

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SKECHERS U.S.A., INC.,

Petitioner,

v.

NIKE, INC.,

Patent Owner.

Case IPR2025-00141

Patent No. 8,266,749

PATENT OWNER'S PRELIMINARY RESPONSE

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2001	Declaration of Dr. Christopher M. Pastore
2002	<i>lululemon usa Inc. v. Nike, Inc.</i> , No. IPR2024-00460, Paper 1 (P.T.A.B. Jan. 12, 2024)
2003	Email from Oxenford to Wilk (November 5, 2024)
2004	Email from Oxenford to Wilk (November 13, 2024)
2005	Skechers' Preliminary Invalidity Contentions Pleading (April 19, 2024)

I. INTRODUCTION

Patent Owner Nike, Inc. (“Nike”) submits this Preliminary Response to the Petition of Skechers U.S.A., Inc.. (“Skechers”) challenging the patentability of Claims 1–21 (the “Challenged Claims”) of U.S. Patent No. 8,266,749 (the “’749 patent”; EX1001). The Board should deny institution because (1) Skechers has not established a reasonable likelihood that it will prevail for any claim in any ground raised in the Petition; and (2) all the grounds in Skechers’ Petition are subject to discretionary denial under each of 35 U.S.C. §325(d), *General Plastics*, and *Fintiv*.

Skechers asserts three grounds—Grounds 1A, 2A, and 2B—against the independent claims 1 and 13 of the ’749 patent, namely claims 1 and 13. Ground 1A is based on U.S. Patent No. 7,051,460 (“Orei”; EX1020); Ground 2A is based on U.S. Patent No. 5,345,638 (“Nishida”; EX1022); and Ground 2B is based on Nishida in view of DE627,878 (“Guenther”; EX1023). None of these grounds show “simultaneously knitting” a “textile element” with a “surrounding textile structure,” as recited by independent claims 1 and 13.

Ground 1A fails because Orei does not teach or suggest either (i) a “surrounding textile structure”; or (ii) “simultaneously knitting.” Indeed, Skechers resorts to inserting an alleged “surrounding textile structure” by drawing in a brown rectangle in the background of Figures 1 and 5 of Orei. And Skechers lacks any

support for “simultaneously knitting” as there is no discussion in Orei relating to when the knitting occurs.

Ground 2A also fails because Nishida does not disclose “simultaneously knitting” a “textile element” with a “surrounding textile structure.” For the surrounding textile structure, Skechers points to a backing element in Nishida, but Nishida teaches that the backing preexists and therefore is knitted earlier than any textile element. During prosecution, the Examiner considered this exact issue and found that Nishida did not disclose the “simultaneously knitting” limitation. Skechers now makes the same argument the Examiner already considered and rejected.

For Ground 2B, Skechers argues that it would be obvious to modify the backing in Nishida with Guenther’s multi-layer construction. But Nishida expressly teaches away from Guenther’s multi-layer construction for the backing because it is too expensive and wasteful. And Skechers fails to show that a POSITA would have reasonably expected to succeed in making the proposed combination.

Because none of the grounds meet the “simultaneously knitting” limitation of independent claims 1 and 13, Skechers has failed to establish a reasonable likelihood that it will prevail for any claim in any ground raised in the Petition.

In addition to denial on the merits, discretionary denial is proper under 35 U.S.C. § 325(d). Skechers relies on the same art that was considered by the Patent

and Trademark Office (“Office”) during prosecution of the ’749 patent. Specifically, during prosecution, the Examiner expressly marked Orei, Nishida, and Guenther as considered prior art, and then relied on Nishida in two separate office actions to address the “simultaneously knitting” limitation. And the McDonald reference, asserted in Skechers’ Ground 1B challenging only dependent claims, is cumulative of other art considered by the Office.

Discretionary denial is also independently warranted under 35 U.S.C. §314(a) under application of the *General Plastic* factors. Skechers delayed filing the Petition nearly a year after the filing of an earlier petition, which Skechers admittedly road-mapped for its arguments in the instant Petition. During that elapsed time, Skechers received not only the benefit of the Board’s Institution Decision of the earlier petition, but also the post-institution response, expert declarations, and expert deposition, making discretionary denial proper. Discretionary denial under *Fintiv* also should apply because the validity of the ’749 Patent is the subject of a parallel district court litigation, and Skechers has not offered a stipulation to not assert duplicative invalidity grounds in that parallel proceeding.

For these reasons and those discussed below, Nike respectfully requests that the Board decline to institute review.

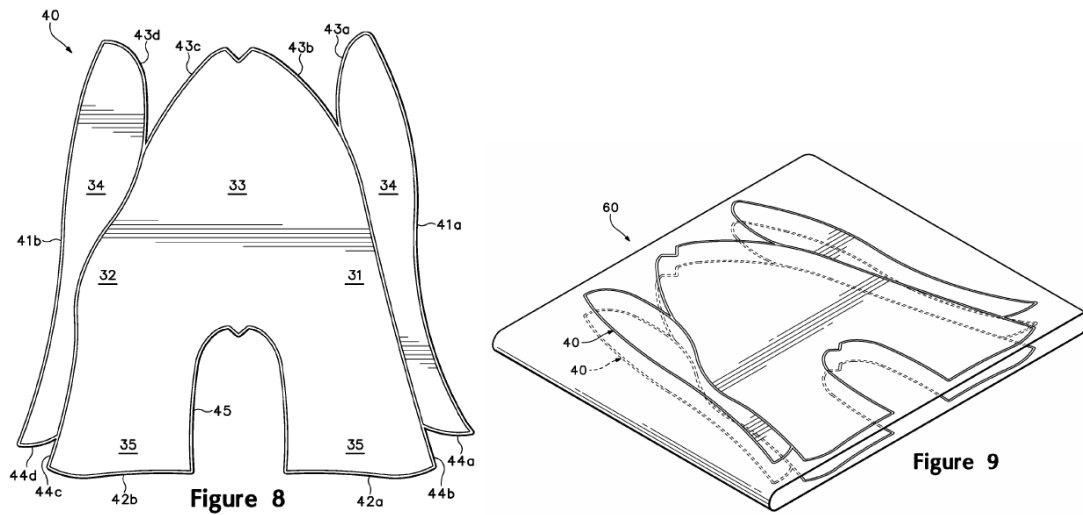
II. THE '749 PATENT

A. Overview of the '749 patent

The '749 patent lists Bhupesh Dua and Edward Nathaniel Thomas as inventors. EX1001. The '749 patent, now expired, claims priority back to U.S. Patent Application No. 10/791,289, filed March 3, 2004. *Id.*

The '749 patent relates to methods of manufacturing footwear by knitting textile uppers that were new and non-obvious in 2004. *Id.* Specifically, the '749 patent recites methods of knitting textile elements at the same time as a surrounding textile structure. *Id.* at 11:43–14:5. The knitted textile elements have at least one texture that is different from the texture of the surrounding textile structure. *Id.* The knitted textile elements are then removed from the surrounding textile structure and incorporated into articles of footwear. *Id.* at Figure 9, 7:38–9:4, 11:43–14:5. Independent claims 1 and 13 recite these steps. *Id.* at 11:43–52, 12:27–43.

The claimed methods offer many advantages over traditional methods of manufacturing shoes. For example, the claimed methods increase sourcing and manufacturing efficiency by limiting the required number of suppliers, machinery, or different assembly line techniques used to cut or otherwise prepare the material for incorporation into the footwear. *Id.* at 3:4–23 11:6–9. The claimed methods also reduce the number of steps in the manufacturing process and reduce the number of seams in the final footwear product. *Id.*



Figures 8 and 9 of the '749 patent

Figure 8 (reproduced above) shows an example of a textile element (“40”) with the general shape and form of a footwear upper (or portion of a footwear upper). Figure 9 (reproduced above) shows an example of a tube-shaped cylindrical textile structure (“60”) “formed with a wide-tube circular knitting machine.” *Id.* at 7:38–39. Figure 9 further shows that “the types of stitches vary throughout textile structure 60 so that a pattern is formed with the outline of textile element 40 . . . [and] differences in the stitches within textile structure 60 form an outline with the shape and proportions of textile element 40.” *Id.* at 7:38–45.

B. Relevant File History

During prosecution, the Examiner expressly considered three of the four prior art references now presented in Skechers’ Petition, namely Orei, Nishida, and Guenther. EX1013 at 244, 245, 248 (“REFERENCES CONSIDERED . . . /M.P./,”

including “Orei,” “Nishida,” and “Gunther” at Patent No. “627878”). The Nishida reference, in particular, is a frequent flyer before the Office. The Examiner considered Nishida multiple times during prosecution. *Id.* at 237, 273–74. And Nishida has been asserted in *inter partes* review of the ’749 patent by both adidas and lululemon.¹ EX1014; EX2002.

1. Office Actions Based on Nishida

During prosecution of the ’749 patent, the Examiner twice rejected claims 1–8, 11–18, and 21 as anticipated by Nishida. EX1013 at 237, 273–74. In response to the first rejection, Nike argued that Nishida fails to disclose “a knitted textile element *simultaneously* formed with a knitted textile structure during a knitting process.” *Id.* at 258–260. Unlike the claims of the ’749 patent, Nike explained Nishida “discloses that layouts 2 are printed, embroidered, woven, or knitted onto a *pre-existing* backing material 4.” *Id.* at 259. The Examiner initially rejected this argument and issued a final Office Action. *Id.* at 273–74.

