

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LULULEMON USA INC.,

Petitioner,

v.

NIKE, INC.,

Patent Owner.

Case IPR2024-00460

Patent No. 8,266,749

**PATENT OWNER'S REQUEST FOR DIRECTOR REVIEW
OF FINAL WRITTEN DECISION**

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Patent Owner Nike, Inc. (“Nike”) requests Director Review, pursuant to 37 C.F.R. § 42.71(d), of the Final Written Decision (Paper 30, “FWD”) finding that claims 1–21 of U.S. Patent No. 8,266,749 (“’749 patent”) are unpatentable. Director Review should be granted for two independent reasons. First, the Board abused its discretion by disregarding the testimony and admissions of Petitioner lululemon usa, inc.’s (“lululemon’s”) expert without any reasonable basis. Second, even if the admissions of lululemon’s expert are disregarded, the Board made an erroneous finding of material fact by finding that Nishida’s imprecise disclosure anticipates the challenged claims.

I. LEGAL STANDARD

Director Review of a Board’s Final Written Decision is warranted when the decision presents “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” Director Review Process, § 2.B. Board decisions under Director Review are reviewed *de novo*. *Id.*, § 5.A.ii.c.

II. BACKGROUND

A. The ’749 Patent

The ’749 patent relates to methods of manufacturing footwear. Prior to the ’749 patent, footwear uppers (*i.e.*, the portion of the footwear that covers the foot) were made using “multiple materials to impart different properties” to different areas

of the upper. '749 patent, 1:56–60. Footwear manufacturers sourced, cut, and joined together multiple material pieces to create an upper. *Id.* This conventional method was rife with inefficiencies and waste. *Id.*, 3:4–6. For example, the various materials needed for an upper were generally not available from a single supplier. *Id.*, 3:6–14. A manufacturer, therefore, needed to coordinate the purchase and receipt of multiple materials from multiple suppliers located in multiple countries. *Id.* The various materials, once received from the multiple suppliers, needed to be cut, prepared, and then joined together to form the upper. *Id.* This required multiple different machines and assembly line techniques. *Id.* And cutting and preparing the multiple materials resulted in waste. *Id.*

The invention of the '749 patent addressed these inefficiencies and revolutionized the way footwear uppers are made. The patent teaches, among other things, knitting a footwear upper on a knitting machine with different textures in different areas. The result is a one-piece upper with different properties in different areas—a much more efficient method than the conventional method of joining together multiple materials to achieve different properties in different areas. *E.g.*, Ex. 1001, 3:4–23, 11:6–9.

This invention is embodied in independent claims 1 and 13 which recite methods of knitting textile elements at the same time as a surrounding textile structure. *E.g.*, Ex. 1001, 11:43–14:5. The knitted textile elements have at least one

texture that is different from the texture of the surrounding textile structure. *Id.* The knitted textile elements are then removed from the surrounding textile structure and incorporated into articles of footwear. *E.g., id.*, Figure 9, 7:38–9:4, 11:43–14:5.

B. The Nishida Reference

Nishida is directed to a method of manufacturing shoe components. *E.g.*, Ex. 1005, 4, 9. Nishida discloses the conventional method of manufacturing footwear. That is, Nishida discloses forming a footwear upper using multiple materials and processes, including starting with a backing material and forming additional layers of material on top of or within that pre-existing backing material.

As shown in Figure 2 (reproduced below), Nishida discloses a material web 1 that has two primary components: (i) “unwound web parts” labeled 2 (i.e., shoe patterned pieces) and (ii) a “material web base” labeled 4.

