into two parts, which it calls elements [1B] and [1C] for independent claim 1. (Pet. 14-18.) Petitioner identifies the first element, [1B] as “simultaneously knitting a textile element with a surrounding textile structure” and the second element, [1C], as “the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure.” (*Id.*)

Reed does not disclose element [1C] of “the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure.” Petitioner fails to cite any portion of Reed that provides the knitted garment of Reed has at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure. (Pet. 16-18.) Instead, Petitioner points only to portions of Reed that explain the inner knitted tube and the outer knitted tube are stitched together with “interknitted” stitches to form the

outline and seams of a garment. (*Id.* (citing Reed, 4:61-64, 5:3-18, 5:67-6:3, and Figs. 2, 2A, 3A-3E.) Those portions of Reed do not say anything about the texture of the knitted garment or the texture of the surrounding knitted textile structure. (*Id.*) They do not provide that the knitted garment has at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure. (*Id.*) They do not describe the texture of an “interknitted” stitch or a “non-interknitted” stitch. (*Id.*) They also do not provide that “interknitted” stitches are only used in the knitted garment and not in the surrounding areas of the knitted structure. (*Id.*) Mr. Holden testified that he could not define or describe an “interknitted” stitch, let alone explain what texture the stitch provides. (Ex. 2004, 76:8 – 81:18.) In short, Petitioner fails to provide any evidence that shows Reed discloses a knitted element that has at least one knitted texture that differs from a knitted texture in a surrounding knitted textile structure.

Nishida does not teach either element [1B] or [1C] of claim 1. As the examiner explained during prosecution of the '749 patent, Nishida “may disclose a web of material having different textures, but there is no clear disclosure of the textures differing such that the textile element has a texture which is different than the texture of the surrounding textile structure and that the textile element and the surround structure are simultaneously knitted.” (Ex. 1002, 278.) Furthermore, the

examiner also explained that “Nishida does not provide any clear disclosure of where the differing textures are located.” (*Id.*)

Petitioner does attempt to rebut the examiner’s analysis of Nishida. (Pet. 14-18.) Instead, Petitioner relies on the same excerpts of Nishida that the examiner considered and determined do not teach the limitations of claim 1. (*Id.*) For example, Petitioner cites to the portions of Nishida that state “only just those parts of the web of material are produced in the necessary quality, thickness, multilayers or the like which correspond to the pattern or to an area of a pattern of the shoe upper or the related sole part” and “the remaining area of the web of material in contrast can consist of a simple, lightweight or inexpensive material quality, which holds together only the patterns or areas of such patterns in the web of material after their completion.” (Pet. 17 (citing Ex. 1009, 2:12-20.) But those portions of Nishida support NIKE, not Petitioner, because they confirm that the layouts and surrounding areas of Nishida are separate materials not produced simultaneously. (*Id.*) They disclose that the portions of the web of material that correspond to layouts are made of a material with certain “quality, thickness, multilayers or the like” and that the surrounding areas are made of a different material that is “simple, lightweight or inexpensive.” (*Id.*) Those portions of Nishida, as well as the remainder of Nishida, say nothing about the layouts being knitted simultaneously with a surrounding knitted textile structure. (*Id.*) They also do not provide that the

layouts have at least one *knitted texture* that differs from a *knitted texture* in the surrounding knitted textile structure. (*Id.*)

Indeed, when Nishida is read in the context of its entire disclosure, Nishida discloses that its layouts are printed, embroidered, woven, or knitted onto a *pre-existing* backing material, just as the examiner found during prosecution. (Ex. 1009.) Petitioner's reliance on Nishida's statement that the "layouts 2 may be produced 'by a textile production process inside the web of material'" is misplaced. (Pet. 17; Ex. 1009, 1:50-56.) Petitioner relies on that statement out of context from the rest of the disclosure of Nishida. When read in context, that portion of Nishida does not provide that the layouts and the area surrounding the layouts are simultaneously formed, but rather it describes an embodiment where there are no surrounding areas at all because the layouts occupy the entire web of material. (Ex. 1009, 2:27-33.) Nishida states, "it is of further advantage in the process according to the present invention that the individual patterns or partial patterns already can be produced directly in the production of the web of material in the desired shoe size, by which the cutting waste can be still further limited, *since the individual patterns or partial patterns in the provided size can directly adjoin one another.* (*Id.*)

Moreover, Nishida explains that "embroidery" is an example of a "textile production process inside the web of material." (Ex. 1009, 5:27-31.) As NIKE

clarified for the examiner during prosecution, “embroidery is produced as a subsequent operation onto an existing backing material.” (Ex. 1002, 260.) Thus, the disclosure of a “textile production process inside the web of material” is not a disclosure that the layouts are simultaneously formed with the backing material or the surrounding areas.