Nike and the Examiner then held an interview. *Id.* at 278. “[A]fter further consideration,” the Examiner accepted Nike’s argument. *Id.* “Nishida may disclose

¹ lululemon relies on a virtually identical foreign counterpart of Nishida (WO92/22223). *lululemon usa Inc. v. Nike, Inc.*, No. IPR2024-00460, Paper 7 at 17–20 (P.T.A.B. May 13, 2024).

a web of material having different textures,” the Examiner explained, “but there is no clear disclosure . . . that the textile element and the surround [sic] structure are simultaneously knitted.” *Id.*

In subsequent remarks, Nike explained that “Nishida discloses that the backing 4 for the web of material 1 must be formed prior to the production of the layouts.” *Id.* at 286. Thus, “Nishida fails to disclose a knitted textile element *simultaneously* formed with a knitted textile structure, having a differing texture, during a knitting process.” *Id.* The Examiner then allowed the claims without amendment. *Id.* at 295–96.

2. *Inter Partes* Review Based on Nishida

On April 19, 2016, adidas filed a petition for *inter partes* review challenging the '749 patent. IPR2016-00922; EX1014. adidas challenged claims 1–9, 11–19, and 21 as obvious over the combination of Nishida and U.S. Patent No. 3,985,003 (“Reed”). *Id.* In an effort to avoid discretionary denial under 35 U.S.C. § 325(d), adidas relied on Reed alone as disclosing limitation 1[b]—“simultaneously knitting a textile element with a surrounding textile structure.” *Id.* at 14. adidas relied on Nishida for the other limitations of claims 1 and 13. *Id.* at 16–19. The Board ultimately upheld the patentability of all challenged claims of the '749 patent. EX1019 at 70.

On January 12, 2023, lululemon filed a petition challenging all claims of the '749 patent. IPR2024-00460; EX2002. In its petition, lululemon alleges that a virtually identical foreign counterpart to Nishida anticipates claims 1–8 and 11–18. lululemon's IPR is currently pending.

III. Alleged Prior Art References

A. Orei

Orei is U.S. Patent No. 7,051,460 entitled “Light Weight Shoes.” EX1020. Orei is directed to a shoe with an upper that includes double raschel warp knitted elements. *E.g.*, EX1020 at Figs. 1 & 5, 3:33–38, 1:58–2:3. Orei discusses and depicts knitted patterns for incorporation into a shoe, but never discusses or depicts any textile structure surrounding those patterns. *Id.*; EX2001 at ¶29.

For example, Orei's Figure 1 (below left) shows knitted shoe patterns that are incorporated into the shoe shown in Figure 2 (below right). For illustrative purposes, annotated versions of Orei's Figures 1 and 2 are reproduced below.

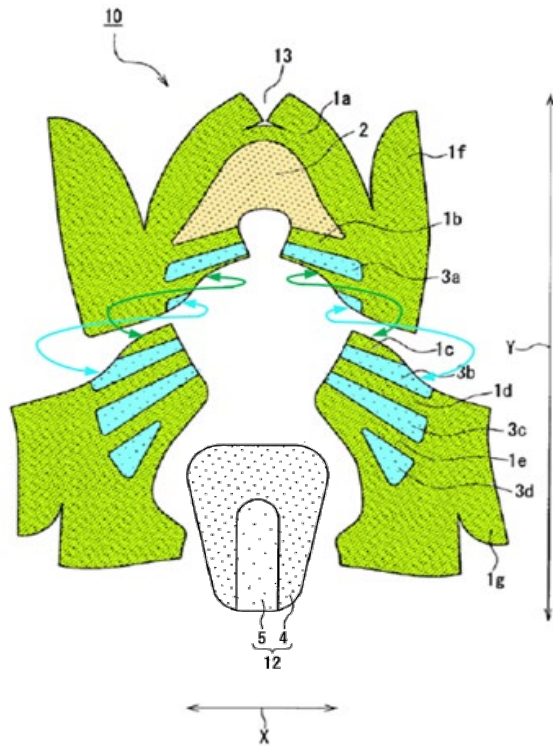


FIG. 1

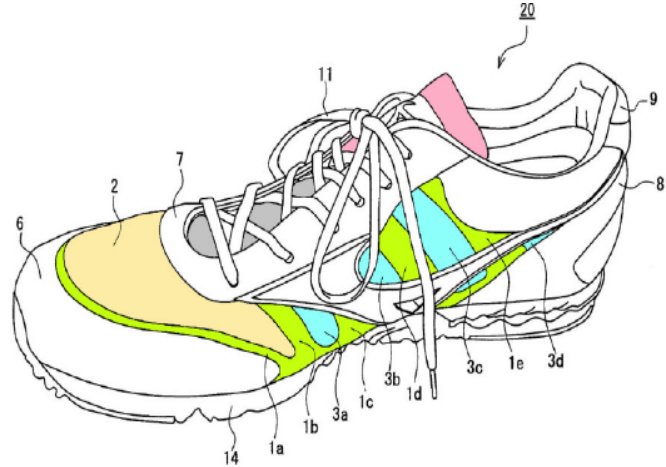


FIG. 2

EX1020 at Fig. 1 (annotated with colors and arrows); Fig. 2 (annotated with colors). Orei's shoe patterns include non-mesh structure part (A) in green, mesh structure part (B) in beige, and mesh structure part (C) in aqua. EX1020 at Fig. 1, 4:16–25, 4:37–39, 4:40–46; EX2001 at ¶29. Orei discloses that parts A, B, and C were originally joined together in one continuous fabric. EX1020 at 2:1–3, 3:34–38; EX2001 at ¶29. Specifically, the bottom two shoe patterns in green and aqua were joined with the corresponding green and aqua in the top shoe pattern. *Id.* For example, part (A) 1c and part (C) 3b on the bottom shoe patterns match up with the corresponding colored parts on the top shoe pattern in Figure 1. *Id.* Then, “paper patterns” were placed on top of the continuous fabric to cut shoe patterns shown in

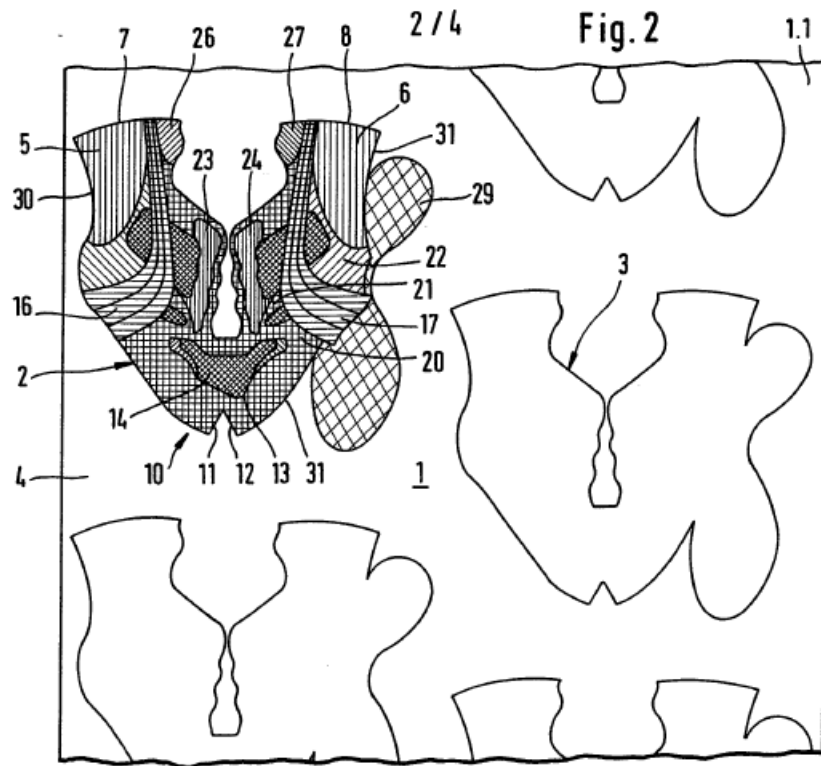
Figure 1 before being incorporated into a shoe. *Id.* Thus, the regions in between the shoe patterns shown in Figure 1 is empty space. *Id.* at Fig. 1, 3:33–38, 4:15–21; EX2001 at ¶29. Orei never depicts or discusses any textile surrounding structure between the shoe patterns. *Id.*

B. Nishida

“Nishida” is U.S. Patent No. 5,345,638 entitled “Process for Producing a Shoe-Shaped Part from a Web of Material and Resulting Shoe-Shaped Part.” EX1022. As explained above, Nishida is a reference that the Patent Office already considered multiple times. *See supra* II.B.