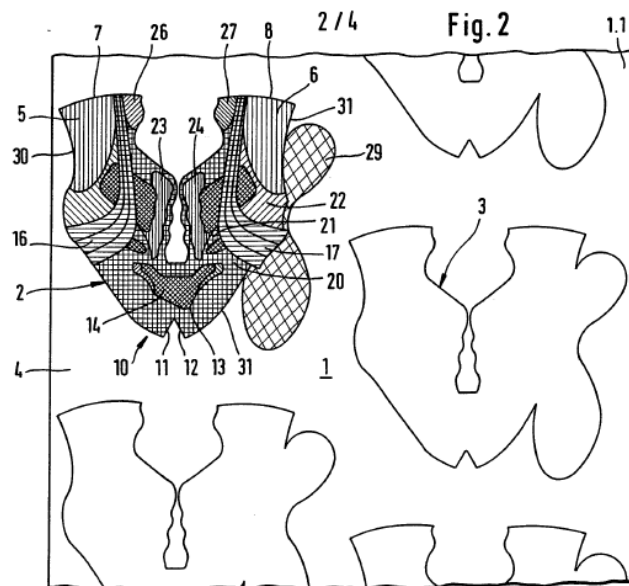


Figure 2 of Nishida

Unlike the '749 patent, Nishida does not disclose that unwound web parts 2 and material web base 4 are “simultaneously knit[ted],” i.e., knitted during a single knitting step. Instead, forming Nishida’s material web 1 requires at least two steps. In the first step, the material web base is formed as a separate, preexisting base. Ex. 1005, 4–5. In the second step, unwound web parts are printed (with a fabric printing process) or produced (with a textile production process) on top of or within fully-formed, preexisting material web base. *Id.*, 4–5, 7–8, 9 (claiming “unwound web part (2)” and “sole part (29)” are “produced by a print process on the material web (1) and/or by a textile production method within the material web.”). As depicted in Figure 1, the surface areas labeled 1.1 and material web base 4 are different elements of Nishida’s material web. Ex. 2003, ¶ 42. Surface areas 1.1 of the material web base represent areas around or in between the unwound web parts. Ex. 1005, Fig. 1. After the unwound web parts are produced on the material web base, they are cut from the material web and assembled into an article of footwear. *E.g., id.*, 5.

C. Relevant File History

During original prosecution of the '749 patent, the Examiner twice rejected claims 1–8, 11–18, and 21 as anticipated by U.S. Pat. No. 5,345,638 (“Nishida-US”; Ex. 1013). Ex. 2001, 12, 35. Nishida-US is virtually identical to its foreign counterpart, Nishida (WO 92/22223), which lululemon asserts in its Petition. Exs. 1004, 1005.

In response to the first rejection, Nike explained Nishida-US fails to disclose “a knitted textile element *simultaneously* formed with a knitted textile structure during a knitting process.” Ex. 2001, 29–31. Unlike the claims of the ’749 patent, Nike explained, Nishida-US “discloses that layouts 2 are printed, embroidered, woven, or knitted onto a *pre-existing* backing material 4.” *Id.*, 30. The Examiner initially rejected this argument and issued a final Office Action. *Id.*, 35–37.

Nike and the Examiner then held an interview. *See id.*, 40. “[A]fter further consideration,” the Examiner agreed. *Id.* “Nishida may disclose a web of material having different textures,” the Examiner explained, “but there is *no clear disclosure* . . . that the textile element and the surround [sic] structure are simultaneously knitted.” *Id.* (emphasis added).

In subsequent remarks, Nike explained that “Nishida discloses that the backing 4 for the web of material 1 must be formed prior to the production of the layouts.” Ex. 2001, 43. 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.* The Examiner again agreed. The Examiner then allowed the claims without amendment. *Id.*, 49.¹

D. Relevant Issues Addressed In this IPR Proceeding

lululemon alleges that Nishida anticipates claims 1–8 and 12–18 of the ’749 patent. Petition at 19. lululemon further alleges Nishida renders obvious claims 9, 10, 19, and 20 when combined with a POSITA’s general knowledge, and renders obvious claims 11 and 21 when combined with Zuckerman. *Id.*

Nike’s Patent Owner Response explains that lululemon’s Petition did not show that Nishida clearly discloses “simultaneously knitting a textile element with a surrounding textile structure,” as recited in independent claim 1. Nike explained that lululemon also fails to show that Nishida discloses a substantially similar limitation recited in independent claim 13.² Ex. 2003, ¶33. POR, 17–21.

Consistent with the Examiner’s conclusions during the original prosecution of the ’749 patent, Nike’s expert opined that Nishida fails to disclose the claimed

¹ The ’749 patent has also survived multiple validity challenges across different venues including a jury verdict of no invalidity in *Nike, Inc. v. lululemon usa inc.*, No. 1:23-cv-00771-AS (S.D.N.Y.).

