

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

adidas AG
Petitioner

v.

Nike, Inc.
Patent Owner

Patent No. 8,266,749
Filing Date: September 20, 2011
Issue Date: September 18, 2012
Title: ARTICLE OF FOOTWEAR HAVING A TEXTILE UPPER

Inter Partes Review No. Unassigned

**PETITION FOR *INTER PARTES* REVIEW
UNDER 35 U.S.C. §§ 311-319 AND 37 C.F.R. § 42.100 *ET SEQ.***

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LIST OF EXHIBITS

PETITIONER EXHIBIT	DESCRIPTION
1001	U.S. Patent No. 8,266,749 (“the ‘749 patent”)
1002	File History for U.S. Patent No. 8,266,749 (“‘749 file history”)
1003	Declaration of Lenny Holden (“Holden Decl.”)
1004	C.V. for Lenny Holden
1005	Form PTO-SB/42
1006	U.S. Patent No. 3,985,003 to Reed (“Reed”)
1007	U.S. Patent No. 4,038,840 to Castello (“Castello”)
1008	U.S. Patent No. 6,330,814 to Fujiwara (“Fujiwara”)
1009	U.S. Patent No. 5,345,638 to Nishida (“Nishida”)
1010	David J. Spencer, Knitting Technology: A Comprehensive Handbook and Practical Guide (Third Ed., Woodhead Publishing Ltd. 2001) (“Spencer”)
1011	Paul Burall, “CoID Design Awards,” Design, June 1969, pp. 46-47 (“Burall”)
1012	ISO 8117:2003(E) Textile machinery - Knitting machines - Nominal diameters of circular machines (“ISO 8117”)

I. INTRODUCTION

Through counsel, real party in interest adidas AG (“Petitioner”) hereby petitions for initiation of *inter partes* review of claims 1-9, 11-19, and 21 of U.S. Patent No. 8,266,749 (“the ‘749 patent”), assigned to Nike, Inc. (“Patent Owner”). A copy of the ‘749 patent is attached as Exhibit 1001, and a copy of the prosecution history of the ‘749 patent is attached as Exhibit 1002.

II. MANDATORY NOTICES

A. Real Party in Interest

Petitioner, adidas AG, the ultimate parent of adidas International B.V., adidas North America, Inc., adidas America, Inc., and adidas International, Inc., is the real party-in-interest for the instant petition.

B. Related Matters

The ‘749 patent is a continuation application of U.S. Patent No. 8,042,288, which is a continuation application of U.S. Patent No. 7,814,598, which is a divisional application of U.S. Patent No. 7,347,011 (“the ‘011 patent”). The Board instituted *inter partes* review of claims 1-46 of the ‘011 patent (IPR2013-00067), and Nike requested cancellation of claims 1-46 and proposed substitute claims 47-50. The Board granted the motion to cancel, but denied the motion as to the substitute claims. Nike appealed the Board’s decision to the Federal Circuit (Case No. 2014-1719). The Federal Circuit issued a decision on February 11, 2016, which affirmed-in-part, vacated-in-part, and remanded the case to the Board for further proceedings on

secondary consideration and patentability of dependent claim 49.

C. Fee

This petition for *inter partes* review of 19 claims of the ‘749 patent is accompanied by a fee payment of \$24,600 which includes the \$10,600 *inter partes* review request fee and the \$14,000 *inter partes* review post-institution fee. *See* 37 C.F.R. § 312(a)(1) and 37 C.F.R. § 42.15(a) and 42.103. Petitioner further authorizes a debit from Deposit Account 20-1430 for whatever additional payment is necessary in granting this petition.

D. Designation of Lead Counsel and Request for Authorization

<u>Lead Counsel</u> Mitchell G. Stockwell Reg. No. 39,389 mstockwell@kilpatricktownsend.com Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street, NE, Suite 2800 Atlanta, Georgia 30309 (404) 815 6214	<u>Back-Up Counsel</u> Vaibhav P. Kadaba Reg. No. 45,865 wkadaba@kilpatricktownsend.com Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street, NE, Suite 2800 Atlanta, Georgia 30309 (404) 532 6959 Tiffany L. Williams Reg. No. 59,549 tiwilliams@kilpatricktownsend.com Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street, NE, Suite 2800 Atlanta, Georgia 30309 (404) 815 6608
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E. Service Information

As identified in the attached Certificate of Service, a copy of the present petition, in its entirety, is being served to the address of the attorney or agent of record. Petitioner, adidas AG, may be served at its counsel, Kilpatrick Townsend &

Stockton LLP, at the e-mail addresses indicated above.

F. Power of Attorney

A power of attorney with the designation of counsel is filed herewith in accordance with 37 C.F.R. § 42.10(b).

G. Standing

Petitioner certifies that the ‘749 patent is eligible for *inter partes* review and further certifies that Petitioner is not barred or otherwise estopped from requesting *inter partes* review challenging the identified claims on the grounds identified herein.

III. THE ‘749 PATENT

A. Priority Date of the ‘749 Patent

The ‘749 patent issued on September 18, 2012 from Application No. 13/236,742 (“the ‘749 application”), filed on September 20, 2011. The ‘749 patent purports to be a continuation of Application No. 12/879,517, filed on September 10, 2010, now U.S. Patent No. 7,042,288 (“the ‘288 patent”). The ‘288 patent purports to be a continuation of Application No. 12/032,995, filed on February 18, 2008, now U.S. Patent No. 7,814,598 (“the ‘598 patent”). The ‘598 patent purports to be a division of Application No. 10/791,289, filed on March 3, 2004, now U.S. Patent No. 7,347,011. Thus, the earliest possible effective filing date for purposes of 35 U.S.C. §§ 102(a) and 102(b) is March 3, 2004.

B. Brief Description of the ‘749 Patent and Summary of the Prosecution History

The ‘749 patent relates to an article of footwear having a textile upper. (Ex.

1001, 1:20-23.) The ‘749 patent specifically teaches that the upper incorporates a textile element, which may be formed with a knitting machine. (*Id.*, at 3:27-29.)

The ‘742 application was filed on September 20, 2011, with claims 1-22. Original independent claims 1 and 13 were directed to methods of manufacturing an article of footwear, and original claim 22 was directed to an article of footwear.

The PTO issued a restriction requirement, requiring election between claims 1-21 and 22, in response to which Applicants elected claims 1-21. (Ex. 1002, 11/09/2011 Office Action, p. 2; 11/28/2011 Response to Restriction Requirement and Notice of Non-Compliant Amendment, p. 6.)

The PTO issued a first Office Action on the merits, rejecting claims 1-8, 11-18, and 21 under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,345,638 to Nishida (“Nishida”), as well as rejecting claims 1-21 on the ground of nonstatutory double patenting over claims 1-14 of the ‘598 patent. (Ex. 1002, 12/12/2011 Office Action, pp. 2-4.) The Examiner also indicated that claims 9, 10, 19, and 20 (directed to a wide-tube circular knitting machine and a jacquard double needle-bar raschel knitting machine) would be allowed, subject to the filing of a proper Terminal Disclaimer over claims 1-14 of the ‘598 patent. (*Id.*, at 4.)

Applicants responded by arguing that Nishida fails to disclose that “a knitted textile element is simultaneously formed with a surrounding knitted textile structure.” (Ex. 1002, 1/13/2012 Response, p. 6.) Applicants acknowledged Nishida’s disclosure that “layouts 2 may be produced ‘by a textile production process *inside* the web of

material,” but claimed that does not mean the textile element and surrounding textile structure are simultaneously formed, as it could mean an embroidery that is produced as a subsequent operation onto an existing backing material. (*Id.*, at 7-8.)

The PTO issued a final rejection of claims 1-8, 11-18, and 21, reiterating the previous rejections. (Ex. 1002, 2/1/2012 Office Action, p. 2.)

According to an Interview Summary, Applicants “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[ing] structure are simultaneously knitted.” (Ex. 1002, 4/13/2012 Interview Summary.) Applicants repeated the arguments from the Interview in the Response. (Ex. 1002, 4/17/2012 Response, p. 7.)

The Examiner then allowed claims 1-21, and canceled non-elected claim 22 through an examiner’s amendment. (Ex. 1002, 5/21/2012 Notice of Allowance.) Applicants transmitted the issue fee payment on August 15, 2012, and the ‘749 patent issued on September 18, 2012. (Ex. 1002, 8/15/2012 Issue Fee Payment.)

IV. CLAIM CONSTRUCTION

A claim subject to *inter partes* review (“IPR”) is given its “broadest reasonable construction [“BRI”] in light of the specification of the patent in which it appears.” 37 C.F.R. § 42.100(b). The words of the claim are, thus, given their plain meaning unless that meaning is inconsistent with the specification. *In re Zletz*, 893 F.2d 319,

321 (Fed. Cir. 1989). Petitioner submits, for the purposes of the IPR only, that the majority of the claim terms are presumed to take on their broadest reasonable interpretation in view of the specification of the ‘749 patent.

A. “a first area and a second area with a unitary construction” (claims 11, 21)

Claims 11 and 21 recite that the textile element includes “a first area and a second area with a unitary construction.” As part of the IPR proceedings for the ‘011 patent, the Board construed this phrase to “require a textile element having a unitary construction *and* having a first area and a second area.” *adidas AG v. Nike, Inc.*, IPR2013-00067, Paper No. 60, pp. 16-17, 2013 WL 8595550, at *7 (PTAB May 17, 2013). Because the ‘749 patent shares a common specification with the ‘011 patent and is a continuation of a division thereof, Petitioner requests that the Board construe the phrase in claims 11 and 21 to have the same meaning as its prior construction.

B. “wide-tube circular knitting machine” (claims 9, 19)

Under the BRI standard, “wide-tube circular knitting machine” should be construed as: “a circular knitting machine with a nominal diameter of 7 inches or larger.” The ‘749 patent uses “wide-tube circular knitting machine” to describe a Santoni S.p.A. wide-tube circular knitting machine having a diameter that ranges from 10 inches to 20 inches (7:14-20), but provides no other definition or explanation for what is meant by “wide-tube circular knitting machine.” The use of “wide-tube circular knitting machine” in the ‘749 patent is consistent with ISO 8117, an

international knitting standard from 2003, which specifies that any circular knitting machine with a nominal diameter of 178 mm (7 inches) or larger is categorized as a large (or wide-tube) circular knitting machine. (Holden Decl. (Ex. 1003), ¶ 97.)

Petitioner submits that the remaining claim terms should be accorded their ordinary and customary meaning as understood by one of ordinary skill in the art. *See* 77 Fed. Reg. 48700 (2012). Any claim constructions presented either implicitly or explicitly in this proceeding should not be viewed as a concession as to the proper scope of any claim term in any future litigation proceeding.

V. STATEMENT OF RELIEF REQUESTED

Pursuant to 37 C.F.R. § 42.104(b), Petitioner respectfully requests cancellation of claims 1-9, 11-19, and 21 based on the following grounds:

Ground	35 U.S.C.	Claims	References
1	103(a)	1-9, 11-19, 21	Reed and Nishida
2	103(a)	1-9, 11-19, 21	Castello, Fujiwara, and Nishida

Below is a discussion of why the challenged claims of the ‘749 patent are unpatentable under the statutory grounds raised, including claim charts specifying where each element of a challenged claim is met by the prior art. 37 C.F.R. § 42.104(b)(4). The showing in these sections establishes a reasonable likelihood of prevailing as to each ground of invalidity with respect to the challenged claims as to

that ground. This showing is supported by the Declaration of Lenny Holden (“Holden Decl.”) (Ex. 1003).

VI. PERSON OF ORDINARY SKILL IN THE ART AT THE TIME OF THE ‘749 PATENT

A person of ordinary skill in the art for the ‘749 patent would have at least a few years of experience in the footwear industry, possibly with a focus in one specific area (such as merchandising, design, product development, commercialization, and/or manufacturing), but would also have a broader understanding of shoemaking in general, as all aspects are so interdependent on each other. A person of ordinary skill would have an understanding of the product cycle for the process of designing, developing, and bringing a new product to market. He or she would also understand that there are some key review milestones where upper material designs are reviewed and considered, such as textiles, leathers, synthetics, or other types of materials used for upper construction. The skilled person would have some understanding and knowledge of the available and varied ranges of typical construction methods within a product cycle. In addition, a person of ordinary skill would have a basic knowledge of the functional requirements of footwear and a comprehensive understanding of the range of material choices, as well as construction techniques and processes used to create the various parts of a shoe and to assemble them in an effective manner. (Ex. 1003, ¶ 34.)