Nishida teaches a method of manufacturing shoe parts by using a “web of material” for cutting out shoe patterns for use in footwear. EX1022 at 1:48-2:10. As shown by Figures 1 and 2, Nishida’s web of material includes two primary components, namely a backing and shoe patterns in the forms of layouts or tongues. *Id.* at Fig 1 (showing layout 2 and tongue 40 with backing); Fig. 2 (showing layout 2 with backing 4); EX2001 at ¶¶ 31-33. Nishida discloses that “[t]he web of material has a backing 4 that can be a conventionally used material” made of “simple, lightweight or inexpensive material quality.” EX1022 at 2:16–18, 3:13–15, 5:45–55 (material should be as simple as possible). By contrast, Nishida discloses that the shoe patterns (e.g., “layout 2” or “tongue”, according to Skechers) consist of

“necessary quality, thickness, multilayers or the like which correspond to the pattern.” *Id.* at 2:13–14. Figure 2 shows the backing 4 along with a layout 2:



Id. at Fig. 2.

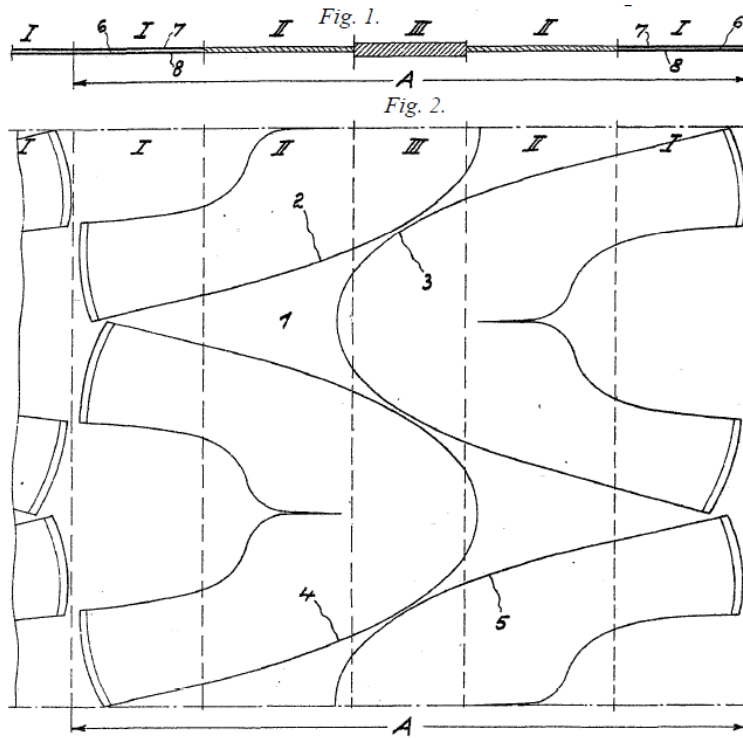
In Nishida, the backing pre-exists the production of layouts and/or tongues for the shoe patterns. EX2001 at ¶35. Specifically, Nishida discloses that during production of the shoe patterns, the production process skips the knitting of certain “unfinished surface areas” (shown at “1.1” in Figure 2 above). EX1022 at 4:61–63, 5:45–55, Figs. 1-2; EX2001 at ¶35. These surface areas 1.1 consist only of the simple, inexpensive material of the backing, demonstrating that these areas are formed prior to the shoe patterns. EX1022 at 2:16–20, 3:13–15, 4:61–63, 5:45–55,

Figs. 1-2 (surface area 1.1); EX2001 at ¶35. After layouts and/or tongues for the shoe patterns are produced, the shoe patterns are cut from the backing and used in an article of footwear. EX1022 at 1:48–2:10. EX2001 at ¶36.

C. Guenther

“Guenther” is German Patent No. 627878 referenced in Nishida. EX1022 at 1:19–37.² Nishida explains that, in Guenther, “a web of material is produced so that it successively has three crosswise strips of different weaves,” where U-shaped shoe patterns on these crosswise strips are cut out from the material in order to form a shoe. *Id.* The figures in Guenther show the U-shaped parts on the three crosswise strips of the web of material.

² Skechers relies on an English translation of Guenther at EX1023.



EX1023 at Figs. 1-2. Nishida, however, distinguishes Guenther's web of material as wasteful and expensive. EX1022 at 2:11–26. Specifically, the crosswise strips “consist[] of an expensive tubular material, multilayer material or the like” and therefore, cutting the U-shaped parts from this web of material leaves expensive scraps of material that are wasted. *Id.* at 2:22–26 (“the known material that has crosswise strips, the entire cutting waste, for example, consists of an expensive” material).

By contrast, in Nishida, for “the process according to the invention, 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” and “the remaining area of

the web of material in contrast can consist of a simple, lightweight or inexpensive material quality.” *Id.* at 2:11–22; EX2001 at ¶37. Consequently, with Nishida’s method, when the shoe patterns are cut from the web of material, the leftover material is the “simple, lightweight and inexpensive material,” thereby minimizing “waste.” *Id.*

IV. DEFINITION OF A PERSON OF ORDINARY SKILL IN THE ART

For purposes of this Preliminary Response, Nike applies Skechers’ definition for a person of ordinary skill in the art (“POSITA”), namely a person with at least a few years of experience in knit materials and knitting methods and machines that can be used in making footwear, or a bachelor’s degree in textile-related sciences, engineering, or industrial product design, or equivalent academic or work experience, including in the footwear industry; and that a POSITA would have had at least a general understanding of general construction processes and materials used in the manufacturing process of fabric-based articles. *See* Petition at 23–24; EX2001 at ¶20. Nike reserves the right to further address Skechers’ definition of a POSITA if trial is instituted.

V. CLAIM CONSTRUCTION

Claims challenged in *inter partes* review proceedings “shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. [§] 282(b).” 37 C.F.R. § 42.100(b). Under this

standard, claims “are generally given their ordinary and customary meaning,” as understood by a person of ordinary skill. *Phillips v. AWH Corp.*, 415 F.3d 1303 at 1312–13 (Fed. Cir. 2005) (citation omitted). For purposes of this Preliminary Response, Nike contends that no terms require construction. *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1375 (Fed. Cir. 2019) (“The Board is required to construe ‘only those terms ... in controversy, and only to the extent necessary to resolve the controversy.’”) (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). Nike reserves the right to further address claim construction if trial is instituted.

VI. SKECHERS HAS NOT ESTABLISHED A REASONABLE LIKELIHOOD OF PREVAILING FOR ANY CHALLENGED CLAIM

Skechers bears the burden on institution of “demonstrating a reasonable likelihood that it will prevail in showing the unpatentability of at least one claim.” *SMIC, Ams. v. Innovative Foundry Techs., LLC*, IPR2020-00837, Paper 13 at 13–14 (PTAB Oct. 9, 2020) (citing 35 U.S.C. §§ 314(a) and 312(a)(3)). In making this showing, Skechers’ Petition must identify “the evidence that supports the grounds for the challenge to each claim.” *Id.* Skechers has not met that burden, and has not shown a reasonable likelihood of success for any challenged claim under any ground of unpatentability. The Board should thus deny institution.

A. Ground 1A: Skechers Fails to Show a Reasonable Likelihood That Orei Anticipates or Renders Obvious Claims 1–6, 8, 10–16, 18, and 20–21

Orei does not disclose “simultaneously knitting” a “textile element” with a “surrounding textile structure,” as recited in independent claims 1 and 13.³ EX2001 at ¶¶38–39.

First, Orei does not disclose a “surrounding textile structure.” EX2001 at ¶40; EX1020 at Figs. 1 & 5, 3:33–38, 2:1–3. Skechers does not point to any discussion in Orei on an alleged surrounding textile structure, including in terms of its alleged material or production. Petition at 34–38; EX2001 at ¶40. Skechers points to Figures 1 and 5, but these Figures only show empty space surrounding the shoe patterns, not a “surrounding textile structure.” EX1020 at Figs. 1, 5; EX2001 at ¶41. Skechers resorts to inserting an alleged “surrounding textile structure” by drawing in a brown rectangle in the background of the Figures 1 and 5 in Orei. Petition at 36–37. Skechers then argues the Figures, with Skechers’ inserted brown rectangle, show a “continuous knitted fabric” with parts being disposed on it. *Id.*

³ Claim 1 recites “simultaneously knitting a textile element with a surrounding textile structure,” while Claim 13 recites “knitting a first textile element and a second textile element simultaneously with knitting a surrounding textile structure.” EX1001 at 11:45–46, 12:29–30.

But what Orei actually discloses is that parts A, B, and C—similar to Pangea—were *originally* joined together as one “continuous knitted fabric” (see arrows in annotated Figure 1 below). EX1020 at 2:1–3, 3:34–38; EX2001 at ¶43.