² Independent claim 13 recites “knitting a first textile element and a second textile element simultaneously with knitting a surrounding textile structure.”

“simultaneously knitting” step. But that wasn’t all. lululemon’s *own expert*, Dr. Brookstein, agreed with Nike and the Examiner that Nishida fails to disclose “simultaneous knitting.” POR, 21. Specifically, when deposed in the parties’ parallel district court litigation, Dr. Brookstein admitted that the unwound parts and base material were *not* simultaneously knit (Ex. 2005, 257:5–24):

Q: So this document, Exhibit 9, is what you referred to in your report as the Nishida reference; is that right?

A: That is correct.

Q: It’s actually an English translation of the Nishida reference?

A: It’s a certified English translation, yes.

Q: Is it your opinion, Dr. Brookstein, that unwound parts number two disclosed in Nishida are simultaneously knit with the base material?

A: Not with the base material, no.

Q: No?

A: No.

In the IPR proceeding, lululemon had an opportunity to offer a reply declaration from Dr. Brookstein to explain-away his clear admission. But lululemon and Dr. Brookstein declined to do so. Instead, lululemon relied solely on contrived attorney argument to attempt to explain away Dr. Brookstein’s admission. lululemon’s attorney—but not Dr. Brookstein himself—argued that Dr. Brookstein was confused because he was asked a question using the short-hand “base material,”

instead of the term “material web base.” Reply, 12. But Dr. Brookstein, who had Nishida in front of him, answered Nike’s questions deliberately and definitively. *See* Ex. 2005, 257:5–24. He exhibited no issue understanding what Nike asked him. *Id.* Indeed, counsel for lululemon did not even lodge an objection to these questions. *Id.* Nor did counsel perform any redirect on this point. Dr. Brookstein’s answer was clear and unequivocal. *Id.*

E. Oral Hearing

During the May 7, 2025 Hearing, the Panel asked lululemon’s counsel to reimagine Dr. Brookstein’s unambiguous testimony.

Q: Well, it may not be super important, but what I want to get at is it your opinion -- I just kind of want to know where, you know -- you know, you’re not Brookstein, but you know, what’s your position on what he meant by this?

Is he disputing -- is it fair to say that your opinion is he wasn’t even speaking to the “simultaneously” aspect of the question, he was disputing the premise because there is no base material?

Paper 29, 11:6–9. lululemon’s counsel, of course, was eager to explain away Dr. Brookstein’s testimony. *Id.*, 11:13–12:13. *See also id.*, 12:14–25. But counsel identified no record evidence that supported their interpretation. *Id.*

The Board also acknowledged the lack of clarity in Nishida’s disclosure. Specifically, the Board highlighted the imprecision in the portions of Nishida that lululemon alleges satisfies the “simultaneous knitting” limitation. When describing

the parties’ different interpretation of Nishida, the Board stated “I’m not saying it’s a slam dunk in the other direction.” Paper 29, 26:24.

F. Final Written Decision

Despite Dr. Brookstein’s testimony, the Board concluded that Nishida anticipates the independent claims of the ’749 patent. FWD, 46. Even though Dr. Brookstein’s testimony aligned exactly with the conclusions of the Examiner and Nike’s expert—the Board cast aside his testimony as “too ambiguous.” *Id.*, 28. Without any evidence except lululemon’s attorney argument, the Board found it “not clear that the witness had the same understanding of the question that Patent Owner now urges.” *Id.*

III. ARGUMENT

The Board committed at least two errors that warrant Director Review.³ First, the Board abused its discretion by unreasonably disregarding Dr. Brookstein’s testimony that Nishida does not disclose “simultaneous knitting.” Second, even if

³ These errors have spread to Skechers’ challenge against the ’749 patent. Director Review of an institution denial was granted in IPR2025-00141 which addresses the same patent, in part due to the “Board’s prior findings that Nishida discloses the ‘simultaneous knitting’ limitation.” *Skechers USA, Inc. v. Nike, Inc.*, IPR2025-00141, Paper 23 at 4 (PTAB Aug. 21, 2025).