VII. CLAIM-BY-CLAIM EXPLANATION OF GROUNDS

As detailed in the claim charts below, through the various identified prior art references or arguments, the majority of which were not before the Examiner during prosecution of the ‘749 patent, all limitations of claims 1-9, 11-19, and 21 of the ‘749 patent were well-known in the prior art. Regarding various combinations of prior art, the ‘749 patent claims merely recite the combination of “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.” *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417-22 (2007); MPEP § 2143 (A, C).

A. Ground 1: Obviousness of Claims 1-9, 11-19, and 21 in View of Reed and Nishida

1. Reed (Ex. 1006)

Reed (Ex. 1006) issued on October 12, 1976, before the March 3, 2004 earliest possible priority date claimed by the ‘749 patent. Reed thus is prior art under 35 U.S.C. § 102(b). Reed was not cited during prosecution of the ‘749 patent and explicitly describes features of claims 1-9, 11-19, and 21 of the ‘749 patent.

Reed describes a method of manufacturing a wearable item, which includes, among other things: using a circular-knitting machine to simultaneously knit one or more textile elements with a surrounding textile structure, the textile elements located in different portions of the textile structure; removing the textile element(s) from the textile structure; and incorporating the textile element(s) into any type of garment

worn by men, women, and children, including stockings and hosiery. (Ex. 1006, Abstract; 1:58-64; 2:14-16; 2:22-31; 3:1-19; 3:58-60; 4:68-5:2; 5:56-57; 5:67-6:5; FIGS. 1, 2A, 2-6; Ex. 1003, ¶¶92, 95, 98-99, 103, 131.)

By way of background, Reed explains that the use of circular knitting machines in the garment industry was historically limited to making tubular, knitted garments, such as ladies stockings, sweaters, and other garments, wherein the entire knitted fabric was used as a unit to form one surface of a finished garment. (Ex. 1006, 1:33-44; Ex. 1003, ¶¶94.) Although Reed recognized that footwear items, such as stockings, were conventionally knit with circular knitting machines, the ability to incorporate complex knit patterns for footwear on a larger scale (as described in Reed) was not historically possible because the labor and complexity involved in manually programming the mechanical-type patterns limited pattern sizes to approximately 144 wales wide, 324 courses high. (Ex. 1006, 1:48-50; Ex. 1003, ¶¶94.)

With the advent in computerized programming for knit machines that began in the 1970s, however, “an era of unlimited pattern potential began.” (Ex. 1006, 1:45-48; Ex. 1003, ¶¶95.) “Computer electronic knitting brought about the possibilities of making patterns and designs of up to three million stitches (previously approximately 50,000 was maximum). With this system, patterns and designs are possible that before could not be made.” (Ex. 1006, 1:50-55; Ex. 1003, ¶¶95.) Reed goes on to explain that the present invention uses “an electronic circular double knitting machine” and that an “object of the present invention is to provide a method of

reducing the cost of manufacturing of garments by using the versatility of a computerized electronic knitting machine.” (Ex. 1006, 1:58-59; 2:23-25; FIGS. 1-6; Holden Decl. (Ex. 1003), ¶95.)

2. Nishida (Ex. 1009)

Nishida (Ex. 1009) issued on September 13, 1994, before the March 3, 2004 earliest possible priority date claimed by the ‘749 patent. Nishida thus is prior art under 35 U.S.C. § 102(b).

Nishida was relied on by the Examiner as an anticipatory reference for claims 1-8, 11-18, and 21 as described in Section III.B above, confirming the relevancy of Nishida to the claimed subject matter. (Ex. 1002, 12/12/2011 Office Action, pp. 2-4.) Yet Nishida was neither applied against all claims nor considered and applied as an obviousness reference in combination with other prior art references including, for example, Reed. (Ex. 1002, 5/21/2012 Notice of Allowance.)

Nishida describes using conventional textile processes and program-controlled web of material production devices to form a textile structure with a single or a plurality of textile elements in the shape of a shoe upper located in different portions of the textile structure; and removing the textile element(s) from the textile structure. (Ex. 1009, Abstract; 1:10-18; 1:47-2:5; 2:11-25; 2:40-47; 3:6-26; 3:43-52; 3:59-4:5; 4:12-18; 4:47-60; 5:64-65; FIGS. 1-2; Ex. 1003, ¶93, 96, 100-102, 104.)

3. The Combination of Reed and Nishida

Reed’s explicit statement that “[t]he present invention may be used to form all

types of garments worn by men, women and children” (Ex. 1006, 5:56-57) in combination with Reed’s explicit reference to the fact that footwear items, such as stockings, were conventionally knit with circular knitting machines (Ex. 1006, 1:33-44), would have suggested to a person of ordinary skill in the relevant art at least as of March 3, 2004, that Reed’s process could be used to form all types of articles of clothing including footwear, particularly since “clothing” is understood to refer to all things that people wear to cover their bodies. (Ex. 1003, ¶131.) Specifically, the skilled person would have understood Reed’s reference to “all types of garments” to include tops, pants, shorts, skirts, dresses, suits, outerwear, underwear, footwear, headwear, nightwear, swimwear, and accessories (such as headbands, scarves, bandanas, handkerchiefs, neckties, gloves, cummerbunds, etc.). (Ex. 1003, ¶131.)

With this understanding, the skilled person would have been motivated to use Reed’s process to produce textile elements for all types of clothing, including forming textile elements to be incorporated into footwear as described in Nishida. (Ex. 1003, ¶132.)

The skilled person would have found Nishida’s process of manufacturing textile elements to be analogous art to Reed’s process, as both are directed to methods of simultaneously forming textile elements within a surrounding textile structure using programmable and/or computerized single needle selection technology, removing the textile elements, and incorporating the textile elements into a wearable item. (Ex. 1003, ¶133.)

Additionally, both Reed and Nishida are directed to reducing costs associated with producing textile elements using the latest advances in knitting technology. (Ex. 1003, ¶¶134-135.)

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.” *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417-22 (2007); MPEP § 2143 (A, C); (Ex. 1003, ¶¶136-137.) This is particularly the case where “[a] person of ordinary skill is also a person of ordinary creativity, not an automaton.” *KSR*, 550 U.S. at 421.

4. Claim-by-Claim Analysis

i. Independent Claim 1

The chart below shows how Reed and Nishida disclose all of the limitations of claim 1, and thus render claim 1 obvious. (Ex. 1003, ¶¶92-93, 95-96, 98, 100-101, 103-104, 108-111, 126, 131.)

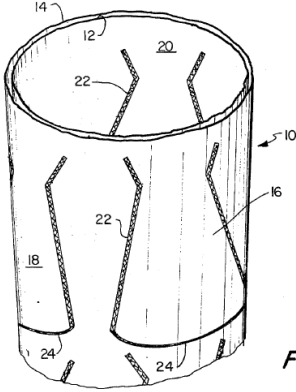
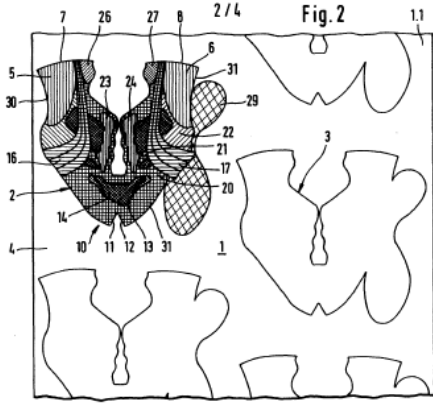
CLAIM	GROUND 1
[1A] A method of	“Still another object is to provide a method for producing a plurality of garments formed about the circumference of a knitted tube.”

CLAIM	GROUND 1
manufacturing an article of footwear, the method comprising:	Reed , 2:29-31. “The present invention may be used to form all types of garments worn by men, women and children” Reed , 5:56-57. “This invention relates to a process for the production of a shoe shaped part” Nishida , 1:10-11; <i>see also</i> Abstract; 1:65-2:10; 2:26-33; 3:27-42; 4:19-30; 4:43-46; 5:3-26; 5:63-6:2.

With respect to the [1B] limitation, Reed explicitly states that “[t]he present invention uses an electronic circular double knitting machine programmed to *simultaneously knit two concentric tubes*, one on the dial set of needles and a second on the cylinder set of needles 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 (emphasis added); Ex. 1003, ¶98.)

Moreover, a person of ordinary skill in the relevant art at least as of March 3, 2004 would have understood that the textile element and the surrounding textile structure are produced simultaneously in the circular knitting machine due to the way that a circular knitting machine forms courses around the circumference of the circular knitting machine. (Ex. 1003, ¶98.) Because each course of the circular knitting machine forms a portion of the textile element and the surrounding textile structure, the circular knitting machine forms the textile element simultaneously with the surrounding textile structure. (Ex. 1003, ¶98.)

CLAIM	GROUND 1
[1B] simultaneously knitting a	“Another object of the present invention is to provide a method of reducing the cost of manufacturing of garments by using the versatility of a <i>computerized electronic knitting machine.</i> ”

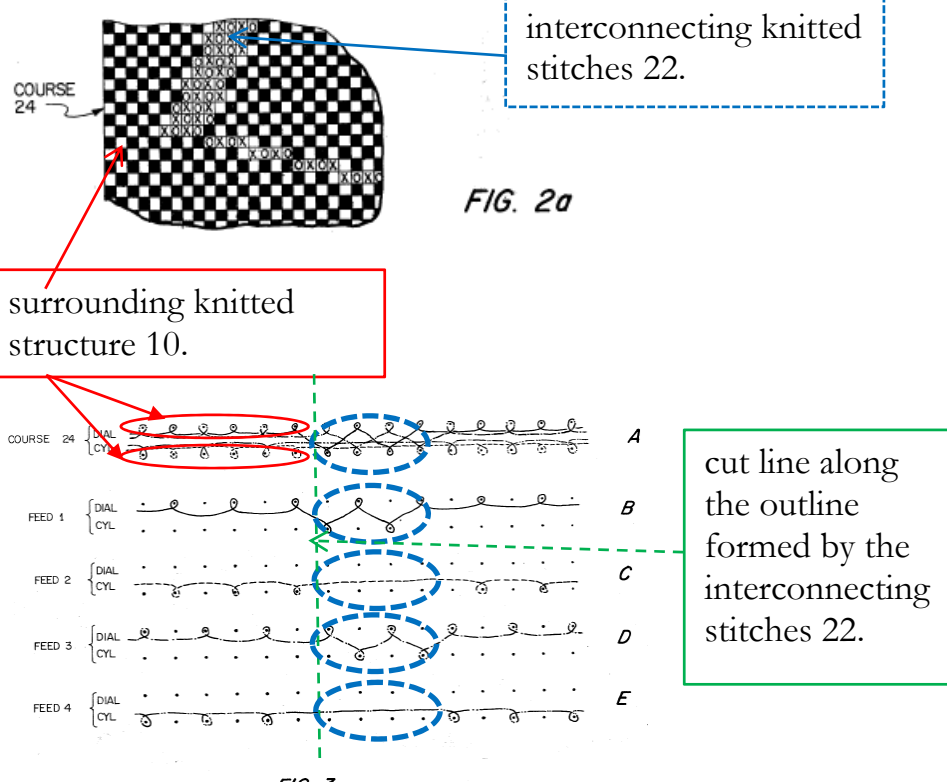
CLAIM	GROUND 1
textile element with a surrounding textile structure,	Reed, 2:22-25 (emphasis added); <i>see also</i> 1:58-59; FIGS. 1-6. “The present invention uses an electronic circular double knitting machine programmed to <i>simultaneously knit two concentric tubes</i>, one on the dial set of needles and a second on the cylinder set of needles and additionally programmed to interconnect the two concentric tubes by a knit interlock stitch <i>to form the outline of the design of a garment</i>.” Reed, 1:58-64 (emphasis added); FIG. 1 (reproduced at right); <i>see also</i> 3:5-7; 4:68-5:2.  FIG. 1 “In FIGS. 1 and 2, a web of material is identified by 1, and is produced by a conventional textile process, for example, by weaving and/or knitting and/or embroidering.” Nishida, 3:6-9; <i>see also</i> Abstract; 1:10-18; 1:47-2:5; 2:11-25; 2:40-47; 3:6-26; 3:43-52; 3:59-4:5; 4:12-18; 4:47-60; 5:64-65; FIGS. 1, 2 (reproduced at right).  Fig. 2 “As can be seen, <i>any number of layouts 2 in the most varied configurations and/or designs as well as of different sizes can be produced on a single web of material 1</i>. For this purpose, above all, <i>the use of program-controlled, particularly computer-controlled, production devices is advantageous</i>, so that style, color, design, size or the like can be varied at will.” Nishida, 4:12-18 (emphasis added); <i>see also</i> 2:40-41; 4:53-54; 5:64-65. “<i>[O]nly just those parts of the web of material are produced</i> in the necessary quality, thickness, multilayers or the like <i>which correspond to the pattern or to an area of a pattern of the shoe</i>