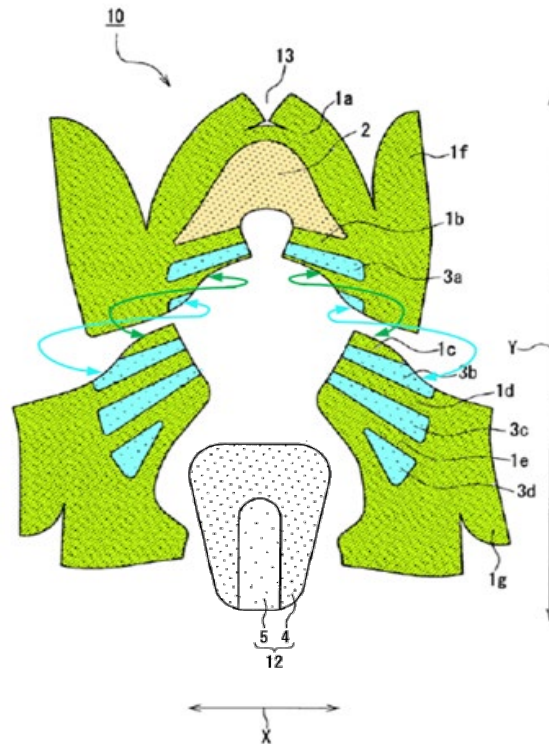


FIG. 1

EX1020 at Fig. 1 (annotated with colors and arrows); EX2001 at ¶43. Figure 1 shows non-mesh structure part (A) 1a to 1e in green, mesh structure part (B) 2 in beige, and mesh structure part (C) 3a and 3d in aqua. EX1020 at Fig. 1, 4:16–25, 4:37–39, 4:40–46. Orei discloses that shoe patterns having parts A to C were originally joined together in a fabric. *Id.* at Fig. 1, 3:33–38, 2:1–3; EX2001 at ¶43. For example, part (A) 1c and part (C) 3b in the bottom shoe patterns match up to the

corresponding colored parts in the top shoe pattern in Figure 1 (annotated by green and aqua arrows). EX2001 at ¶43; EX1020 at Fig 1. Because the shoe patterns were originally joined, they formed one continuous fabric. EX2001 at ¶43; EX1020 at Fig 1, 3:33–38; 2:1–3.

Orei then discloses that the continuous fabric was overlayed with a “paper pattern” and cut. EX1020 at 3:33–38 (“At least the parts A to C . . . disposed as one continuous knitted fabric. Thus, when the fabrics are cut together with paper pattern, a shoe can be formed.”); EX2001 at ¶44. A POSITA would understand that the “paper pattern” placed on top of the continuous fabric would guide a person to cut the shoe patterns shown in Figure 1. EX2001 at ¶44. As such, Figure 1 discloses shoe patterns after cutting and before assembly into a shoe. EX1020 at Fig 1, 3:33–38; 4:16–17; EX2001 at ¶44. Thus, Figure 1 depicts shoe patterns with empty space in between, not with a surrounding textile structure. EX2001 at ¶44.

Skechers further argues that Figure 5 meets this limitation by disclosing that “respective parts are placed continuously” “[o]n one knitted fabric.” Petition at 37–38. But Figure 5—like Figure 1—shows parts 31 and 32 that were previously adjoined and cut apart (see arrows in annotated Figure 5 below); EX2001 at ¶¶44–45.

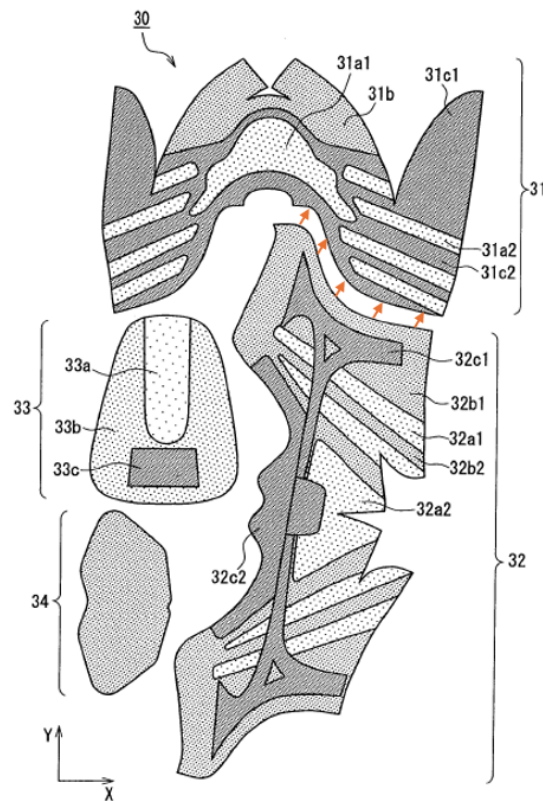


FIG. 5

EX1020 at Fig. 5 (annotated). Figure 5 shows the curves of part 31 match up with the curves of the bottom part 32, showing the two patterns would be “continuously” adjacent to one another prior to cutting with the paper patterns in order to form the shoe. *Id.* at 3:33–37 (“Thus, when the fabrics are cut together with paper pattern, a shoe can be formed.”); EX2001 at ¶45. Like for Figure 1, this means that Figure 5 depicts shoe patterns after cutting with empty space surrounding the patterns. EX2001 at ¶45.

Skechers also lacks any support for the claimed “simultaneously knitting.” Skechers relies on Orei’s disclosure of disposing parts “continuously” or as a

“continuous” fabric to argue Orei teaches the claimed “simultaneously knitting.” Petition at 35–37. But, Orei uses “continuous” or “continuously” not in relation to the timing of when knitting occurs, but instead to describe the physical placement of shoe parts. EX1020 at 3:33–38 (parts “disposed as one continuous knitted fabric”); 4:16–18 (parts “placed continuously”); 5:57–58 (parts “placed continuously”); EX2001 at ¶42. Specifically, “continuous” or “continuously” refers to having no gaps between the parts located on the fabric. *Id.* In particular, Orei discloses that “at least the parts A to C” are continuously adjacent to one another with no gaps. EX1020 at 3:34–36 (“At least the parts A to C of the double raschel warp knitted fabrics of the present invention are disposed as one continuous knitted fabric.”), 2:1–3 (“at least the parts A to C are disposed in one continuous knitted fabric”); EX2001 at ¶42. Accordingly, Skechers lacks any support in Orei on when the knitting occurs, let alone support for “simultaneously knitting,” EX2001 at ¶42.

Finally, Skechers argues that even if Orei does not disclose simultaneously knitting a textile element with a surrounding textile structure, it would have been obvious to do so. Petition at 37–38. But Skechers relies on documentary evidence that does not disclose a surrounding textile structure, let alone the simultaneous knitting of a surrounding textile structure with a textile element. Petition at 38 (quoting EX1050 (“Spencer”) at 363, which states that articles are “simultaneously knitted side-by-side across the needle bed”); EX2001 at ¶46. This disclosure in

Spencer refers only to knitting multiple individual scarves at the same time by having each scarf, i.e., textile element, directly side-by-side on the needle bed. EX1050 at 363; EX2001 at ¶46. There is no disclosure of a surrounding textile structure, and in fact, the production process in Spencer does not produce any waste scraps that would evidence a surrounding textile structure. *Id.* Accordingly, Skechers fails to show a reasonable likelihood that Orei anticipates or renders obvious any challenged claim in Ground 1A. EX2001 at ¶47.

B. Ground 1B: Skechers Fails to Show a Reasonable Likelihood That Orei in View of McDonald Renders Obvious Claims 7, 12, 17, and 18

For at least the reasons discussed above with respect to Ground 1A, Orei does not disclose independent claims 1 and 13. For at least the same reasons, Orei in view of McDonald does not render obvious dependent claims 7, 12, 17, and 18.

C. Ground 1C: Skechers Fails to Show a Reasonable Likelihood That Orei Renders Obvious Claims 9 and 19

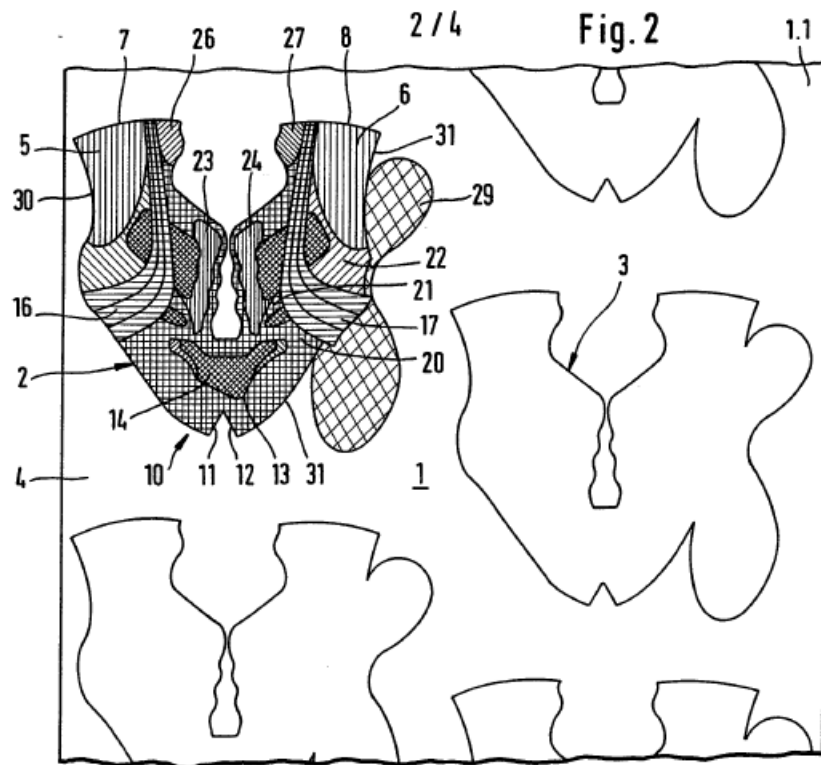
For at least the reasons discussed above with respect to Ground 1A, Orei does not disclose independent claims 1 and 13. For at least the same reasons, Orei does not render obvious dependent claims 9 and 19.