Dr. Brookstein’s testimony is disregarded, the Board made erroneous findings of material fact by finding that certain imprecise disclosures in Nishida satisfy the “simultaneously knitting” limitation.⁴

A. The Board Disregarded lululemon’s Own Expert Testimony

The Board abused its discretion by disregarding Dr. Brookstein’s clear testimony based only on speculative attorney argument. Reply, 12–13. “[T]he trier of fact [is] not . . . at liberty to disregard arbitrarily the unequivocal, uncontradicted and unimpeached testimony of an expert witness. *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, 757 F. App’x 974, 979 (Fed. Cir. 2019). The Board’s

⁴ The panel in adidas’ ’749 patent IPR never held that Nishida anticipates any claim of the ’749 patent. adidas did not present a Nishida anticipation ground. *adidas AG v. Nike, Inc.*, IPR2016-00922, Paper 6 at 8 (PTAB Oct. 21, 2016). Instead, adidas alleged that the independent claims were unpatentable over Reed in combination with Nishida. *Id.* The Board rejected that argument. *adidas AG v. Nike, Inc.*, IPR2016-00922, Paper 31 at 49–50 (PTAB Feb. 19, 2019). Any statements the Board made as to whether Nishida anticipates the independent claims are dicta, and therefore not binding, making them equally, if not even more, speculative than the PTAB’s finding here. *See, e.g., Curver Lux., SARL v. Home Expressions Inc.*, 938 F.3d 1334, 1342 (Fed. Cir. 2019).

“rejection of expert testimony must have some reasonable basis.” *See Fanduel, Inc. v. Interactive Games LLC*, 966 F.3d 1334, 1345 (Fed. Cir. 2020) (applying *Imperium IP*, 757 F. App’x 974, 979 to IPR proceedings). And one situation in which the Board’s rejection of expert testimony “lacks any reasonable basis” is when an the expert “gave straight-forward, detailed testimony” that “was not contradicted.” *See Imperium IP Holdings*, 757 F. App’x at 979.

Here, the Board did just that. The Board’s rejection of Dr. Brookstein’s expert testimony lacked any reasonable basis. Dr. Brookstein’s deposition testimony was unequivocal, uncontradicted, and unimpeached. His testimony was entirely consistent with Nike and the Examiner. Ex. 2005, 257:5–24; Ex. 2003, ¶¶ 39–44. And yet the Board disregarded his testimony as “not clear.” FWD, 28. The Board provides no alternative explanation as to how else Dr. Brookstein could have interpreted Nike’s question. Nor does the Board explain what else Dr. Brookstein could have been referencing in his answer. Instead—without any evidentiary support—the Board simply latched onto lululemon’s contrived, speculative attorney argument about Dr. Brookstein’s state of mind. The Director has previously granted Director Review for similar errors. *See Prime Time Toys LLC v. Spin Master, Inc.*, IPR2023-01339, IPR2023-01348 & IPR2023-01461, Paper 12 at 12–13 (July 9, 2024) (granting Director Review after determining that the Board overlooked

admissions from Patent Owner’s expert in a prior proceeding that supported Petitioner’s motivation to combine arguments).

The Board appeared to discount Dr. Brookstein’s testimony because the testimony was inconsistent with his expert declaration. *See* FWD, 28 (referencing a possible “change[] of opinion” by Dr. Brookstein). But inconsistency between Dr. Brookstein’s deposition testimony and his prior expert declaration—which was prepared with the benefit of counsel—is not a reasonable basis to disregard Dr. Brookstein’s clear testimony.⁵ It should come as no surprise that Dr. Brookstein’s statements contradict aspects of his expert declaration because they occurred during cross-examination.⁶ As the Supreme Court has explained, cross-examination is “relied upon expansively to test credibility as well as to seek the truth.” *Pillsbury Co. v. Conboy*, 459 U.S. 248, 259 (1983). Cross-examination is “the greatest legal engine ever invented for the discovery of the truth” because it “aides the jury in assessing a witness’s credibility.” *California v. Green*, 399 U.S. 149, 158 (1970) (cleaned up); *see also* 1 Weinstein’s Evidence Manual § 14.01 (2025) (noting that cross-examination “has the potential of shedding light on all the elements of

⁶ Dr. Brookstein merely incorporated by reference his opinions from this IPR into his expert report in the parties’ parallel litigation.

credibility—the witness’s perception, memory, accuracy in narration[,] and sincerity” and that “[i]t can expose inconsistencies, incompleteness, and inaccuracies in the testimony”).