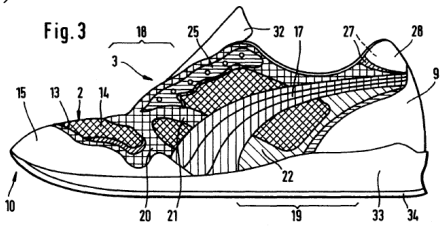
CLAIM	GROUND 1
	<i>upper or the related shoe part. The remaining area of the web of material in contrast can consist of a simple, lightweight or inexpensive material quality, which holds together only the patterns or areas of such patterns in the web of material after their completion.” Nishida, 2:12-20 (emphasis added); see also Abstract; 1:40-2:5; 2:11-2:25; 2:40-54; 3:6-26; 3:43-4:9; 4:11-18; 4:47-55; 5:27-40; 5:45-6:2.</i>

With respect to the [1C] limitation, Reed describes using different types of stitches or yarns to impart a knitted texture to the textile element(s) that is different from a knitted texture in the surrounding textile structure. For example, Reed describes that the edges of the garments 16, 18, 20 are formed by interknitted stitches, whereas the remainder of the garments 16, 18, 20 are formed by non-interknitted stitches. (Ex. 1003, ¶108.) Specifically, the outline of the garments 16, 18, 20 is formed with interknitted stitches (shown in X’s and O’s in FIG. 2), which are formed by feeds 1, 2, 3, and 4 on needles 7, 9, 8, and 10 (as shown in FIGS. 3B and 3D). (Ex. 1006, 5:3-18; FIGS. 3A-3E; Ex. 1003, ¶108.) In contrast, “two feeds [i.e., feeds 1, 3 for the dial needles] are used for one course of the inner tube 12 and two feeds [i.e., feeds 2, 4 for the cylinder needles] are used for the outer tube 14.” (Ex. 1006, 4:61-64; FIGS. 2, 2A, 3A-3E; see also 5:67-6:3; Ex. 1003, ¶108-109.) Because the interknitted stitches are part of the garments 16, 18, 20, they form a texture in the garments that is different from the texture in the surrounding textile structure. (Ex. 1003, ¶109.)

Like Reed, Nishida also describes that “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 shoe part. 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.” (Ex. 1009, 2:12-20 (emphasis added); *see also* Abstract; 1:40-2:5; 2:11-25; 2:40-54; 3:6-26; 3:43-58; 3:59-4:9; 4:11-18; 4:47-55; 5:27-40; 5:45-6:2; Ex. 1003, ¶110-111.)

CLAIM	GROUND 1
[1C] the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure;	“The knitted structure of course 24 of FIG. 2 formed by program 1 is illustrated in FIGS. 3A-3E. The inner knitting fabric formed on the dial needles are shown in FIG. 3A above the outer knitted fabric formed on the cylinder needles. Feed 1 (FIG. 3B) knits on dial needles 2, 4, 6, 8, 12, 14, etc. to form alternate stitches on the inner tube with feed 3 (FIG. 3D) on dial needles 1, 3, 5, 7, 9, 11, 13, 15, etc. stitches therebetween. The outer fabric is formed basically from an alternation of the cylinder needles using feeds 2 and 4 (FIGS. 3C and 3E, respectively). <i>Interknitted stitches (shown as X's and O's in FIG. 2) are formed by feeds 1 and 3 on needles 7 and 9 and 8 and 10, respectively, as shown in FIGS. 3B and 3D. As can be seen in FIG. 3A, feeds 1 and 3 form part of the outer fabric at interconnecting stitches 7, 8, 9, and 10 of course 24 of FIG. 2.</i> Reed, 5:3-18 (emphasis added); FIGS. 3A-3E. “[O]nce the knitted structure 10 is removed from the knitting machine, the individual garments may be severed by cutting along the outline formed by the interconnecting stitches represented by the X’s and O’s.” Reed, 5:67-6:3; <i>see also</i> 4:61-64; FIGS. 2, 2A (reproduced below), 3A-3E (reproduced below).

CLAIM	GROUND 1
	 FIG. 2a shows a knitted structure 10 with a checkerboard pattern of stitches. A red arrow points to the surrounding knitted structure 10, and a blue arrow points to the interconnecting knitted stitches 22. A dashed blue box highlights the interconnecting knitted stitches 22. FIG. 3 shows a series of stitch patterns for COURSE 24 and FEEDS 1 through 4. A red oval highlights the interconnecting stitches 22. A green dashed line indicates a cut line along the outline formed by the interconnecting stitches 22. A green box highlights the cut line along the outline formed by the interconnecting stitches 22. FIG. 3 See Section VII.A.4.i, claim 1B regarding Nishida.
[1D] removing the knitted textile element from the surrounding knitted textile structure; and	“The interconnecting knitting 24 is merely to define the lower outline of the skirt <i>upon which the pattern may be cut</i>. As can be seen, the knitted structure 10 includes (around its circumference) <i>a plurality of finished garments which need only be severed from the structure 10</i> and turned inside out if a hidden seam is desired.” Reed, 3:12-19 (emphasis added). “As indicated previously, once the knitted structure 10 is removed from the knitting machine, <i>the individual garments may be severed [sic] by cutting along the outline</i> formed by the interconnecting stitches represented by the X's and O's. If desired, the <i>fabric may be cut with a hot knife</i> so that the edges are fused together to add additional strength to the seams.” Reed, 5:67-6:5 (emphasis added); <i>see also</i> Abstract; 2:14-16; 3:12-19; 5:67-6:5; FIGS. 2, 4-6. “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, <i>cutting out these layouts from the web of material</i> and stitching the parts of the shoe upper to a top part, and fastening the related part of the sole to the edge

CLAIM	GROUND 1
	area of the cut-open outside edge of the assigned layout and to a shoe shaped part produced according to this process.” Nishida , 1:10-18 (emphasis added); <i>see also</i> Abstract; 1:65-2:10; 2:20-25; 2:30-33; 3:31-35; 4:31-43.
[1E] incorporating the textile element into an upper of the article of footwear.	Nishida describes “<i>stitching parts of the layout</i> of the cut-out unit on provided seams <i>to form an upper of the shoe shaped part . . .</i>” Nishida, 6:36-38 (emphasis added); <i>see also</i> Abstract; 1:40-47; 1:50-56; 1:60-2:5; 2:34-37; 2:40-45; 3:6-26; 3:46-48; 3:66-4:1; 4:13-18; 4:25-60; 5:10-26; FIG. 3 (reproduced at right). 

ii. Dependent Claim 2

The chart below shows how Reed and Nishida disclose the feature of claim 2, and thus render claim 2 obvious. (Ex. 1003, ¶¶99-100, 102.)

CLAIM	GROUND 1
[2] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile structure includes simultaneously knitting a plurality of textile elements.	“Still another object is to provide a method for producing a <i>plurality of garments</i> formed about the circumference of a knitted tube.” Reed, 2:29-31 (emphasis added). “As can be seen, the knitted structure 10 includes (around its circumference) a <i>plurality of finished garments</i> which need only be severed from the structure 10 and turned inside out if a hidden seam is desired.” Reed, 3:15-19 (emphasis added); <i>see also</i> Abstract; 1:58-64; 2:22-25; 3:5-7; 3:58-60; 4:68-5:2; FIG. 1. “The web of material 1 can be provided with a single or with a plurality of layouts 2 of the shape of a shoe upper 3, as it is represented from the side, for example, in FIG. 3.” Nishida, 3:9-12; <i>see also</i> Abstract; 1:47-2:5; 2:11-25; 2:40-2:47; 3:6-26; 3:43-52; 3:59-4:5; 4:47-60; 5:64-65; FIGS. 1-2.

iii. Independent Claim 13

Independent claim 13 is substantially similar to the combination of claims 1 and 2, wherein elements [13A], [13B], [13D], [13E], and [13F] are identical to elements [1A]-[1E], respectively. The chart below shows how Reed and Nishida disclose the features of claim 13, and thus render claim 13 obvious. (Ex. 1003, ¶¶99-100, 102.) (Ex. 1003, ¶¶92-93, 95-96, 98-104, 108-111, 126, 131.)

CLAIM	GROUND 1
[13A] A method of manufacturing an article of footwear, the method comprising:	See Section VII.A.4.i, claim 1A.

A primary difference is that [13B] recites “a first textile element and a second textile element”, while claim 1 recites “a textile element.” However, dependent claim 2 adds essentially this same feature to claim 1 in the form of “a plurality of textile elements.”

CLAIM	GROUND 1
[13B] knitting a first textile element and a second textile element simultaneously with knitting a surrounding textile structure,	See Sections VII.A.4.i, claim 1B, and VII.A.4.ii, claim 2.

In addition, [13C] recites that the two textile elements are located in different portions of the knitted textile structure, a feature disclosed in the positioning of Reed’s garments around the cylindrical tube, and in the positioning of Nishida’s layouts within the web of material. (Ex. 1003, ¶¶99-100, 102.)

CLAIM 13	GROUND 1
[13C] the first knitted textile element located within a first portion of the knitted textile structure, the second knitted textile element located within a second portion of the	See Section VII.A.4.ii, claim 2.

CLAIM 13	GROUND 1
knitted textile structure,	
[13D] varying at least one of the types of stitches or the types of yarns in the knitted textile structure to impart a texture to the first and second knitted textile elements different from a texture of the knitted textile structure extending between the first and second portions;	See Section VII.A.4.i, claim 1C.
[13E] removing the first and second knitted textile elements from the knitted textile structure;	See Section VII.A.4.i, claim 1D.
[13F] incorporating at least one of the first and second knitted textile elements into the article of footwear.	See Section VII.A.4.i, claim 1E.

iv. Dependent Claims 3, 4, and 14

Dependent 3 and 14 recite “knitting an outline of the knitted textile element/first knitted textile element.” Claim 14 depends from claim 13 and adds that the “outline has the shape and proportion of the knitted textile element.” The chart below shows how Reed and Nishida disclose the features of claims 3, 4, and 14, and thus render claims 3, 4, and 14 obvious. (Ex. 1003, ¶¶112-113.)

CLAIM	GROUND 1
[3] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile includes knitting an outline of the knitted textile element.	“The garments 16, 18 and 20 are outlined by a plurality of interconnecting knitted stitches 22 and 24.” Reed, 3:8-9 (emphasis added). “The outline seam 24 is formed from two sets of X’s and O’s which are offset in the wale axes by four wales. The degree of wale offset to form the desired outline is a matter of design and thus not critical.” Reed, 4:42-45 (emphasis added). “[O]nce the knitted structure 10 is removed from the knitting machine, the individual garments may be severed by cutting along the outline formed by the interconnecting stitches represented by the X’s and O’s.” Reed, 5:67-6:3 (emphasis added). “[I]n the production of a web of material, both the patterns or partial patterns in the form of layouts of the shoe upper and the patterns or partial patterns in the form of a sole part, are produced by a fabric printing process (which is generally well known in the textile industry) on the web of material and/or by a textile

CLAIM	GROUND 1
	production process inside the web of material . . .” Nishida , 1:50-56 (emphasis added); see also Abstract; 1:10-18; 1:40-47; 1:50-2:47; 4:13-18; 4:47-60; 5:63-6:2; FIGS. 1-2; 4-5.

v. Dependent Claims 5 and 15

Dependent claims 5 and 15 recite that the knitted textile element(s) has “a substantially planar configuration upon removal from the surrounding knitted textile structure.” The chart below shows how Reed and Nishida disclose the features of claims 5 and 15, and thus render claims 5 and 15 obvious. (Ex. 1003, ¶105-106.)