D. Ground 2A: Skechers Fails to Show a Reasonable Likelihood That Nishida Anticipates Claims 1–8, 11–18, and 21

Nishida does not disclose “simultaneously” knitting a “textile element” with a “surrounding textile structure,” as recited in independent claims 1 and 13. EX2001

at ¶49. This is because, in Nishida, the surrounding textile structure is a backing that pre-exists and therefore is knitted earlier than any textile element. EX2001 at ¶¶53–54.

First, Nishida discloses that it uses a backing. EX1022 at 3:13–15 (“The web of material has a backing 4 that can be a conventionally used material formed”). That backing is made of “simple, lightweight or inexpensive material quality.” *Id.* at 2:16–18, 5:45–55 (“as simple and as economical as possible”). By contrast, the “textile elements” (i.e., the “layout” or “tongue” of the upper shoe patterns, according to Skechers) consist of “necessary quality, thickness, multilayers or the like which correspond to the pattern.” *Id.* at 2:13–14. Figure 2 shows the backing 4, along with a layout 2 of the shoe pattern.



Id. at Fig. 2.

Second, Nishida discloses that the backing pre-exists the production of layouts for the shoe patterns. EX2001 at ¶¶53–54. Specifically, Nishida discloses that during the production of the shoe patterns, the process avoids knitting certain “unfinished surface areas” (shown at “1.1” in Figure 2 above). EX1022 at 4:61–63, 5:45–55, Figs. 1–2. Those surface areas have the conventional, inexpensive material of the backing, showing they existed before the production process for the shoe patterns. EX1022 at 2:16–20, 3:13–15, 4:61–63, 5:45–55, Figs. 1–2 (surface area 1.1); EX2001 at ¶54. There is no need to further knit these “unfinished surface areas,” which merely “holds together only the [shoe] patterns” “after their

completion.” EX1022 at 2:16–20; EX2001 at ¶54. In short, the knitting process avoids the “unfinished surface areas,” but the inexpensive material is still present because of the pre-existing backing. EX1022 at 2:16–20, 3:13–15, 4:61–63, 5:45–55; EX2001 at ¶54. As such, Nishida discloses that the backing pre-exists, where there is no “simultaneously knitting” of a textile element (the alleged layout or tongue) with a surrounding textile structure (the backing). EX2001 at ¶54.

Skechers cites to various statements in Nishida that fail to disclose “simultaneously knitting” a “textile element” with a “surrounding textile structure.” For example, Skechers argues that Nishida discloses “a textile production process **inside** the web of material.” Petition at 78 (citing EX1022 at 1:50–56). This disclosure, however, is silent on the timing of the knitting, let alone whether the timing is “simultaneous.” EX2001 at ¶55. Instead, this refers to producing parts in multiple layers (i.e., tiers), where the layers in the middle are “inside” the web of material. EX1022 at 3:66–68 (“the material can be woven or knitted in **two or more layers**”); 3:6–8 (“In FIGS. 1 and 2, **a web of material** is identified by 1, and is produced by a conventional textile process, **tier example**, by weaving and/or knitting and/or embroidering.”) (emphasis added); EX2001 at ¶55. For example, in Figure 2, part 22 is “inside” the web of material because part 17 and/or part 8 are on top of part 22, while part 29 and/or the backing are underneath part 22. EX1022 at Fig. 2; EX2001 at ¶55. Because the “web of material” includes all components,

including the backing and all layers of the layouts (EX1022 at 3:5–15), parts in the middle layers are embedded “inside” the “web of material” (EX1022 at Fig. 2, 3:6–8; EX2001 at ¶55).

Skechers also points to the Abstract in Nishida, but the Abstract does not mention the backing, let alone the timing for producing the backing. EX1022 at Abstract (“produce layouts (2) . . . at the same time with the production of the web of material”). Instead, the Abstract discusses the “web of material.” *Id.* Skechers wrongly equates the “web of material” with the backing; the backing is merely one component of the “web of material.” *Id.* at 3:5–15 (web of material includes backing and layouts); EX2001 at ¶56. Because the “web of material” includes all components, including all the layers of the layouts (*id.*), the “web of material” is only produced when all the layers in the layouts are completed (EX2001 at ¶56). As such, the Abstract discloses the “web of material” is completed “at the same time” as when the layouts are completed. EX2001 at ¶56; EX1022 at Abstract.

Skechers also cites to Nishida’s reference to “one operation” (Petition at 80), but this only refers to the production of Nishida’s “upper designs” of layouts and the tongue, not the production of the backing (EX1022 at 4:49–55; EX2001 at ¶57). Specifically, Nishida discusses the production of a “fully developed” material having “7 different fibers” in “one operation,” not the production of the “inexpensive” and “simple” material of the backing. EX1022 at 4:49–55 (“a *fully*

developed loom, up to **7 different textile fibers or yarns**, and the same number of colors, can be put in, especially woven in, the web of material **in one operation**. As already indicated, any sizes and different **upper designs** can be produced by computer-controlled programs, starting from corresponding basic patterns.”); EX2001 at ¶57. Indeed, Nishida only refers to “upper designs,” not the backing, in this disclosure. *Id.*

Skechers also argues that the Board in the *adidas IPR* made statements consistent with its position. Petition at 77 (citing EX1019 at 29–30). But, in its decision, the Board merely points to Nishida disclosing the simultaneous knitting of only the “tongues 40” and “layout 2” designs, not the simultaneously knitting of those designs with a surrounding textile structure. Ex. 1019, 29–30 (citing EX1022 (Nishida) at 5:27–36, 41–44, which discloses “... Preferably, in each case, related **tongues 40 are produced simultaneously with a layout 2** on same web of material 1.”) (emphasis added). Skechers tacitly admits this disclosure in Nishida does not support its position; it even avoids showing that this is the disclosure in Nishida the Board cites. Importantly, Skechers never points to this disclosure to argue it shows “simultaneously knitting” of shoe designs with a “surrounding textile structure.” This is because this disclosure only says the shoe designs of the “tongues” and “layout 2” are knitted simultaneously; it **does not** say these designs are knitted

simultaneously with the backing (i.e., the surrounding textile structure).⁴ EX1022 at 5:34–36; EX2001 at ¶58.

Skechers also asserts “Nishida’s backing 4 is a base for the web of material 1 similar to Guenther’s base layers.” Petition at 83 (suggesting Guenther discloses simultaneous knitting). Nishida, however, expressly teaches its base is different than Guenther’s multi-layer base. EX2001 at ¶¶59–61. First, Nishida identifies Guenther’s base as using crosswise strips of different weaves consisting of multilayer material:

⁴ Further, Skechers cites to Board statements in the *adidas* IPR that are dicta. As explained above, the petitioner in the *adidas* IPR never argued that Nishida anticipated the claims of the ’749 patent. *See supra* II.B.2. *adidas* only argued that the ’749 patent claims were rendered obvious in view of the combination of Nishida and Reed. *Id.* Accordingly, the Board’s statements about anticipation issues not raised by *adidas* are dicta and not binding. *See Curver Lux., SARL v. Home Expressions Inc.*, 938 F.3d 1334, 1342 (Fed. Cir. 2019) (“[W]e note that the statement about anticipation in *Glavas* is dictum and thus not binding. Because the *Glavas* court was asked only to review a determination of obviousness, the statement about anticipation was unnecessary to reach its holding about obviousness.”).

A process according to this general type is known from German Patent No. 627 878. There, **a web of material** is produced so that it successively **has three crosswise strips of different weaves**. . . . second crosswise strip is elastic and multilayered . . . crosswise strip for the counter-stiffener can be produced as a tubular material.

EX1022 at 1:19–33 (emphasis added). Nishida then expressly distinguishes its “invention” from Guenther’s base of crosswise strips because that base is “waste[ful]” when cutting out shoe patterns, leaving “expensive” scraps of material.

By the process according to the invention . . . cutting waste accumulating with cutting out therefore represents a simple, lightweight and inexpensive material. In contrast, with the known material that has crosswise strips, the entire cutting waste, for example, consists of an expensive tubular material, multilayer material or the like.

EX1022 at 2:11–26 (emphasis added); EX2001 at ¶¶60–61. According to its invention, Nishida uses a “simple, lightweight or inexpensive material” for the base of the web of material that merely “holds together” the shoe patterns. *Id.* This helps with “cutting waste” and differs from the “expensive” material in Guenther. *Id.* Accordingly, a POSITA would understand Nishida’s base for the web of material is different than the multi-layered base in Guenther. EX2001 at ¶¶61–62.

In sum, Skechers fails to show a reasonable likelihood that Nishida anticipates any of the challenged claim in Ground 2A.