Finally, as NIKE explained during prosecution, Nishida fails to disclose that the layouts are simultaneously *knitted* with the backing material. That is, although Nishida discloses that the backing material can be “a knitted fabric” and that the layouts may be “knitted,” Nishida never discloses that these two processes occur simultaneously. (Ex. 1009, 3:13-15.) The processes of “knitting through” or “stitching through” a preexisting knitted backing material was known at the time of Nishida, including at least the process disclosed in U.S. Patent No. 4,144,727 to Duhl. (Ex. 1002, 260.) Thus, it is entirely in keeping with Nishida’s disclosure for a layout (knitted or not) to be subsequently produced on an existing backing material (knitted or not) using the type of known process disclosed in Duhl. (*Id.*)

For all the above reasons, Reed and Nishida fail to disclose the limitation of claim 1 and its dependent claims of simultaneously knitting a textile element with a surrounding textile structure where the knitted textile element has a texture that differs from a texture in the surrounding knitted textile structure. Petitioner incorporated and adopted the same arguments for the similar limitation in claim 13

and its dependent claims, and those arguments similarly fail for the same reasons discussed above. Consequently, Petitioner fails to satisfy its burden of proving unpatentability of all the challenged claims for this additional reason.

2. Reed and Nishida do not disclose the claim limitation of first and second areas with a unitary construction formed of different stitch configurations to impart different textures

Claims 11 and 21 have an additional limitation that “wherein simultaneously knitting a textile element with a surrounding textile structure includes forming the knitted textile element to include a first area and a second area with a unitary construction, the first area being formed of a first stitch configuration, and the second area being formed of a second stitch configuration that is different from the first stitch configuration to impart varying textures to a surface of the knitted textile element.” (Ex. 1001, 12:14-21 and 13:5-14:5.) Neither Reed nor Nishida discloses this limitation.

Petitioner incorrectly argues claims 11 and 21 are “substantially similar” to claim 8 and, thus, Petitioner adopts its arguments for claim 8 for claims 11 and 21. (Pet. 31.) Claim 8 is not “substantially similar” to claims 11 and 21 for purposes of Petitioner’s challenge. For example, claim 8 requires that “the knitted textile element has a plurality of different knitted textures formed by varying *at least one* of the stitch type and *the yarn type*.” (Ex. 1001, 12:4-6.) Claims 11 and 21, in contrast, require a first area and a second are formed of different stitch

configurations to impart varying textures, and they do not recite varying textures by varying *yarn type*. (*Id.*, 12:14-21 and 13:5-14:5.) This is a significant in the context of Petitioner's arguments because Petitioner's support for arguing Reed and Nishida disclose claim 8 is nearly all directed to varying *yarn type*, not stitch type. (Pet. 25-29.)

The only arguments that Petitioner makes for Reed and Nishida disclosing varying texture by varying stitch configuration are the same incorrect arguments Petitioner makes for claim 1. As already discussed above, Reed and Nishida do not teach varying textures by varying stitch configurations.

The remainder of Petitioner's arguments for claim 8 (and thus claims 11 and 21) are all directed to portions of Reed and Nishida that Petitioner argues disclose varying texture by varying *yarn type*, not stitch configuration. (Pet. 25-29.) For example, Petitioner cites to the portion of Reed that discloses using different "fibers" for the inner knitted tube and the outer knitted tube. (Pet. 26; Ex. 1006, 3:61-4:9.) But that portion of Reed says nothing about varying stitch configurations in the knitted garment to impart varying textures. (*Id.*) Similarly, Petitioner points to the portion of Nishida that states "in the embodiment according to FIGS. 1 and 2, with layout 2 on the web of material 1, areas 26 and 27 are produced in a configuration, color or style, that is different from the other areas." (Pet. 26-27; Ex. 1009, 4:6-9.) The remainder of that except, which Petitioner

ignores, states that “a heel counter 28, represented in FIG. 3, is applied on areas 26, 27 after formation of the initially described heel seam.” (Ex. 1009, 4:9-11.) Thus, when read in context, that portion of Nishida does not disclose varying stitch configurations to impart varying textures. At most, that portion of Nishida, like the rest of Nishida, discloses varying materials, fibers, or yarns. (*Id.*)