For example, in FIG. 1, Reed shows garments 16, 18, and 20 in a curved shape around the cylindrical textile structure. (Ex. 1006, FIG. 1; Ex. 1003, ¶105.) In contrast, in FIGS. 4, 5, and 6, Reed shows the garments in a substantially flat configuration after removal from the cylindrical textile element. (Ex. 1006, FIGS. 4-6; Ex. 1003, ¶105.) Furthermore, Reed explains that “if the present process is used to preform an exterior decorative fabric having a lining or inner-lining or interfacing attached thereto, the severed sections must be assembled and seamed by standard practices. By providing the lining or interfacing already attached to the section, a substantial amount of time is saved in measuring, marking and cutting the original fabric and lining or interlining as well as stitching them together.” (Ex. 1006, 6:10-17; Ex. 1003, ¶105.) The skilled person in the art at least as of March 3, 2004 would have understood that Reed is describing panels of a garment having a planar configuration after removal from the surrounding circular knitted textile structure, which are then

sewn together in a conventional manner to form a complete garment. (Ex. 1003, ¶105.)

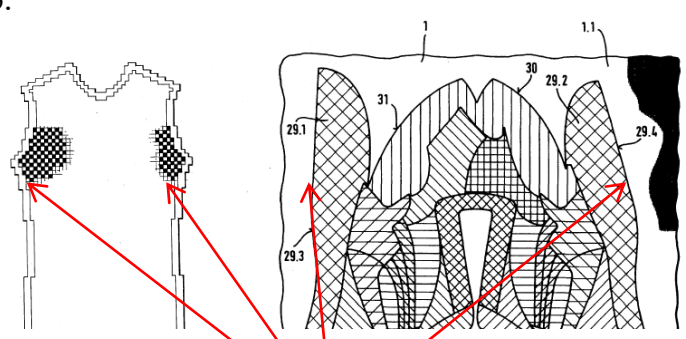
Furthermore, the skilled person in the art at least as of March 3, 2004, would have understood that once Nishida's layout is removed from the web of material (whether the web is circular or flat knit), the removed layout has a substantially planar configuration. (Ex. 1003, ¶106.) The planar configuration is already visible in Nishida, FIGS. 1-2 and 4-5. (Ex. 1003, ¶106.) Whether the layout is removed from a cylindrical-knitted or a flat-knitted web of material, the end result is the same, which is that the layout then has a substantially planar configuration. (Ex. 1003, ¶106.) The Nike patents illustrate this concept in FIGS. 8 and 9, where the textile element 40 is shown in the cylindrical textile structure before removal in FIG. 9, and is shown in a planar configuration after removal in FIG. 8. (Ex. 1003, ¶106.)

CLAIM	GROUND 1
[5] The method of claim 1, wherein the knitted textile element has a substantially planar configuration upon removal from the surrounding knitted textile structure.	“If the present process is used to preform an exterior decorative fabric having a lining or inner-lining or interfacing attached thereto, the severed sections must be assembled and seamed by standard practices. By providing the lining or interfacing already attached to the section, a substantial amount of time is saved in measuring, marking and cutting the original fabric and lining or interlining as well as stitching them together.” Reed, 6:10-17; FIGS. 1, 4-6; <i>see also</i> 3:61-4:3. Nishida, FIGS. 1-2, 4-5.

vi. Dependent Claims 6 and 16

Dependent claims 6 and 16 recite that the knitted textile element “includes longitudinal edges formed when the knitted textile element is removed from the

surrounding knitted textile structure.” Specifically, in FIGS. 4 and 6, Reed shows a shirt and a dress having openings for arms that run longitudinally with the axis of the cylindrical textile structure. (Ex. 1003, ¶122.) Nishida likewise shows longitudinal edges 29.3 and 29.4 in FIG. 4. (Ex. 1003, ¶123.) The chart below shows how Reed and Nishida disclose the feature of claims 6 and 16, and thus render claims 6 and 16 obvious. (Ex. 1003, ¶122-123.)

CLAIM	GROUND 1
[6] The method of claim 1, wherein the knitted textile element includes longitudinal edges formed when the knitted textile element is removed from the surrounding knitted textile structure.	“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.” Reed, 1:13-19. “As can be seen, 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. Only a minimum amount of additional sewing is required to form hems and attach various decorative ornaments to complete a finished garment.” Reed, 3:15-21; FIGS. 2, 3, 4, 5, 6 (reproduced below); <i>see also</i> 6:12-13.  Longitudinal edges “With the embodiment according to FIG. 4, a sole part section 29.1 that extends over the entire length of the sole is provided on outside contour 31 in the approximate form of a half of sole

CLAIM	GROUND 1
	part 29, and a sole part section 29.2 which forms the remainder of sole part 29 is provided on the outside contour 30. Both sole part sections 29.1 and 29.2 complement each other to complete sole part 29. In this case, their outside contours 29.3 and 29.4 are connected with one another, for example stitched and/or glued and/or fused or the like, preferably by a longitudinal seam.” Nishida, 5:3-13; FIG. 4 (reproduced above). “[T]he sole part is formed of sole part sections which extend over the entire length of an insole to be formed and which are connected to outside contours of the layout of the shoe upper; and wherein outside edge portions of the sole part sections are fastened together, by producing a lengthwise seam, to form the sole part.” Nishida, 6:47-54; <i>see also</i> 4:22-30; 6:5-41; FIGS. 3-4.

vii. Dependent Claims 7 and 17

Dependent claims 7 and 17 recite that “the longitudinal edges are joined together to define at least a portion of a void for receiving a foot.” The chart below shows how Nishida discloses this feature of claims 7 and 17, and thus renders claims 7 and 17 obvious. (Ex. 1003, ¶123-124.)

CLAIM	GROUND 1
[7] The method of claim 6, wherein the longitudinal edges are joined together to define at least a portion of a void for receiving a foot.	See Section VII.A.4.vi, claim 6 regarding Nishida.

viii. Dependent Claim 8

Dependent claim 8 recites 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.” The chart below shows how Reed and Nishida disclose the features of claim 8, and thus render claim 8 obvious. (Ex. 1003, ¶114-121.)

Specifically, Reed describes these features in two different ways:

First, as described in Section VII.A.4.i above, Reed describes that the edges of the garments 16, 18, 20 are formed by interknitted stitches, whereas the remainder of the garments 16, 18, 20 are formed by non-internknitted stitches. (Ex. 1006, 4:61-64; 5:3-18; 5:67-6:3; FIGS. 2, 2A, 3A-3E; Ex. 1003, ¶¶115-116.)

Second, Reed also goes on to describe how the two layers 12, 14 themselves may be formed of different yarns or stitch configurations. “If the two tubes 12 and 14 are knitted of two different fibers, the knitted structure may form sections of a garment to be assembled in the regular manner. For example, the outside tube 14 may be a normal decorative fabric wherein the inner tube 12 may be formed of a material such as lining. By simultaneously knitting and interknitting the two layers, a step is saved by producing a section of garment which is prelined. Similarly, the layer 12 (instead of being lining) may be interfacing, which is attached to the outside layer 14 and again saves a step in the manufacture of garments. Another example where two different fibers are used to make the inner and outer tubing would be in the foundation garment industry, where the inner fabric could be cotton or other soft fibers and the outer fabric would be lycra or elasticized yarns.” (Ex. 1006, 3:61-4:9; Ex. 1003, ¶117.)

Similarly, Nishida describes that “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.***” (Ex. 1009,

4:6-9 (emphasis added); *see also* Abstract; 1:65-69; 2:40-45; 3:15-26; 3:47-48; 4:12-28; 4:48-55; 5:56-6:2; Ex. 1003, ¶118-119.) Nishida further states that “[l]ayout 2 is divided into different individual parts or areas, which differ from one another, such as by being of another material style and/or by being of different fibers or yarns, for example, from wool, wool with metal yarns, silk, silk with metal yarns, wool with plastic fibers or the like” (Ex. 1009, 3:15-25; Ex. 1003, ¶121.) The result is a textile element with multiple knit constructions.

Nishida goes on to describe that these varying properties may include a varying elasticity, air permeability, absorptivity, softness, extensibility, wear resistance, and appearance. (Ex. 1009, 3:43-49; 5:63-6:2; 6:1-31; Ex. 1003, ¶120-121.)

CLAIM	GROUND 1
[8] The method claim 1, wherein 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.	“The knitted structure of course 24 of FIG. 2 formed by program 1 is illustrated in FIGS. 3A-3E. The inner knitting fabric formed on the dial needles are shown in FIG. 3A above the outer knitted fabric formed on the cylinder needles. Feed 1 (FIG. 3B) knits on dial needles 2, 4, 6, 8, 12, 14, etc. to form alternate stitches on the inner tube with feed 3 (FIG. 3D) on dial needles 1, 3, 5, 7, 9, 11, 13, 15, etc. stitches therebetween. The outer fabric is formed basically from an alternation of the cylinder needles using feeds 2 and 4 (FIGS. 3C and 3E, respectively). <i>Interknitted stitches (shown as X's and O's in FIG. 2) are formed by feeds 1 and 3 on needles 7 and 9 and 8 and 10, respectively, as shown in FIGS. 3B and 3D. As can be seen in FIG. 3A, feeds 1 and 3 form part of the outer fabric at interconnecting stitches 7, 8, 9, and 10 of course 24 of FIG. 2.</i> Reed, 5:3-18 (emphasis added); FIGS. 3A-3E. “[O]nce the knitted structure 10 is removed from the knitting machine, the individual garments may be severed by cutting along the outline formed by the interconnecting stitches represented by the X's and O's.” Reed, 5:67-6:3; <i>see also</i> 4:61-64; FIGS. 2, 2A (reproduced below), 3A-3E (reproduced below).

CLAIM	GROUND 1
	“If the two tubes 12 and 14 are knitted of two different fibers, the knitted structure may form sections of a garment to be assembled in the regular manner. For example, the outside tube 14 may be a normal decorative fabric wherein the inner tube 12 may be formed of a material such as lining. By simultaneously knitting and interknitting the two layers, a step is saved by producing a section of garment which is prelined. Similarly, the layer 12 (instead of being lining) may be interfacing, which is attached to the outside layer 14 and again saves a step in the manufacture of garments. Another example where two different fibers are used to make the inner and outer tubing would be in the foundation garment industry, where the inner fabric could be cotton or other soft fibers and the outer fabric would be lycra or elasticized yarns.” Reed, 3:61-4:9. “Finally, 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.” Nishida, 4:6-9 (emphasis added). “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 by being of different fibers or yarns, for example, from wool, wool with

CLAIM	GROUND 1
	metal yarns, silk, silk with metal yarns, wool with plastic fibers or the like” Nishida, 3:15-25. “With the use of program-controlled web of material production devices, after a one-time creation of the program, the size of the layout corresponding to the shoe size, the woven or <i>knitted type of individual areas or contours</i>, the type of fiber or yarn and/or the color <i>can be selected almost at will</i>.” Nishida, 2:40-45 (emphasis added); <i>see also</i> Abstract; 1:65-69; 3:15-26; 3:47-48; 4:12-28; 4:48-55; 5:56-6:2. “Since, generally, toe area 14 is designed to be relatively deformably soft or <i>elastic</i>, and optionally, also permeable to air, the web of material 1, in toe area 14, according to the present invention, is correspondingly designed by suitable selection of the weave pattern, <i>knit pattern</i> and/or the material used, such as, for example, Silk or plastic. The type of production can, additionally, <i>insure that the toe area 14 has a good air exchange capability. For example, this can be achieved by a net-like woven or knitted structure</i>.” Nishida, 3:43-52 (emphasis added). “[T]he layouts of the shoe upper and sole parts are <i>produced by modifying the overall construction of the web of material</i> in the locations of the layouts relative to that in portions thereof where the layouts of the shoe upper and the sole parts are not provided, <i>using</i> one of a <i>different</i> weaving and <i>knitting type</i> for the layouts of the shoe upper than is used for producing the sole parts, said weaving and knitting types being matched to differing requirements for materials of the shoe upper and sole part of a shoe in relation to properties thereof including at least one of the properties of absorptivity, <i>air permeability, softness, extensibility</i>, wear resistance and appearance.” Nishida, 6:1-31 (emphasis added); <i>see also</i> 5:63-6:2.

ix. Dependent Claims 9 and 19

Dependent claims 9 and 19 recite “utilizing a wide-tube circular knitting machine.” Reed identifies “[a]n example of a ***circular knitting machine*** which will produce knitted structure 10 is Model 9RJ36 made by Wildt, Mellor, Bromley, Ltd. of

Leicester, England.” (Ex. 1006, 3:58-60; Ex. 1003, ¶97.)