E. Ground 2B: Skechers Fails to Show a Reasonable Likelihood That Nishida in View of Guenther Renders Obvious Claims 1–8, 11–18, and 21

Skechers argues that it would be obvious to modify the backing of the web of material in Nishida with Guenther’s multi-layer construction. But, Nishida expressly teaches a POSITA away from Guenther’s multi-layer construction for the backing because it is too expensive and wasteful. EX2001 at ¶63. First, and as discussed in response to Ground 2A, Nishida identifies Guenther’s multi-layer approach. EX1022 at 1:19–34 (“A process according to this general type is known from German Patent No. 627878. There, a web of material is produced so that it successively has three crosswise strips of different weaves . . . crosswise strip is elastic and multilayered . . . produced as a tubular material”). Then, Nishida expressly teaches away from that approach as wasteful when cutting out shoe patterns, leaving expensive scraps of material. *Id.* at 2:11–26 (“ . . . In contrast, with the known material that has crosswise strips, the entire cutting waste, for example, consists of an expensive tubular material, multilayer material or the like.”); EX2001 at ¶¶64–65. Unlike Guenther, Nishida teaches to use a backing that merely “holds together” the shoe patterns and that uses “inexpensive material quality” for “cutting waste.” EX1022 at 2:11–26; EX2001 at ¶65. Accordingly, there is no motivation for a POSITA to combine Nishida with Guenther to modify the backing in Nishida. EX2001 at ¶65.

In addition, Skechers has not provided any evidence or argument whatsoever that a POSITA would have had a reasonable expectation of success to modify the backing in Nishida with Guenther's multi-layer construction. EX2001 at ¶66. The backing in Nishida is a "conventionally used material" that is "as simple and as economical as possible." EX1022 at 2:16–18, 3:13–15, 5:45–55. Skechers has not provided any evidence or argument on how a POSITA would modify that simple base material with Guenther's more complex material that is "produced so that it successively has three crosswise strips of different weaves." *Id.* at 1:19–34; EX2001 at ¶66.

Accordingly, Skechers fails to show a reasonable likelihood that Nishida in view of Guenther renders obvious any challenged claim in Ground 2B. EX2001 at ¶66.

F. Ground 2C: Skechers Fails to Show a Reasonable Likelihood That Claims 9, 10, 19, and 20 Are Obvious Under Either Ground 2A or Ground 2B

For at least the reasons discussed above in each of Ground 2A and Ground 2B, the prior art does not disclose independent claims 1 and 13. For at least the same reasons, neither Ground 2A nor Ground 2B render obvious dependent claims 9, 10, 19, and 20.

**VII. THE BOARD SHOULD DENY INSTITUTION UNDER
35 U.S.C. § 325(d)**

The Board should exercise its discretion to deny institution of Grounds 1A, 1B, 1C, 2A, 2B, and 2C under 35 U.S.C. §325(d) because Skechers relies on the same or substantially the same art that was considered by the Examiner during prosecution of the '749 patent, and fails to show that the Examiner made any error material to the patentability of the Challenged Claims.

The Board applies a two-part framework to analyze discretionary denial under §325(d): “(1) whether the same or substantially the same art previously was presented to the Office or whether the same or substantially the same arguments previously were presented to the Office; and (2) if either condition of [the] first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.” *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, 2020 WL 740292, *3–4 (P.T.A.B. Feb. 13, 2020) (precedential), citing *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 (P.T.A.B. Dec. 15, 2017) (precedential as to §III.C.5, first paragraph).

**A. The Examiner Considered the Same or Substantially the
Same Art During Prosecution (*Becton, Dickinson* Factors
(a), (b), and (d))**

Becton, Dickinson factors (a) and (b) take into account “the similarities and material differences between the asserted art and the prior art involved during

examination” and “the cumulative nature of the asserted art and the prior art evaluated during examination.” *Becton, Dickinson*, Paper 8 at 17. These factors strongly weigh in favor of discretionary denial. For Grounds 1A, 1B, and 1C, Skechers relies on Orei. During prosecution, the Examiner expressly indicated that she considered Orei after Nike cited this reference in its Information Disclosure Statement. EX1013 at 245 (“REFERENCES CONSIDERED . . . /M.P./,” including “Orei”).

For Grounds 2A, 2B, and 2C, Skechers relies on Nishida. As discussed above, the Examiner relied on Nishida in two separate office actions to reject the claims during prosecution. EX1013 at 237, 273–74; *see supra* II.B.1. Additionally, adidas and lululemon asserted Nishida in IPR challenges against the ’749 patent. *See supra* II.B.2. As a secondary reference to assert obviousness, Skechers relies on Guenther in Grounds 2B and 2C. During prosecution, the Examiner expressly indicated that she considered Guenther, including an English translation, after Nike cited this reference in its Information Disclosure Statement. EX1013 at 248 (“REFERENCES CONSIDERED . . . /M.P./,” including “Gunther” at Patent No. “627878” with “translation”); *id.* at 200–02 (English translation “provided by the European Patent Office”).

Finally, as a secondary reference to assert obviousness, Skechers uses McDonald in Ground 1B to challenge dependent claims 7, 12, 17 and 18. Skechers,

however, uses Nishida as a reference in Ground 2A to challenge the same dependent claims. McDonald is cumulative prior art to Nishida. Both Nishida and McDonald are directed to shoe uppers that may be formed from textiles. Ex. 1022 at 1:10–13, 1:60–64; Ex. 1021 at 1:3–6. And for dependent claims 7, 12, 17 and 18, Skechers only points to McDonald’s disclosure that “longitudinal sides of a shoe upper could be joined together,” including with a seam. Petition at 68–70. Skechers then points to a cumulative disclosure in Nishida. *E.g.*, Petition at 94 (“longitudinal edges (e.g., contours 29.3 and 29.4) are connected together, such as by being stitched or glued to form a longitudinal seam.”). The Patent Office already relied on Nishida’s disclosure to reject the same dependent claims 7, 12, 17 and 18 in two separate office actions. EX1013 at 237, 272 (finding Nishida discloses “the longitudinal edges that are joined together”). This renders McDonald cumulative prior art to what the Patent Office already considered. *See Palo Alto Networks, Inc. v. Centripetal Networks, Inc.*, IPR2021-01155, 2022 WL 211246, *5 (PTAB Jan. 20, 2022) (finding the petitioner’s prior art cumulative to cited prior art, where each discloses the same feature Examiner already considered for dependent claims).

Becton, Dickinson factor (d) takes into account “the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art.” *Becton, Dickinson*, Paper 8 at 17. Because the “same or substantially the same prior art” was previously presented to the Office, the Board

“need not reach” whether the “same or substantially the same arguments” were previously presented to the Office. *Advanced Bionics*, 2020 WL 740292 at *8. But if the Board does reach this factor, there is substantial overlap between the arguments made during examination and the manner in which Skechers relies on the prior art in the Petition. As discussed, the Examiner during prosecution asserted that Nishida anticipates claims 1–8, 11–18, and 21. *See supra* II.B.1. After a full round of prosecution, including multiple remarks and an interview, the Examiner was persuaded by Nike’s arguments that Nishida fails to disclose a textile element knitted “simultaneously” with a surrounding textile structure. *Id.* In view of those arguments, the Examiner allowed claims 1–21 without amendment. *Id.* As such, this factor thus strongly weighs in favor of the Board exercising its discretion to deny institution. *See Becton, Dickinson*, Paper 8 at 17.

In sum, Skechers’ asserted prior art and arguments are the same or substantially the same as the prior art and arguments that were presented to the Patent Office during the prosecution of the ’749 patent. Step one of *Advanced Bionics* is met.

B. Skechers Has Not Demonstrated that the Examiner Committed Material Error (*Becton, Dickinson* Factors (c), (e), and (f))

As *Advanced Bionics* step one has been satisfied, the burden shifts to Skechers to show that the Patent Office erred in a manner material to the patentability of the challenged claims. 2020 WL 740292, *3. “An example of a material error may include misapprehending or overlooking specific teachings of the relevant prior art where those teachings impact patentability of the challenged claims.” *Id.* at *3 n.9.

Skechers has failed to make this showing. Indeed, Skechers does not even allege that the Examiner committed any error. Skechers cannot claim ignorance of this legal framework, as it devoted several pages to an argument of material error in its petition for *inter-partes* review of Nike’s U.S. Patent No. 7,401,420, filed on October 30, 2020. *Skechers U.S.A., Inc. v. Nike, Inc.*, IPR2021-00160, Paper 1 at 18-22 (P.T.A.B. Oct. 30, 2020). The Board has found that a petitioner’s failure to allege material error is a sufficient basis to determine that the petitioner did not carry its burden as to *Advanced Bionics* step two. *E.g., Balt USA, LLC v. MicroVention, Inc.*, IPR2019-01259, 2021 WL 219251, at *10, *12 (Jan. 21, 2021) (Petitioner’s own analysis of prior art without reference to Examiner’s analysis insufficient to show material error); *Sony Interactive Entm’t LLC v. Terminal Reality, Inc.*, IPR2020-00711, 2020 WL 6065188, at *5 (P.T.A.B. Oct. 13, 2020) (Petitioner’s argument that asserted references were not substantively evaluated or applied in a rejection

failed to sufficiently identify Examiner error); *NXP USA, Inc. v. Impinj, Inc.*, IPR2020-00519, 2020 WL 4805424, at *5 (P.T.A.B. Aug. 17, 2020) (no discussion of material error); *GlaxoSmithKline Consumer Healthcare Holdings (US) LLC v. Cipla Ltd.*, IPR2020-00369, 2020 WL 4390663, at *5 (P.T.A.B. Jul. 31, 2020). In *Sony Interactive*, the Board noted that “Sony [Petitioner] was provided the opportunity to provide explanation [of material error], but Sony was silent in this regard . . . Accordingly, *Becton, Dickinson* Factor (e) favors exercising our discretion to deny institution.” 2020 WL 6065188, at *5.