Courts frequently credit an expert’s deposition testimony that contradicts aspects of her expert report. *See, e.g., Teva Pharms. USA, Inc. v. Corcept Therapeutics, Inc.*, 18 F.4th 1377, 1381–82 (Fed. Cir. 2021) (crediting an expert’s deposition testimony on cross-examination, despite the fact that the testimony contradicts an expert’s declaration); *Spts Techs. Ltd. v. Plasma-Therm LLC*, IPR2018-00618, Paper 24 at 27 (PTAB Aug. 26, 2019) (same). Indeed, expert depositions would have very little value if testimony contrary to the expert’s report was deemed less reliable.

B. The Board Erred by Finding that Nishida Discloses “Simultaneous Knitting”

The Board’s finding that Nishida discloses “simultaneous knitting” is an erroneous finding of material fact. The Board’s finding suffers from two deficiencies. First, the Board relies on disclosures in Nishida that lack sufficient precision to be anticipatory. Second, other disclosures in Nishida undermine the Board’s finding. The Director has previously granted Director Review where—like here—the Board’s anticipation finding lacked support in the allegedly anticipatory reference. *Mastercard Incorporated et al v. OV Loop, Inc.*, IPR2023-1289, Paper 41

(June 10, 2025). *See also Synopsys, Inc. v. ATopTech, Inc.*, 685 F. App'x 951, 955 (Fed. Cir. 2017) (reversing an IPR anticipation finding when the Board found a reference “expressly” disclosed a limitation that was not included in the reference.).

First, Nishida’s disclosure lacks sufficient precision to anticipate the ’749 patent. To prove anticipation, lululemon was required to show “that a single reference describe[d] the claimed invention with sufficient precision and detail to establish that the subject matter existed in the prior art.” *Wasica Fin. GmbH v. Cont’l Auto. Sys., Inc.*, 853 F.3d 1272, 1284 (Fed. Cir. 2017) (cleaned up); *In re Hughes*, 345 F.2d 184, 188 (C.C.P.A. 1965) (“[A] reference in any event is good only for that which it clearly and definitely discloses.”). But both the Office and the Board acknowledged that Nishida lacked precision with respect to the alleged disclosure of simultaneous knitting. The Examiner stated, during prosecution, that Nishida has “***no clear disclosure*** . . . that the textile element and the surround [sic] structure are simultaneously knitted.” Ex. 2001, 40 (emphasis added). And during oral argument in this IPR, the Board described Nishida’s alleged disclosure of “simultaneous knitting” as “[not] a slam dunk in [either] direction.” Paper 29, 26:24. Nishida’s imprecise disclosures cannot anticipate the challenged claims of the ’749 patent because “ambiguous references do not, as a matter of law, anticipate a claim.” *Wasica Fin.*, 853 F.3d at 1284.

Second, the Board’s finding that Nishida discloses “simultaneous knitting” is also contradicted by other aspects of Nishida’s disclosure. Specifically, the Board’s finding that Nishida’s material web 1 is made during a single knitting step is incompatible with Nishida’s depiction and description of material web base 4 as a separate component from material web 1.

As explained above, Nishida’s material web 1 has two primary components: unwound web parts 2 (i.e., the patterned pieces) and a material web base 4. Surface areas 1.1 of the material web represent the areas around and in between the unwound web parts. Ex. 1005, Fig. 2 (reproduced above). The Board’s reading that Nishida discloses forming material web 1 in one single knitting step means that material web base 4 and material web 1 would be the one and the same. Thus, this finding is contrary to the clear language of Nishida’s specification.

For at least these two reasons, the Board’s finding that Nishida discloses “simultaneous knitting” is an erroneous finding of material fact. *See Mastercard Incorporated*, IPR2023-1289, Paper 41 (June 10, 2025).

IV. CONCLUSION

Director Review should be granted for the foregoing reasons.

Dated: September 5, 2025

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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 REQUEST FOR DIRECTOR REVIEW OF FINAL WRITTEN DECISION**, which was served on September 5, 2025 to the following Counsel for Petitioner via e-mail:

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