As Mr. Holden explains, with respect to the example shown in Figures 1 and 2, Reed explicitly describes that he is using his knitting machine and technique to make a plurality of “skirts 16, 18, and 20” “[a]round the circumference of the knitted structure 10.” (Ex. 1006, 3:5-7; FIGS. 1-2; Ex. 1003, ¶97.) That fact alone would inform a skilled person at least as of March 3, 2004, that the circumference of the circular knitted tube must be at least large enough to accommodate the width of three skirts, and would certainly require a circumference larger than 22 inches, as each skirt (even sized for a child) would require more than 7 inches of space around the circumference of the knitted tube. (Ex. 1003, ¶97.) The skilled person would also have understood that a circular knitting machine having a circumference of at least 22 inches (i.e., a nominal diameter of at least 7 inches) is a wide-tube circular knitting machine. (Ex. 1003, ¶97.) Hence, skilled persons would thus have recognized that wide-tube circular knitting machines were used to make Reed’s garments and would understand that the Model 9RJ36 was one such example. (Ex. 1003, ¶97.) Indeed, as a revolutionary and award-winning wide-tube knitting machine, the skilled person as of at least March 3, 2004, would have been aware of the 9RJ36, and would have known that it had a diameter of 30 inches, as evidenced by Burall (Ex. 1011). (Ex. 1003, ¶97.)

The chart below shows how Reed discloses this feature of claims 9 and 19, and thus renders claims 9 and 19 obvious. (Ex. 1003, ¶97.)

CLAIM	GROUND 1
[9] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile structure includes utilizing a wide-tube circular knitting machine.	“An example of a <i>circular knitting machine</i> which will produce knitted structure 10 is Model 9RJ36 made by Wildt, Mellor, Bromley, Ltd. of Leicester, England.” Reed, 3:58-60 (emphasis added); <i>see also</i> Abstract; 1:58-64. “Around the circumference of the knitted structure 10 are illustrated three garments which, for example, may be skirts 16, 18, 20.” Reed, 3:5-7; FIGS. 1-2.

x. Dependent Claims 11 and 21

Dependent claims 11 and 21 recite “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.”

This limitation is substantially similar to “a plurality of different knitted textures formed by varying at least one of the stitch type and the yarn type” in claim 8, particularly in view of the Board’s previous BRI construction of “a first area and a second area with a unitary construction” to “require a textile element having a unitary construction *and* having a first area and a second area.” As discussed in Section VII.A.4.viii above with respect to claim 8, Reed and Nishida describe the features of claims 11 and 21, and thus render claims 11 and 21 obvious. (Ex. 1003, ¶114-121.)

xi. Dependent Claims 12 and 18

Dependent claims 12 and 18 recite “securing edges of the knitted textile

element to form a seam that extends along a lower region of an upper.” Dependent claim 12 also recites “securing the upper to a sole structure.” The chart below shows how Nishida discloses these features of claims 12 and 18, and thus renders claims 12 and 18 obvious. (Ex. 1003, ¶¶123-124, 126.)

CLAIM	GROUND 1
[12] The method of claim 1, wherein incorporating the knitted textile element into the article of footwear includes securing edges of the knitted textile element to form a seam that extends along a lower region of an upper and securing the upper to a sole structure.	“With the embodiment according to FIG. 4, a sole part section 29.1 that extends over the entire length of the sole is provided on outside contour 31 in the approximate form of a half of sole part 29, and a sole part section 29.2 which forms the remainder of sole part 29 is provided on the outside contour 30. Both sole part sections 29.1 and 29.2 complement each other to complete sole part 29. <i>In this case, their outside contours 29.3 and 29.4 are connected with one another, for example stitched and/or glued and/or fused or the like, preferably by a longitudinal seam.</i>” Nishida, 5:3-13 (emphasis added); <i>see also</i> 4:22-30; 6:5-41; 6:47-54; FIGS. 3-4. “Finally, before or after cutting out of layout(s) 2, a tongue 32 (FIG. 3) is applied in the forefoot area. After the production of shoe upper 3, an insole and/or a midsole, optionally, is additionally applied or molded on.” Nishida, 4:39-42. Nishida describes “<i>stitching parts of the layout</i> of the cut-out unit on provided seams <i>to form an upper of the shoe shaped part . . .</i>” Nishida, 6:36-38 (emphasis added). “Completed shoe upper 3 is then brought into a gluing, injection or casting mold, in which a midsole 33 and an outsole 34 are molded by known measures, as is represented in FIG. 3.” Nishida, 4:43-46; FIG. 3; <i>see also</i> Abstract; 1:40-47; 1:50-56; 1:60-2:5; 2:34-37; 2:40-45; 3:6-26; 3:46-48; 3:66-4:1; 4:13-18; 4:25-60; 5:10-26.

B. Ground 2: Obviousness of Claims 1-9, 11-19, and 21 in View of Castello, Fujiwara, and Nishida

1. Castello (Ex. 1007)

Castello (Ex. 1007) issued on August 2, 1977, before the March 3, 2004 earliest possible priority date claimed by the '749 patent. Castello thus is prior art under 35 U.S.C. § 102(b). Castello was not cited during prosecution of the '749 patent and explicitly describes features of claims 1-9, 11-19, and 21 of the '749 patent.

Castello describes a method of manufacturing a textile element, which includes, among other things: using a circular-knitting machine to simultaneously knit one or more textile elements with a surrounding textile structure, the textile elements located in different portions of the textile structure; removing the textile element(s) from the textile structure; and incorporating the textile element(s) into shirts worn by men, women, and children. (Ex. 1007, Abstract; 1:35-2:21; 2:42-52; 3:34-5:44; 6:35-58; 7:1-9; 7:23-25; 8:17-19; FIGS. 1, 2A, 2-5; Ex. 1003, ¶¶145, 148-149, 155-156, 162.)

By way of background, Castello recognized early the benefits of being able to use wide-tube circular knitting machines to produce a web containing textiles with complex stitch configurations, which were removed from the web and incorporated into finished garments. (Ex. 1003, ¶¶148.) Castello explains that the process of producing textile elements, such as collars, having a variety of features like knitted folding creases, knitted sewing marks, mock fashion marks and Jacquard multi-color designs, had to be created independently on one or more slow producing flat

machines. With the advent of single needle selection that can be controlled with programmable patterns, all of those features could then be combined on a single circular machine and knit simultaneously. (Ex. 1007, 1:39-53; 2:12-21; 3:35-44; Ex. 1003, ¶148.)

2. Fujiwara (Ex. 1008)

Fujiwara (Ex. 1008) issued on December 18, 2001, before the March 3, 2004 earliest possible priority date claimed by the '749 patent. Fujiwara thus is prior art under 35 U.S.C. § 102(b). Fujiwara was not cited during prosecution of the '749 patent and explicitly describes features of claims 1-9, 11-19, and 21 of the '749 patent.

Fujiwara describes a method of manufacturing a textile element, which includes, among other things: using a circular-knitting machine to simultaneously knit one or more textile elements with a surrounding textile structure, the textile elements located in different portions of the textile structure; removing the textile element(s) from the textile structure; and incorporating the textile element(s) into garments worn by men, women, and children. (Ex. 1008, 1:58-3:18; 3:45-48; 3:59-5:11; 5:42-6:62; 7:21-37; FIGS. 1, 4, 6, 7; Ex. 1003, ¶146, 150, 157-158, 163.)

3. Nishida (Ex. 1009)

See Section VII.A.2 above. (Ex. 1003, ¶147, 151, 159-161, 164.)

4. The Combination of Castello, Fujiwara, and Nishida

Castello's explicit statement that "[b]y employing the method of the present invention, all of these features can be combined if so desired and knit simultaneously

on one circular knitting machine (not illustrated) such as a TJI or Links & Links machine to thereby far outproduce any existing flat machine” and that “the method of the present invention also eliminates the need for patterns for use when cutting inasmuch as knitting cutting guide lines 20 are knit directly into the tubular knitted cloth 10 during the knitting operation” would have suggested to a person of ordinary skill in the relevant art at least as of March 3, 2004 that Castello recognized early the benefits of being able to use wide-tube circular knitting machines to produce a web containing textiles with complex stitch configurations, which are removed from the web and incorporated into finished garments. (Ex. 1003, ¶201.) Thus, Castello’s process could be used with any circular knitting process where the knitted textile element includes a variety of textile features and or where the knitted textile element is removed from a larger knitted textile structure. (Ex. 1003, ¶201.)

With this understanding, the skilled person would have been motivated to modify Castello’s process to incorporate additional computerized advances in independent needle selection with a double layer circular knitting machine, such as the type described in Fujiwara, for independent needle selection at both the dial and cylinder needles as a way to increase the options for combining even more features simultaneously in a knitted textile element. (Ex. 1003, ¶201.) Furthermore, the skilled person would have been motivated to use Castello’s process to produce textile elements for all types of clothing, including forming textile elements to be incorporated into footwear as described in Nishida. (Ex. 1003, ¶201.)

The skilled person would have found Nishida's process of manufacturing textile elements to be analogous art to Castello's and Fujiwara's processes, as all three processes are directed to methods of simultaneously forming textile elements within a surrounding textile structure using programmable and/or computerized single needle selection technology, removing the textile elements, and incorporating the textile elements into a wearable item. (Ex. 1003, ¶202.)

Additionally, Castello, Fujiwara, and Nishida are directed to reducing costs associated with producing textile elements using the latest advances in knitting technology of the time of each reference. (Ex. 1003, ¶203-205.) Castello's method provides that "[t]he present invention resides in a novel method of fabricating knitted collars on circular knitting machines which results in a far greater production capability at resulting cost savings over that presently possible on flat machines." (Ex. 1003, ¶203.) Fujiwara also identifies that "sewing is a bottleneck from the view point of increase in an production efficiency as well as of decrease in a production cost" such that "there has heretofore been a strong requirement as to a development in a garment making by which any sewing is not necessary." (Ex. 1003, ¶204.)

Nishida likewise states that a "process is used by which such shoe uppers can be produced in a timesaving and efficient manner" with "only a small number of individual parts that have to be produced separately and applied to the upper later" over conventional methods that generate expensive cutting waste. (Ex. 1003, ¶205.)

The POSA would have found that Castello, Nishida, and Fujiwara are directed to

solving a similar problem: expensive and time consuming production of textile components. (Ex. 1003, ¶205.)

In view of the substantial similarities between the methods described in Castello, Fujiwara, and Nishida and the specifics of the various stitch configurations for the interknitted outline M in Fujiwara, a person of ordinary skill in the relevant art would certainly have been motivated to modify Castello’s method to include the additional features described by Fujiwara and 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.” *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417-22 (2007); MPEP § 2143 (A, C); Ex. 1003, ¶206-207. This is particularly the case where “[a] person of ordinary skill is also a person of ordinary creativity, not an automaton.” *KSR*, 550 U.S. at 421.

5. Claim-by-Claim Analysis

i. Independent Claim 1

The chart below shows how Castello, Fujiwara, and Nishida disclose all of the limitations of claim 1, and thus render claim 1 obvious. (Ex. 1003, ¶145-147, 149-151, 155, 157, 159-160, 162-164, 169-173, 193.)

CLAIM	GROUND 2
[1A] A method of	“The present invention resides in a novel method of fabricating knitted collars on circular knitting machines” Castello , 1:39-

CLAIM	GROUND 2
manufacturing an article of footwear, the method comprising:	40; <i>see also</i> Abstract; 1:35-2:4; 3:34-4:10; 4:22-5:44; 6:35-58; 7:1-5; FIGS. 1, 2A, 2-5. “FIG. 1 illustrates schematically a formation of a circular knitted fabric as a first embodiment of the present invention, from which fabric a garment such as a sweater is obtained without necessitating any subsequent sewing process.” Fujiwara, 3:45-48; <i>see also</i> 1:58-3:18; 3:59-4:65. See Section VII.A.4.i, claim 1A regarding Nishida.

With respect to the [1B] limitation, Castello states that “knitting machine cards (or some equivalent system) are then punched or otherwise prepared in conventional manner and set up on the machine to thereby automatically control the machine stitches *to knit the tubular cloth 10 with* the layers 12, 12', the separating threads 14 and *the collar construction 16 knitted therein.*” (Ex. 1007, 3:59-67 (emphasis added); Ex. 1003, ¶155.) Castello further states that “[t]he method of the present invention also eliminates the need for patterns for use when cutting inasmuch as *knitting cutting guide lines 20 are knit directly into the tubular knitted cloth 10 during the knitting operation.*” (Ex. 1007, 4:39-42 (emphasis added); Ex. 1003, ¶155.)