In particular, Skechers has not met its burden of demonstrating a material error with respect to Nishida. Skechers does not argue that the Examiner “misapprehend[ed]” or “overlook[ed]” the teachings of Nishida—nor does Skechers argue that the Examiner committed a legal error. *See Advanced Bionics*, 2020 WL 740292 at *3 n.9. Instead, Skechers only points to Board statements in the *adidas IPR* to argue those statements are consistent with Skechers’ position. Petition at 77 (citing EX1019 at 29-30). As discussed above, the Board in the *adidas IPR* references Nishida disclosing the simultaneous knitting of only the “tongues 40” and “layout 2” shoes designs, not the simultaneous knitting of those designs with a surrounding textile structure. Ex. 1019, 29–30 (citing EX1022 (Nishida) at 5:27–36, 41–44, which discloses “... Preferably, in each case, related **tongues 40 are produced simultaneously with a layout 2** on same web of material 1.”) (emphasis

added). This disclosure merely says the shoe designs of the “tongues” and “layout 2” are knitted simultaneously; it ***does not*** say these designs are simultaneously knitted with the backing (i.e., the surrounding textile structure). EX1022 at 5:34–36; EX2001 at ¶58. Skechers does not even explain or point to this disclosure as what the Board cites. Accordingly, Skechers has even not attempted to show that the Examiner during prosecution made an error based on this disclosure in Nishida.

Skechers also asserts that Nishida in combination with Guenther is a new combination that the Patent Office did not consider. But, because Nishida and Guenther were each before the Patent Office during prosecution (*see supra* II.B.1), Skechers cannot meet its burden of demonstrating material error on the basis that the Examiner did not apply the asserted combinations of these two cited references. *See ABS Global, Inc. v. Cytonome/ST, LLC*, IPR2021-00306, Paper 13, 13–14 (P.T.A.B. Jun. 7, 2021).

Skechers also makes the assertion that the declaration of its expert Dr. Adanur was not before the Examiner. But, in *Nespresso USA, Inc. v. K-Fee Sys. GmbH*, IPR2021-01222, 2022 WL 212376 (P.T.A.B. Jan. 18, 2022), the Board found petitioner’s bare observation that “‘the obviousness analysis’ in the Petition ‘is supported by expert testimony, which the Examiner did not have’” to be “ineffective” in showing material error. *Id.* at *11; *see also Nespresso USA, Inc. v.*

K-Fee Sys. GmbH, IPR2021-01221, Paper 11, 21–24 (P.T.A.B. May 6, 2022) (denying petitioner’s request for reconsideration).

In sum, Skechers fails to “point out sufficiently how the examiner erred in [his] evaluation of the asserted prior art.” *Nespresso*, 2022 WL 212376, *11. Having largely ignored the prosecution history of the ’749 Patent, and having failed to direct the Board to any specific examiner error, Skechers fails to meet its burden under *Advanced Bionics* step two.

Because Skechers (1) relies on the same or substantially the same art and arguments considered by the Examiner during the prosecution of the ’749 Patent, and (2) fails to show that the Examiner materially erred, institution of the instant proceeding should be denied under § 325(d).

VIII. THE BOARD SHOULD DENY INSTITUTION UNDER 35 U.S.C. § 314(A)

Despite the fact that all of Skechers’ asserted references are the same or substantially the same as references already considered by the Examiner, Skechers deliberately delayed its filing of the Petition for its own strategic benefit. Discretionary denial of institution under 35 U.S.C. §314(a) is warranted here pursuant to settled doctrines designed to deter serial petitions before the Board and

prevent needless duplication with district court proceedings, problems of Skechers' own making.

A. Institution Should Be Denied Under the *General Plastic* Factors.

Skechers' strategic delay in filing the Petition is a transparent attempt to benefit from information acquired during the course of IPR2024-00460 ("the lululemon IPR") to hone its arguments in this proceeding.⁵ These tactics warrant discretionary denial under *General Plastic*. *General Plastic Indus. Co. v. Canon Kabushiki Kasha*, IPR2016-01357, Paper 19 (P.T.A.B. Sept. 6, 2017); *see also Am. Well Corp. v. Teladoc Health, Inc.*, IPR2022-00038, 2022 WL 1265771, *4–10 (P.T.A.B. Apr. 19, 2022) (denying institution when petitioner used prior institution decision to "incrementally" bolster a second petition based on learning from the prior instituted IPR). *General Plastic* "recognize[d] the potential abuse of the review process by repeated attacks on patents," and provided the Board with guidance to deny such petitions under 35 U.S.C §314(a). Patent Trial and Appeal Board Consolidated Trial Practice Guide 56 (Nov. 2019) ("TPG") (citing *General Plastic*,

⁵ Skechers' delay also allows it to benefit from the arguments made by lululemon and Nike during the recent jury trial in the District Court for the Southern District of New York, where on March 7, 2025, the jury found the '749 patent to be valid. *Nike, Inc. v. Lululemon USA Inc.*, No. 1-23-cv-00771-AS (S.D.N.Y), Dkt. No. 314.

IPR2016-01357, Paper 19, 16–17). The Board may use the following non-exhaustive list of factors to determine if a serial petition warrants denial:

1. Whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. Whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition;
4. The length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. Whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. The finite resources of the Board; and
7. The requirements under 35 U.S.C. §316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.

General Plastic, IPR2016-01357, Paper 19, 15–16. No one factor is dispositive, and “*not all the factors need to weigh against institution for [the Board] to exercise [its]*

discretion under §314(a).”⁶ *Abiomed, Inc. v. Maquet Cardiovascular, LLC*, IPR2017-02150, Paper 11, 7 (P.T.A.B. Mar. 12, 2018) (emphasis added); *see also* TPG, 58 (stating that the factors are “part of a balanced assessment of all relevant circumstances in the case . . . and are not intended to represent all situations where it may be appropriate to deny a petition.”) (citing *General Plastic*, IPR2016-01357, Paper 19, 15-16).

While *General Plastic* explicitly addresses circumstances in which a petitioner challenges the same patent, it is not limited to such situations. The Board “recognize[s] that the *General Plastic* factors have been used to analyze situations in which the same party files multiple petitions challenging the same patent. As the Office Trial Practice Guide Update (August 2018) explains, however, the *General Plastic* factors ***also provide a useful framework for analyzing the facts and circumstances present when a different petitioner files a petition challenging a patent that had been challenged previously by others.***” *Nichia Corp. v. Doc. Sec. Sys., Inc.*, IPR2018-01167, 2018 WL6272232, at *7 (P.T.A.B. Nov. 30, 2018) (emphasis added); *see also NetApp Inc. v. Realtime Data LLC*, IPR2017-01196,

⁶ Discretionary denial is particularly appropriate here, where multiple doctrines beyond *General Plastic* also apply, counseling rejection of Skechers’ attempted gamesmanship.

Paper 10 at 9 (P.T.A.B. Oct. 13, 2017) (denying institution after considering the *General Plastic* factors where a petitioner had not previously filed a petition); *Samsung Elec. Co., Ltd. v. El 3DSInnovations, LLC*, IPR2017-01305, Paper 11 at 18-19 (P.T.A.B. Oct. 17, 2017) (same).

Recognizing that institution imposes a tremendous burden on the Board and a patent owner, the *General Plastic* factors are meant to prevent a petitioner from pursuing serial challenges and strategically using the Board's prior decisions and a patent owner's arguments as a roadmap to refine the petitioner's case. *See Am. Well Corp.*, 2022 WL 1265771, *10. Here, the *General Plastic* factors uniformly point toward denial of institution to deter gamesmanship and wasteful consumption of Board and party resources.

1. lululemon Previously Challenged the Claims of the '749 Patent (*General Plastic* Factor One)

lululemon filed its petition seeking IPR review of the '749 Patent on January 12, 2024. EX2002. Almost eleven months later, Skechers filed the instant Petition directed to the same patent, and explicitly admitted that it raised "similar" art and arguments to those raised in the lululemon IPR. EX2004 (admitting that "the relationship between some of the art and arguments in [this petition] and the instituted lululemon petitions"); EX2003 ("[P]lease note some of the similarities between the two petitions filed yesterday and the already instituted lululemon IPRs

against those same patents.”). As explained above, Skechers need not be the same petitioner as in the lululemon IPR for this factor to support denial of institution. *See, e.g., Nichia*, 2018 WL6272232, at *7; *NetApp*, IPR2017-01196, Paper 10 at 9; *Samsung*, IPR2017-01305, Paper 11 at 18–19. Given Skechers’ admission that it employs similar art and arguments from the instituted lululemon IPR to support the Petition, *General Plastic* factor one weighs strongly in favor of denying institution.