Petitioner also relies on the portion of Nishida that states “layout 2 is divided into different individual parts or areas, which differ from one another, such as by being of another material style and/or being different fibers or yarns, for example, from wool, wool with metal yarns, silks, silk with metal yarns, wool with plastic fibers or the like and/or by being formed of different colors, such as from fibers or yarns of different colors, including those of metals, or by different color prints, and/or by being differently designed fiber extrudates or fiber extrudate compositions, such as twisted, processed parallel or the like.” (Pet. 27; Ex. 1009, 3:15-25.) Again, that portion of Nishida does not disclose varying stitch configurations to impart varying textures. (*Id.*) Like the rest of Nishida, the excerpt discloses varying materials, fibers, or yarns. (*Id.*)

Thus, Petitioner fails to identify any disclosure in Reed or Nishida that teaches “simultaneously knitting a textile element with a surrounding textile structure includes forming the knitted textile element to include a first area and a second area with a unitary construction, the first area being formed of a first stitch

configuration, and the second area being formed of a second stitch configuration that is different from the first stitch configuration to impart varying textures to a surface of the knitted textile element.” Petitioner fails to satisfy its burden of proving unpatentability of claims 11 and 21 for this additional reason.

G. PETITIONER’S OBVIOUSNESS ARGUMENTS ARE IMPROPERLY TAINTED BY HINDSIGHT

Petitioner’s challenge improperly looks at the prior art with the benefit of hindsight, attempting to use the ’749 patent “as an instruction manual or ‘template’ to piece together the teachings of the prior art so that the claimed invention is rendered obvious.” *In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992); accord *Winner Int’l Royalty Corp. v. Wang*, 11 F.Supp.2d 18, 24 (D.D.C. 1998) (“The standard of obviousness is not whether in hindsight, it seems elementary that someone would have combined ... certain elements in the prior art to form the invention in question.”), *affd.*, 202 F.3d 1340 (Fed. Cir. 2000).

Petitioner’s improper use of hindsight is seen, for example, in Petitioner’s argument that Reed and Nishida disclose varying stitch configurations to impart varying textures. Neither Reed nor Nishida says a word about varying stitch configuration to impart different textures to different areas of a knitted textile. (Ex. 1006, Ex. 1009.) It is the ’749 patent that teaches that. (Ex. 1001, 9:39-47.) Indeed, as the Board points out in its Institution Decision, Petitioner’s obviousness challenge is based, in part, on the ’749 patent’s disclosure that different textures

“are formed *by merely varying the type of stitch formed* by the wide-tube circular knitting machine at each location of the textile element.” (Dec. 6 (emphasis in original).) It is improper for Petitioner to use that teaching of the ’749 patent to guide its obviousness analysis.

Petitioner’s improper use of hindsight is also highlighted by its attempt to define the problems Reed and Nishida sought to address in terms of the solution the ’749 patent provided. For example, Petitioner argues that a person of ordinary skill in the art would have been motivated to combine Reed and Nishida because “both Reed and Nishida are directed to reducing costs associated with producing textile elements using the latest advances in knitting technology.” (Pet. 13.) In reality, the problems Reed and Nishida sought to address are very different, with Reed addressing the problem of garments that are not preseamed and Nishida addressing the problem of the German Patent not disclosing both a layout for a shoe upper and a related sole part. *Insite Vision Inc. v. Sandoz, Inc.*, 783 F.3d 853, 859 (Fed. Cir. 2015) (“Defining the problem in terms of its solution reveals improper hindsight”).

In sum, Petitioner fails to carry its burden of proving the challenged claims of the ’749 patent are unpatentable over Reed and Nishida, particularly given the low level of ordinary skill in the art with no knitting experience. Petitioner’s use of hindsight to attempt to piece together Reed and Nishida is improper and leads to

reversible error. *In re NTP, Inc.*, 654 F.3d 1279, 1299 (Fed. Cir. 2011) (reversing obviousness determination where Board “relied on hindsight reasoning to piece together elements to arrive at the claimed invention”).

IV. CONCLUSION

Petitioner has failed to prove that claims 1-9, 11-19, and 21 of the '749 patent are unpatentable. NIKE requests that the Board enter a final written decision affirming the patentability of those claims.

Date: January 23, 2017

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WORD COUNT CERTIFICATION

Pursuant to 37 C.F.R. § 42.24(d), I certify that this Response contains 13,952 words (excluding the table of contents, table of exhibits, this certificate, and the certificate of service), as determined by Microsoft Word.

Date: January 23, 2017

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served on January 23, 2017, by email directed to the attorneys of record for Petitioner as follows:

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