Fujiwara similarly explains that “[a]ccording to the present invention, *the circular knitted fabric is constructed by an inner and outer layers*, which are separate with each other and *which are knitted by the dial and cylinder needles*, respectively. The *inner and outer layers are, along an outline of an article or a garment, connected with each other by using a stitching construction using*

both of the dial and cylinder needles. (Ex. 1008, 2:31-37; Ex. 1003, ¶157.)

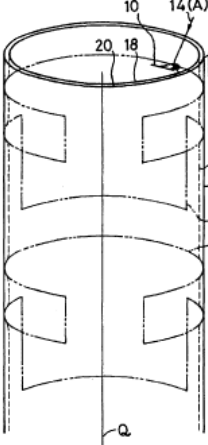
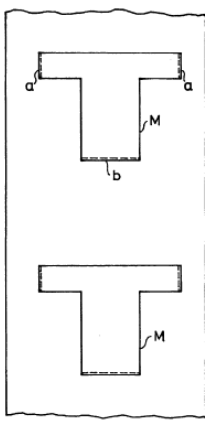
Fujiwara further states that “[t]he *progress of the knitting causes a circular knitted fabric* of a substantially hose shape *to be produced, which as closed stitched lines M as repeated patterns in the continuous length of the fabric.*”

(Ex. 1008, 6:12-15 (emphasis added); Ex. 1003, ¶157.)

A person of ordinary skill in the relevant art at least as of March 3, 2004 would have understood that the textile element and the surrounding textile structure of both Castello and Fujiwara are produced simultaneously in the circular knitting machine due to the way that a circular knitting machine forms courses around the circumference of the circular knitting machine. (Ex. 1003, ¶155, 157.) Because each course of the circular knitting machine forms a portion of the textile element and the surrounding textile structure, the circular knitting machine forms Castello’s and Fujiwara’s textile element simultaneously with the surrounding textile structure. (Ex. 1003, ¶155, 157.)

CLAIM	GROUND 2
[1B] simultaneously knitting a textile element with a surrounding textile structure,	“In utilizing the method of the present invention, circular machines having either Jacquard cards, or pattern wheels or drums or any other known suitable mechanical means of needle selection can be used. For purposes of illustration, a Jacquard type machine with cards, such as a TJI or Links and Links machine will be described.” Castello, 1:43-49. “After a suitable sketch has been prepared on the graph paper showing the desired collar shape, design, color, mock fashion marks, etc., knitting machine cards (or some equivalent system) are then punched or otherwise prepared in conventional manner and

CLAIM	GROUND 2
	set up on the machine to thereby automatically control the machine stitches to knit the tubular cloth 10 with the layers 12, 12', the separating threads 14 and the collar construction 16 knitted therein.” Castello, 3:59-67; <i>see also</i> 3:34-45; 3:68-4:55; 5:18-44; FIGS. 1, 2 (reproduced at right and below). FIG. 1 FIG. 2 “The method of the present invention also eliminates the need for patterns for use when cutting inasmuch as <i>knitting cutting guide lines 20 are knit directly into the tubular knitted cloth 10 during the knitting operation.</i>” Castello, 4:39-42 (emphasis added). A knitted, indented, circular or straight fold <i>crease mark 24 can be knit directly into the tubular cloth 10 during the knitting operation.</i> Castello, 4:53-55. “In other words, it is desirable that the circular knitting machine is the one that, at each thread feeding position, is provided with a computer controlled pattern control mechanism. Namely, for practicing the present invention, it is desirable that the circular knitting machine is of a so-called double knitting type by which an independent needle selection control is obtained at each thread feeder not only for the cylinder needles but also for the dial needles. Such a type of a circular knitting machine is, for example, available from Fukuhara Industrial Trading Co., Ltd., Osaka, Japan under the trade name of V-LEC4D.” Fujiwara, 4:12-21. “According to the present invention, the circular knitted fabric is constructed by an inner and outer layers, which are separate with

CLAIM	GROUND 2
	each other and which are knitted by the dial and cylinder needles, respectively. The inner and outer layers are, along an outline of an article or a garment, connected with each other by using a stitching construction using both of the dial and cylinder needles.” Fujiwara, 2:31-37; <i>see also</i> 1:58-3:18; 4:66-5:7; FIGS. 1, 4 (reproduced below); FIGS. 6, 7.  Fig. 1  Fig. 4 “The <i>progress of the knitting causes a circular knitted fabric</i> of a substantially hose shape <i>to be produced, which has closed stitched lines M as repeated patterns in the continuous length of the fabric.</i>” Fujiwara, 6:12-15 (emphasis added). See Section VII.A.4.i, claim 1B regarding Nishida.

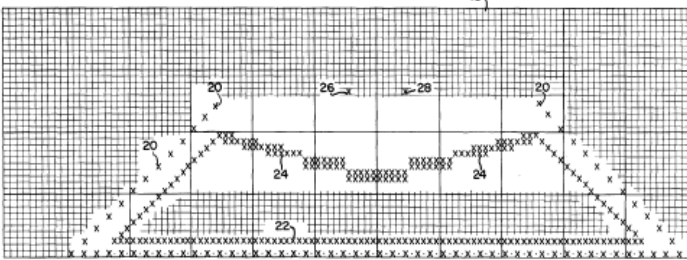
With respect to the [1C] limitation, Castello describes that the tubular cloth 10 located between the collars 16 has a rib type stitch configuration, and at least a portion of each collar 16 has a jersey stitch configuration in the fold line 24, such that the fold line 24 in each collar 16 has a texture that is different from the texture in the surrounding tubular cloth 10. (Ex. 1007, 1:43-49; 1:54-68; 2:12-21; 2:42-52; 3:34-67; 4:22-63; 4:64-5:7; 5:13-17; 5:35-44; 7:5-9; 7:23-25; 8:17-19; FIG. 5; Ex. 1003, ¶169.)

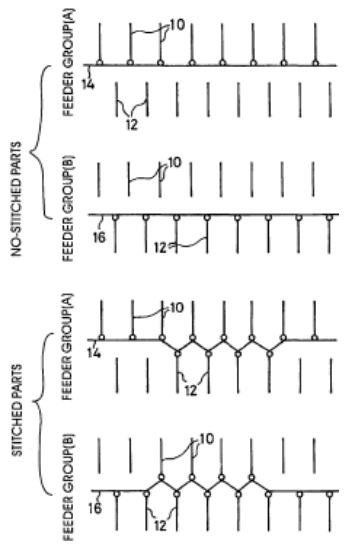
Similar to Castello, Fujiwara describes that the outline M of the garment is formed with interknitted stitches (as shown in FIGS. 3A and 3B), and that these

interknitted stitches may be a jacquard, birds eye, eyelet, circular rib, or interlock stitch configuration. (Ex. 1008, 5:57-6:7; 6:43-62; 7:21-24; Ex. 1003, ¶171.) In contrast, Fujiwara states that the non-interknitted portions of each layer 18, 20 comprises a plain stitch configuration. (Ex. 1008, 5:42-56; FIGS. 2A, 2B; Ex. 1003, ¶170.) Because the interknitted stitches are part of the garment, they form a texture in the garment that is different from the texture in the surrounding textile structure. (Ex. 1003, ¶171.)

As discussed in Section VII.A.4.i above, Nishida also describes these features of claims 1-9, 11-19, and 21. (Ex. 1003, ¶172-173.)

CLAIM	GROUND 2
[1C] the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure;	“[K]nitting [a] tubular cloth of rib type links and links stitches . . . and forming a plurality of juxtaposed tubular strips each having a top and a bottom defining the collar height . . . knitting a plurality of fold crease lines in a plurality of said tubular strips to define fold lines for the knitted collars . . . knitting jersey stitches to define the fold crease lines from the rib type stitch tubular cloth.” Castello, 7:5-9; 7:23-25; 8:17-19 (emphasis added). “A knitted, indented, circular or straight fold crease mark 24 can be knit directly into the tubular cloth 10 during the knitting operation. I prefer to employ a generally circular neck fold line 24 of jersey stitches as illustrated to thereby create a collar that lays naturally on the back of the neck without "hiking" up or down to thereby enhance the beauty and utility of the collar. The fold 24 remains permanent even after washing or dry cleaning inasmuch as it is knitted directly into the fabric and thus reduces pressing costs in the finished garment.” Castello, 4:53-63 (emphasis added); <i>see also</i> 1:43-49; 1:54-68; 2:12-21; 2:42-52; 3:34-67; 4:22-52; 4:64-5:7; 5:13-17; 5:35-44; FIG. 5 (reproduced below).

CLAIM	GROUND 2
	FIG. 5  “FIGS. 2A and 2B illustrate, in a course direction, schematically, knitting diagrams at yarn feeders in groups A and B, respectively at the non-stitched part of the fabric. At the yarn feeder in the group A in FIG. 2A, the yarn 14 is subjected to a knitting by the dial needle 10, so that an inner tubular layer 18 (FIG. 1) is formed. In this case, the <i>fabric is of basically a plain stitch</i>, wherein the cylinder needle 12 does not take part in knitting operation. Similarly, at the yarn feeder in the group B in FIG. 2B, the yarn 16 is subjected to a knitting by the cylinder needle 12, so that an inner tubular layer 20 (FIG. 1) is formed. In this case, <i>the fabric is, also, of basically a plain stitch</i> (tenjiku), wherein the cylinder needle 10 does not take part in knitting operation. Thus, a separate structure is obtained between the inner and outer layers 18 and 20.” Fujiwara, 5:42-56 (emphasis added) FIGS. 2A, 2B (reproduced below). “FIGS. 3A and 3B illustrate schematically in a course direction knitting diagrams at yarn feeders in groups A and B, respectively at the stitched part of the fabric. At the yarn feeder in the group A, the yarn 14 is subjected to a knitting by both of the dial and cylinder needles 10 and 12, so that the inner and outer layers 18 and 20 are integrated. In the example shown in FIG. 3A, <i>the integrated fabric is of a so-called rib stitch</i> in a rib stitch arrangement between the dial and cylinder needles 10 and 12. However, in a jacquard arrangement (not shown) of the dial and cylinder needles 10 and 12, <i>it is possible that another desired stitching, such as birds eye, eyelet, circular rib or interlock may be employed</i>. In the similar way, at the yarn feeder in the group

CLAIM	GROUND 2
	B in FIG. 3B, the yarn 16 is subjected to a knitting by both of the dial and cylinder needles 10 and 12, so that the inner and outer layers 18 and 20 are integrated. Similarly, <i>any of stitching such as bird's eye, eyelet, circular rib or interlock may also be employed.</i> Fujiwara, 5:57-6:7 (emphasis added); FIGS. 3A, 3B (reproduced at right); see also 6:43-62; 7:21-24. Fig. 2A Fig. 2B Fig. 3A Fig. 3B  See Section VII.A.4.i, claim 1C regarding Nishida.
[1D] removing the knitted textile element from the surrounding knitted textile structure; and	“After the tubular cloth 10 has been knit by the machine (not shown), the draw threads 14 are pulled to separate the cloth into a plurality of individual layers 12, 12'. The layers are then cut along the knitted cut guide lines 20 to produce a plurality of individual collars 16, each having cut sides 38, 40.” Castello, 3:67-4:4; see also 4:38-45; 4:67-5:17. “As a result, when the fabric is cut outwardly along the outline while the stitched parts are at least partially left, a garment can be obtained, which has a front and back bodies, which are connected along the outline M.” Fujiwara, 5:7-11; see also 1:58-3:18; 6:12-42; 7:21-37. See Section VII.A.4.i, claim 1D regarding Nishida.
[1E] incorporating the textile element into an upper of the article of footwear.	See Section VII.A.4.i, claim 1E.

ii. Dependent Claim 2

The chart below shows how Castello, Fujiwara, and Nishida disclose the feature of claim 2, and thus render claim 2 obvious. (Ex. 1003, ¶156, 158-159, 161.)

CLAIM	GROUND 2
[2] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile structure includes simultaneously knitting a plurality of textile elements.	“The tubular fabric is designed to produce a plurality of vertically juxtaposed layers, each having a height equal to the height of the collar being produced. A <i>plurality of collars</i>, for example, four are knitted in each layer.” Castello, 1:59-63; <i>see also</i> 1:65-68; 3:34-49; 3:59-4:4; FIGS. 1, 2A. “The progress of the knitting causes a circular knitted fabric of a substantially hose shape to be produced, which has closed stitched lines M as <i>repeated patterns</i> in the continuous length of the fabric. The fabric is cut along the longitudinal cut line Q in FIG. 1. As a result, a continuous length of a fabric having closed stitched lines M as <i>repeated patterns</i> as shown in FIG. 4 is obtained. Then, the fabric is subjected to a cutting along the stitching line M, while the stitched parts are at least partly remained.” Fujiwara, 6:12-20; FIGS. 1, 4, 6, 7. See Section VII.A.4.ii, claim 2 regarding Nishida.

iii. Independent Claim 13

As discussed in Section VII.A.4.iii above, independent claim 13 is substantially similar to the combination of claims 1 and 2. The chart below shows how Castello, Fujiwara, and Nishida disclose the features of claim 13, and thus render claim 13 obvious. (Ex. 1003, ¶145-147, 149-151, 155-164, 169-173, 193.)

CLAIM	GROUND 2
[13A] A method of manufacturing an article of footwear, the method comprising:	See Section VII.B.5.i, claim 1A.
[13B] knitting a first textile element and a second textile element simultaneously with knitting a surrounding textile structure,	See Sections VII.B.5.i, claim 1B, and VII.B.5.ii, claim 2.

CLAIM	GROUND 2
[13C] the first knitted textile element located within a first portion of the knitted textile structure, the second knitted textile element located within a second portion of the knitted textile structure,	See Section VII.B.5.ii, claim 2.
[13D] varying at least one of the types of stitches or the types of yarns in the knitted textile structure to impart a texture to the first and second knitted textile elements different from a texture of the knitted textile structure extending between the first and second portions;	See Section VII.B.5.i, claim 1C.
[13E] removing the first and second knitted textile elements from the knitted textile structure;	See Section VII.B.5.i, claim 1D.
[13F] incorporating at least one of the first and second knitted textile elements into the article of footwear.	See Section VII.B.5.i, claim 1E.

iv. Dependent Claims 3, 4, and 14

Dependent 3 and 14 recite “knitting an outline of the knitted textile element/first knitted textile element.” Claim 14 depends from claim 13 and adds that the “outline has the shape and proportion of the knitted textile element.” The chart below shows how Castello, Fujiwara, and Nishida disclose the features of claims 3, 4, and 14, and thus render claims 3, 4, and 14 obvious. (Ex. 1003, ¶¶174-176.)

CLAIM	GROUND 2
[3] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile includes knitting an outline of the knitted textile element.	“The method of the present invention also eliminates the need for patterns for use when cutting inasmuch as knitting cutting guide lines 20 are knit directly into the tubular knitted cloth 10 during the knitting operation. The only cutting required is along the sides 38, 40 of the collar which have the cutting guide lines 20 already knit directly in the fabric. Mock fashion marks 22 can be knit along the sides 38, 40 and the bottom edge 32' of the collar in any desired design or pattern by employing conventional knitting procedures. The bottom edge 32' of the collar need not be additionally sewn inasmuch as this is a knitted finished edge which remains after pulling the draw thread 14 and so requires no additional operations.” Castello , 4:38-52; <i>see also</i> 1:68; 2:45-50; 3:50-58; 4:2-4; 4:11-12; 4:22-33; 4:67-5:17; 5:35-44; FIG. 5.

CLAIM	GROUND 2
	“In FIG. 1, a closed phantom line M indicates, in a very schematic manner, an outline of a sweater as a garment wherein one of the inner and outer layers 18 and 20 becomes one side (front body) of the sweater while the other of the inner and outer layers 18 and 20 becomes the other side (back body) of the sweater. Along the outline M of a necessary width, the inner and outer tubular layers 18 and 20 are connected or stitched with each other, so that the both of the layers 18 and 20 are integrated.” Fujiwara, 4:66-5:7. “The stitching between the inner and outer layers along the outline M is obtained by knitting by using both of the dial needles 10 and the cylinder needles 12.” Fujiwara, 5:11-13; <i>see also</i> 2:34-37; 3:62-4:5; 5:20-41; 6:12-22; 7:21-32; FIGS. 1, 4, 6, 7. See Section VII.A.4.iv, claim 3 regarding Nishida.

v. Dependent Claims 5 and 15

Dependent claims 5 and 15 recite that the knitted textile element(s) has “a substantially planar configuration upon removal from the surrounding knitted textile structure.” The chart below shows how Castello, Fujiwara, and Nishida disclose the features of claims 5 and 15, and thus render claims 5 and 15 obvious. (Ex. 1003, ¶165-167.)

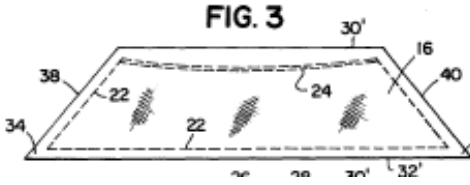
For example, Castello states that “FIG. 3 is an elevational view of a collar after it has been cut from a knitted layer and sewn prior to use.” (Ex. 1007, 3:13-14; FIG. 3 (reproduced below); *see also* FIGS. 1, 2A, 2-4; Holden Decl. (Ex. 1003), ¶165.)

Castello also describes that “[f]ollowing cutting each collar construction 16 along the knitted cutting guide lines 20, the sides 38, 40 of collar are then sewn on conventional sewing machines to creat[e] finished sides. . . The collar is then complete and ready to

sew into a garment by employing the knitting guide marks 26, 28 as guides.” (Ex. 1007, 4:11-19; Holden Decl. (Ex. 1003), ¶165.) The skilled person in the art at least as of March 3, 2004 would have understood that Castello’s collar has a substantially planar configuration after removal from the surrounding circular knitted textile structure, after which it is then sewn into a garment in a conventional manner. (Ex. 1003, ¶165.)

Similarly, Fujiwara shows that the textile elements have a substantially planar configuration after removal from the cylindrical textile structure. “FIG. 5A shows a half completed garment after cutting along the contour line. Then, cutting is further done at neck portion as shown by dotted line. FIG. 5B shows a garment after the opening at the neck portion is thus created.” (Ex. 1008, 6:30-34; FIGS. 5A, 5B (reproduced below); Holden Decl. (Ex. 1003), ¶166.) The skilled person in the art at least as of March 3, 2004 would have understood that Fujiwara’s garment has a substantially planar configuration after removal from the surrounding circular knitted textile structure. (Ex. 1003, ¶165.)

See Section VII.A.4.v above regarding Nishida. (Ex. 1003, ¶167.)

CLAIM	GROUND 2
[5] The method of claim 1, wherein the knitted textile element has a substantially planar configuration	“FIG. 3 is an elevational view of a collar after it has been cut from a knitted layer and sewn prior to use.” Castello, 3:13-14; FIG. 3 (reproduced at right); <i>see also</i> FIGS. 1, 2A, 2-4. 

CLAIM	GROUND 2
upon removal from the surrounding knitted textile structure.	“Following cutting each collar construction 16 along the knitted cutting guide lines 20, the sides 38, 40 of collar are then sewn on conventional sewing machines to creat[e] finished sides. . . The collar is then complete and ready to sew into a garment by employing the knitting guide marks 26, 28 as guides.” Castello, 4:11-19. “FIG. 5A shows a half completed garment after cutting along the contour line. Then, cutting is further done at neck portion as shown by dotted line. FIG. 5B shows a garment after the opening at the neck portion is thus created.” Fujiwara, 6:30-34; FIGS. 5A, 5B (reproduced below).  Fig. 5A Fig. 5B See Section VII.A.4.v, claim 5 regarding Nishida.

vi. Dependent Claims 6 and 16

Dependent claims 6 and 16 recite that the knitted textile element “includes longitudinal edges formed when the knitted textile element is removed from the surrounding knitted textile structure.” Specifically, Castello describes forming longitudinal edges when sides 38, 40 are cut to remove the collar from the circular textile structure. (Ex. 1003, ¶188.) Fujiwara also describes forming longitudinal edges when the garment is cut along cutting lines a and b to remove the garment from the circular textile structure. (Ex. 1003, ¶189.) As discussed in Section VII.A.4.vi above with respect to claims 6 and 16, Nishida describes the features of claims 6 and 16. (Ex. 1003, ¶190.) The chart below shows how Castello, Fujiwara, and Nishida disclose the feature of claims 6 and , and thus render claims 6 and 16 obvious. (Ex.

1003, ¶188-190.)

CLAIM	GROUND 2
[6] The method of claim 1, wherein the knitted textile element includes longitudinal edges formed when the knitted textile element is removed from the surrounding knitted textile structure.	“The collar sides 38, 40 can be cut either by shears or any other known cutting device such as a paper cutter or a slicing machine (not shown). The sides 38, 40 can also be cut or burned by using a heating element on a device such as a paper cutter which is attached to the blade of the cutting knife at the edge thereof. In this manner, the edges could be fused or singed prior to sewing to help eliminate frayed edges which sometimes may result from cutting, especially when employing synthetic yarns.” Castello, 5:8-17; FIGS. 3 (reproduced below), 2, 4, 5. “In this case, the cutting at locations of the garments such as sleeves and a hemline is such that cutting lines are located completely inward of the stitched part as shown by dotted lines a and b. As a result, at these portions at the sleeve and the hemline or base, the upper and lower layers of the fabric are separated, thereby providing openings at the sleeves and the hemline, which allows portions of human body (arm and body) to be passed through the openings.” Fujiwara, 6:22-30; FIG. 4 (reproduced below). See Section VII.A.4.vi, claim 6 regarding Nishida.

vii. Dependent Claims 7 and 17

Dependent claims 7 and 17 recite that “the longitudinal edges are joined together to define at least a portion of a void for receiving a foot.” As discussed in

Section VII.A.4.vii above with respect to claims 7 and 17, Nishida describes the features of claims 7 and 17, and thus renders claims 7 and 17 obvious. (Ex. 1003, ¶190-191.)

viii. Dependent Claim 8

Dependent claim 8 recites 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.” The chart below shows how Castello, Fujiwara, and Nishida collectively disclose the features of claim 8, and thus renders claim 8 obvious. (Ex. 1003, ¶177-186.)

For example, Castello describes that “as seen in FIG. 5, a graph 18 is first laid out in accordance with practices well known to those skilled in the art to show features such as peripheral knitted cutting guide lines 20, knitted fashion marks 22, knitted neck fold lines 24 and knitted guide marks 26, 28. The guide marks 26, 28 serve as guides to aid sewing machine operators when the collar is being affixed to the remainder of the garment.” (Ex. 1007, 3:51-58; FIG. 5; Ex. 1003, ¶177.)

As illustrated in the graph 18 (FIG. 5), the collars 16 may be knitted with “an integral knitted fold crease 24, knitted sewing guide marks 26, 28, mock fashion marks 22 and any desired Jacquard color designs (not illustrated) ***The fashion marks 22 may be knitted in conventional manner spaced apart in any desired stitch pattern, such as by Jacquard patterns.*** The fashion marks 22 may be knit continuously about the periphery of the collar.” (Ex. 1007, 4:23-33; FIG. 5; Ex. 1003,

¶178.) “[M]ore or fewer fashion marks 22 can be provided, *more or fewer collar fold marks 24 (knitted as reversed jersey)* can be knit, *more or fewer stripes, various colors, patterns (not illustrated)* can be programmed into the circular knitting machine.” (Ex. 1007, 5:35-44; FIG. 5; Ex. 1003, ¶178.)

Castello also points out that “the top and bottom edges 30, 32 of each layer 12, 12’ are finished, knitted edges which remain after separation of the layers by pulling the draw threads 14 and can serve as the top and bottom edges respectively, 30’, 32’ of each individual collar 16 without further sewing or other operations.” (Ex. 1007, 4:4-10; FIG. 5; Ex. 1003, ¶179.)

Castello goes on to explain that the “circular neck fold line 24 of jersey stitches . . . create[s] a collar that lays naturally on the back of the neck without ‘hiking’ up or down to thereby enhance the beauty and utility of the collar. The fold 24 remains permanent even after washing or dry cleaning inasmuch as it is knitted directly into the fabric and thus reduces pressing costs in the finished garment.” (Ex. 1007, 4:53-63; *see also* 1:43-49; 1:54-68; 2:12-21; 2:42-52; 3:34-58; 4:34-5:7; 5:13-17; FIG. 5; Ex. 1003, ¶180.)

These different stitch configurations around the collar 16 are illustrated in guide 18 (FIG. 5), wherein the X·X·X·X pattern at the bottom of the collar 16 showing the finished edge 32 and the spaced apart X X X X pattern along the sides showing the cut line 20 indicate stitch configurations in those regions that are different from each other, as well as from the fashion marks 22 and the fold line 24.

(Ex. 1007, FIG. 5; Ex. 1003, ¶181.) Therefore, within the collar 16, there are at least four different stitch configurations forming a plurality of different textures. (Ex. 1003, ¶181.)

As described in Section VII.B.5.i above, Fujiwara describes that the outline M of the garment is formed with interknitted stitches (as shown in FIGS. 3A and 3B), and that these interknitted stitches may be a jacquard, birds eye, eyelet, circular rib, or interlock stitch configuration. (Ex. 1008, 5:57-6:7; 7:21-24; Ex. 1003, ¶182.) In contrast, Fujiwara states that the non-interknitted portions of each layer 18, 20 comprises a plain stitch configuration. (Ex. 1008, 5:42-56; Ex. 1003, ¶182.) Because the interknitted stitches are part of the garment, and the garment also comprises areas that are only formed as part of the inner tubular layer 18 or the outer tubular layer 20, the garment has a plurality of different knitted textures formed by varying at least one of the stitch type and the yarn type. (Ex. 1003, ¶182.)

As discussed in Section VII.A.4.viii above with respect to claim 8, Nishida describes the features of claim 8, and thus renders claim 8 obvious. (Ex. 1003, ¶183-186.)

CLAIM	GROUND 2
[8] The method claim 1, wherein the knitted textile element has a plurality of different knitted textures formed by	“[A]s seen in FIG. 5, a graph 18 is first laid out in accordance with practices well known to those skilled in the art to show features such as peripheral knitted cutting guide lines 20, knitted fashion marks 22, knitted neck fold lines 24 and knitted guide marks 26, 28. The guide marks 26, 28 serve as guides to aid sewing machine operators when the collar is being affixed to the remainder of the garment.” Castello , 3:51-58; FIG. 5 (reproduced below).

CLAIM	GROUND 2
varying at least one of the stitch type and the yarn type.	“[A] collar construction 16 can be produced on a single circular knitting machine having an integral knitted fold crease 24, knitted sewing guide marks 26, 28, mock fashion marks 22 and any desired Jacquard color designs (not illustrated) . . . <i>The fashion marks 22 may be knitted in conventional manner spaced apart in any desired stitch pattern, such as by Jacquard patterns.</i> The fashion marks 22 may be knit continuously about the periphery of the collar.” Castello, 4:23-33 (emphasis added); FIG. 5. “[M]ore or fewer fashion marks 22 can be provided, <i>more or fewer collar fold marks 24 (knitted as reversed jersey)</i> can be knit, <i>more or fewer stripes, various colors, patterns (not illustrated)</i> can be programmed into the circular knitting machine.” Castello, 5:35-44 (emphasis added); FIG. 5. “[T]he top and bottom edges 30, 32 of each layer 12, 12’ are finished, knitted edges which remain after separation of the layers by pulling the draw threads 14 and can serve as the top and bottom edges respectively, 30’, 32’ of each individual collar 16 without further sewing or other operations.” Castello, 4:4-10; FIG. 5. “[C]ircular neck fold line 24 of jersey stitches . . . create[s] a collar that lays naturally on the back of the neck without ‘hiking’ up or down to thereby enhance the beauty and utility of the collar. The fold 24 remains permanent even after washing or dry cleaning inasmuch as it is knitted directly into the fabric and thus reduces pressing costs in the finished garment.” Castello, 4:53-63; <i>see also</i> 1:43-49; 1:54-68; 2:12-21; 2:42-52; 3:34-58; 4:34-57; 5:13-17. FIG. 5 fold line 24 pattern cut line 20 X X pattern fashion mark 22 XX pattern finished edge 32 X·X pattern See Section VII.B.5.i, claim 1C regarding Fujiwara; See Section VII.A.4.viii, claim 8 regarding Nishida.

ix. Dependent Claims 9 and 19

Dependent claims 9 and 19 recite “utilizing a wide-tube circular knitting machine.” Castello states “[r]eferring again to FIG. 5, I show a sketch which may be employed in conjunction with an ***eight-cut*** L.H. circular machine having 64 levers per automat. Assuming twelve automats, the machine could be programmed to knit three collar constructions 16 per layer 12. In the illustration shown, ***768 needles*** would be employed less approximately 10 needles on each side of the gate on automats one and twelve.” (Ex. 1007, 5:18-25 (emphasis added); *see also* Abstract; 1:35-53; 1:47-64; 3:34-39; 4:23-38. (Ex. 1003, ¶152.)

As Mr. Holden explains, the skilled person at least as of March 3, 2004, would have understood how to calculate the diameter of the L.H. circular knitting machine based on the explicit information provided by Castello. (Ex. 1003, ¶153.) Hence, the skilled person would have understood from Castello’s description that the L.H. circular knitting machine has eight needles per inch (according to the meaning of eight-cut) and 768 needles total around the circumference, thus resulting in a total circumference of 96 inches (calculated by dividing the total needles by the needles per inch). (Ex. 1003, ¶153.) Since diameter is equal to the circumference divided by π , the nominal diameter is equal to 30.55 inches. (Ex. 1003, ¶153.) The skilled person would also have understood that a circular knitting machine having a nominal diameter of 30.55 inches is a wide-tube circular knitting machine. (Ex. 1003, ¶153.) Therefore, skilled persons would thus have recognized that wide-tube circular knitting

machines were used to make Castello’s collars and would understand that the L.H. circular knitting machine was one such example. (Ex. 1003, ¶153.)

The chart below shows how Castello discloses this feature of claims 9 and 19, and thus renders claims 9 and 19 obvious. (Ex. 1003, ¶152-153.)

CLAIM	GROUND 2
[9] The method of claim 1, wherein simultaneously knitting a textile element with a surrounding textile structure includes utilizing a wide-tube circular knitting machine.	“Referring again to FIG. 5, I show a sketch which may be employed in conjunction with an <i>eight-cut</i> L.H. circular machine having 64 levers per automat. Assuming twelve automats, the machine could be programmed to knit three collar constructions 16 per layer 12. In the illustration shown, 768 needles would be employed less approximately 10 needles on each side of the gate on automats one and twelve.” Castello , 5:18-25 (emphasis added); <i>see also</i> Abstract; 1:35-53; 1:47-64; 3:34-39; 4:23-38.

x. Dependent Claims 11 and 21

As discussed in Section VII.A.4.x above with respect to claims 11 and 21, dependent claims 11 and 21 are substantially similar to dependent claim 8.

As described in Section VII.B.5.viii above with respect to claim 8, Castello, Fujiwara, and Nishida describe the features of claims 11 and 21, and thus render claims 11 and 21 obvious. (Ex. 1003, ¶177-186.)

xi. Dependent Claims 12 and 18

As discussed in Section VII.A.4.xi above with respect to claims 12 and 18, Nishida describes the features of claims 12 and 18, and thus renders claims 12 and 18 obvious. (Ex. 1003, ¶190-191, 193.)

VIII. EVEN IF CONSIDERED, SECONDARY CONSIDERATIONS FAIL TO OVERCOME THE EVIDENCE OF OBVIOUSNESS.

The Board has repeatedly held that, at the institution phase, evidence of secondary considerations presented by the Patent Owner should be addressed in a trial where the parties may develop and the Board may consider a full record. *See, e.g., 10X Genomics Inc. v. Univ. of Chicago*, IPR2015–01162, Paper No. 14 at 22 (PTAB Nov. 16, 2015); *Petroleum Geo-Services Inc. v. WesternGeco LLC*, IPR2014-01477, Paper No. 18 at 32 (PTAB Mar. 17, 2015); *Crocs Inc. v. Pollinwalks Inc.*, IPR2014-00424, Paper No. 8 at 16, 2014 WL 4181938, at *9 (PTAB Aug. 20, 2014) (“We reiterate ... that such secondary considerations are better considered in the context of a trial when the ultimate determination of obviousness is made.”). That is the appropriate course here given that “the inventions represent[] no more than ‘the predictable use of prior art elements according to their established functions,’” and, thus any “secondary considerations are inadequate to establish nonobviousness as a matter of law.” *Wyers v. Master Lock Co.*, 616 F.3d 1231, 1246 (Fed. Cir. 2010) (quoting *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 417 (2007)).

Petitioner nonetheless preliminarily addresses alleged secondary considerations that Patent Owner may argue, but reserves the right to respond to any arguments asserted by the Patent Owner in this proceeding. Specifically, in connection with a prior review of the related ‘011 patent, Patent Owner argued that a proposed amended claim 47 satisfied a long felt need for reducing waste because it claimed a

textile element with “flat knit edges” that were not cut or removed from surrounding textile structure. *See Nike, Inc. v. adidas AG*, CA No. 14-1719, slip op. at 19 & 32-33 (Fed. Cir. Feb. 11, 2016).

“For objective [evidence of secondary considerations] to be accorded substantial weight, its proponent must establish a nexus between the evidence and the merits of the claimed invention.” *Wyers*, 616 F.3d at 1246 (quoting *In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed.Cir.1995)) (internal quotation marks omitted). Unlike in the proposed amended claim in the ‘011 patent, there is no claim to a textile element with “flat knit edges” or other claim elements that could, even conceivably, connect the challenged claims to any purported long felt need for reducing cutting waste in the ‘749 patent. That is a critical difference because “[w]here the offered secondary consideration actually results from something other than what is both claimed and novel in the claim, there is no nexus to the merits of the claimed invention.” *In re Huai-Hung Kao*, 639 F.3d 1057, 1068 (Fed. Cir. 2011). No such evidence of nexus exists and, to the contrary, the claim here demonstrates that cutting waste will be generated. For example, the ‘749 patent claims expressly recite removing a textile element “from the textile structure” demonstrating excess material will remain and, likewise, describing a feature already present in Nishida. In short, the claims here demonstrate an absence of cost and material savings, rather than satisfaction of any purported long felt need.

IX. THE PROPOSED REJECTIONS RAISE NEW ISSUES IN WHICH PETITIONER WILL LIKELY PREVAIL.

Patent Owner may urge, incorrectly, that the Board should exercise its discretion under 35 U.S.C. 325(d) to deny institution on one or more grounds. Indeed, that was the ground Patent Owner articulated in opposing the petition filed concerning the related '011 patent, during prosecution of which Nishida was cited by the examiner. *adidas AG v. Nike, Inc.*, IPR2013-00067, Paper No. 12, 2013 WL 8595550, at *9 (PTAB May 17, 2013). The Board appropriately rejected that argument, finding Petitioner had “present[ed] different arguments and new supporting evidence that were not before the Examiner.” *See id.*, Paper No. 18. Ultimately, the original claims 1-46 challenged in the petition were canceled. *Nike, Inc. v. adidas AG*, 2016 WL 537609, *2 (Fed. Cir. Feb. 11, 2016).

Here, as well, Nishida was cited and discussed by the examiner during original prosecution of the '749 patent, albeit solely in assessing whether Nishida anticipated the claims. But Petitioner has here presented new references, arguments and supporting evidence that were not before the examiner.

As to both Grounds, the examiner did not consider Reed, Castello, or Fujiwara at all, much less the obviousness of combining Reed with Nishida and/or combining Castello and Fujiwara with Nishida, or the rationales and evidence adidas provides the Board. As explained above, Reed, Castello, and Fujiwara disclose simultaneously knitting a textile element with a surrounding textile structure in which the textile

element has a texture that is different than the texture of the surrounding textile structure, which Nike argued were the features missing from Nishida to overcome the examiner's reliance on Nishida as anticipating. Likewise, Reed's, Castello's, and Fujiwara's disclosure of multiple other elements would have rendered the claims obvious in view of Nishida's teaching of forming textile elements for articles of footwear.

In view of the foregoing, it is respectfully submitted that there is a reasonable likelihood that Petitioner would prevail with respect to at least one of claims 1-9, 11-19, and 21 challenged in this petition. Accordingly, the Board is requested to grant this petition and to initiate an *inter partes* review, find claims 1-9, 11-19, and 21 unpatentable and cancel these claims, rendering them null, void and otherwise unenforceable.

Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. § 42.8(e) and 42.105(b), the undersigned certifies that on April 19, 2016, a complete and entire copy of this Petition for *Inter Partes* Review was served via USPS Priority Express Mail, costs prepaid, to the Patent Owner by serving the correspondence address of record as follows:

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