2. Skechers Knew of the Prior Art (*General Plastic* Factor Two)

Skechers should have known of the prior art in the Petition at the time lululemon filed its petition, given Nike’s infringement suit against Skechers was pending at that time and Skechers in the Petition relies on cited prior art from the prosecution history, including Orei, Nishida, and Guenther. EX1013 at 244, 245, 248 (“REFERENCES CONSIDERED . . . /M.P./,” including “Orei,” “Nishida,” and “Gunther” at Patent No. “627878”). Accordingly, *General Plastic* factor two weighs in favor of discretionary denial.

3. Skechers Takes Unfair Advantage of the Prior Proceeding to Roadmap Arguments in the Petition (*General Plastic* Factor Three)

The Board has articulated a clear principle that a petitioner should not be permitted to “strategically stage [its] prior art and arguments” by using a patent owner’s information and the Board’s decisions “as a roadmap” for future patent challenges. *See General Plastic*, IPR2016-01357, Paper 19, 17 (“[F]actor 3 is

directed to Petitioner’s potential benefit from receiving and having the opportunity to study” information obtained in prior proceedings.). Permitting such road-mapping by a petitioner would be “unfair to patent owners and is an inefficient use of the *inter partes* review process.” *Id.*, 17–18.

Here, Skechers not only received the benefit of lululemon’s POPR and the Board’s Institution Decision from the lululemon IPR, but Skechers had the benefit of lululemon’s Response, expert declarations, and expert deposition. *Nichia Corp v. Document Security Sys., Inc.*, IPR2019-00398, 2019 WL 1749299, *7 (P.T.A.B. Apr. 15, 2019) (denying institution where the petitioner had a nearly complete record of the proceeding prior to filing follow-on petition). With the benefit of a nearly complete record from the lululemon IPR, Skechers sought to polish its arguments to challenge the same claims as in the lululemon IPR. Skechers has conceded as much. EX2003; EX2004.

Skechers’ tailoring of arguments in direct response to information learned from the Board and Nike in the lululemon IPR strongly favors denial of institution under factor three of *General Plastic*. See, e.g., *Am. Honda Motor Co. v. Intellectual Ventures II LLC*, IPR2018-00347, 2018 WL 3203408, *6 (P.T.A.B. Jun. 27, 2018) (factor three weighs “strongly” against institution when petitioner “used the Board’s institution decision in the earlier-filed IPR as a roadmap to improve [its] position.”).

4. Skechers Provides No Explanation for Its Lengthy Delay in Filing the Current Petition (*General Plastic* Factors Four and Five)

General Plastic factors four and five look to the amount of time that has passed between the time that Skechers learned of the prior art and the filing of the second petition, and whether there is any legitimate reason for it. Here, the answers are “eleven months” and “no.”

As stated, lululemon filed the lululemon IPR on January 12, 2024, about two months after Nike sued Skechers for infringement of the ’749 patent. As explained, Skechers admits to the similarity between the art and grounds raised in both petitions. EX2003; EX2004. Accordingly, Skechers should have known of the prior art in the Petition at the time lululemon filed its petition, given Nike’s infringement suit against Skechers was pending at that time. At the very least, however, Skechers should have been aware of the art in the Petition by April 2024, after it served its Preliminary Invalidity Contentions. EX2005. Indeed, for the Petition, Skechers relies on cited prior art from the prosecution history, including Orei, Nishida, and Guenther. EX1013 at 244, 245, 248 (“REFERENCES CONSIDERED . . . /M.P./,” including “Orei,” “Nishida,” and “Gunther” at Patent No. “627878”). Skechers provides no explanation for its delay in filing its Petition. Skechers’ transparent attempt to stage its serial attacks to leverage the roadmap that it gained from the lululemon IPR proceeding should be rejected. Factors four and five weigh strongly

against institution. *See, e.g., Guest-Tek Interactive Ent. Ltd. v. Nomadix, Inc.*, IPR2018-01668, 2019 WL 1751093, *3 (P.T.A.B. Apr. 16, 2019).

5. Skechers’ Strategic Delay Needlessly Taxes the Finite Resources of the Board (*General Plastic* Factors Six and Seven)

Skechers’ challenge also needlessly taxes the finite resources of the Board. Skechers chose to delay challenging the ’749 Patent until it had the benefit of the nearly complete record from the lululemon IPR. Skechers’ wait-and-see approach taxes the Board’s finite resources to favor its own strategic advantage. The Board in *General Plastic* identified as a source of concern “the potential for abuse of the review process by repeated attacks on patents.” *General Plastic*, Paper 19 at 16–17. Skechers’ delay in filing the instant Petition exemplifies this abuse and frustrates the purpose of the AIA. *See, e.g., Shenzhen Silver Star Intelligent Tech. Co. v. iRobot Corp.*, IPR2018-00882, 2018 WL 4773438, *6–7 (P.T.A.B. Oct. 1, 2018) (factor six weighing against institution because petitioner’s waiting until after receiving institution decision in first proceeding to file second petition).

Because Skechers engaged in improper road-mapping and gamesmanship, the Board should deny institution under *General Plastic* and §314(a).

B. Institution Also Should Be Denied Under the *Fintiv* Factors

Discretionary denial is independently warranted under 35 U.S.C. §314(a) and *Fintiv* because the validity of the '749 Patent is the subject of a litigation in the District Court for the Central District of California. *See generally Nike, Inc. v. Skechers U.S.A., Inc.*, 2:23-cv-09346-AB-PVC (C.D. Cal.). To institute review in these circumstances would (1) needlessly waste the resources of the Board, (2) result in inefficient disposition of the parallel validity challenges to the '749 Patent, and (3) reward Skechers' admitted gamesmanship.

1. Legal Standard for *Fintiv* Discretionary Denial

The Board weighs a set of nonexclusive factors, articulated in *Fintiv*, that balance considerations of system efficiency and fairness when a patent owner raises an argument for discretionary denial due to a parallel proceeding. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11, 5-6. (P.T.A.B. Mar. 20, 2020) (precedential).

These factors are:

1. Whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. Proximity of the court's trial date to the Board's projected statutory deadline for a final written decision;
3. Investment in the parallel proceeding by the court and the parties;
4. Overlap between issues raised in the petition and in the parallel proceeding;
5. Whether the petitioner and defendant in the parallel proceeding are the same party; and

6. Other circumstances that impact the Board’s exercise of discretion, including the merits.

Id. In evaluating the factors, the Board takes a holistic view of whether efficiency and the integrity of the system are best served by denying or instituting review.

See TPG, 58 (quoting 35 U.S.C. §316(b)).

For the instant Petition, the Board should exercise its discretion and deny institution on the basis that “Petitioner has not submitted a *Sotera*-type stipulation that would make discretionary denial inappropriate.” *Zhuhai Cosmx Battery Co., Ltd. v. Ningde Ampere Tech. Ltd.*, IPR2023-00587, Paper 12 at 15, 27 (P.T.A.B. Sept. 22, 2023) (discretionarily denying institution where petitioner stipulated not to re-raise same grounds in district court as in IPR but where stipulation “does not extend to any ground ‘that could have been reasonably raised,’ pursuant to *Sotera*.”).

2. The Present Facts Warrant Discretionary Denial Under *Fintiv*

a. Existence of a Stay (*Fintiv* Factor One)

Skechers has not offered a *Sotera* stipulation—or even a weaker commitment not to assert duplicative grounds in the District Court proceeding. Here, the circumstances merit denial under a holistic analysis of the *Fintiv* factors due to the duplication of the invalidity grounds asserted in the parallel District Court proceedings. *See Fintiv*, Paper 11 at 2–3; *see also Cisco Sys., Inc. v. Oyster Optics, LLC*, IPR2021-00238, Paper 10 (P.T.A.B. Jun. 1, 2021) (exercising discretion to

deny institution after holistic analysis of *Fintiv* factors). Although the District Court recently stayed the litigation, the Board need not weigh the pre-institution stay against discretionary denial because if the Board denies institution, the stay should be lifted, and the District Court litigation can resume to address invalidity under the same prior art as advanced here, given the lack of a *Sotera* stipulation.

b. Proximity of the Trial Date to Deadline for a Final Written Decision (*Fintiv* Factor Two)

Before the District Court recently stayed the case, trial was set for February 9, 2026, more than four months before the expected Final Written Decision date of June 20, 2026. *Nike, Inc. v. Skechers U.S.A., Inc.*, Case No. 2:23-cv-09346-AB-PVC (C.D. Cal.), Dkt. No. 96 at 4. If the Board denies institution, the stay should be lifted and the District Court action should proceed with an approximate four-month delay from the previous schedule. Accordingly, the District Court action would head to trial around June 2026. The District Court can hear not only Skechers' invalidity defenses, including IPR-ineligible challenges under 35 U.S.C. § 112, but can resolve infringement and damages as well. As such, especially in light of Skechers' failure to offer a *Sotera* stipulation, it is more efficient to allow these issues to proceed in front of the District Court. The Board has found that a trial date in the same month as the due date for a Final Written Decision weighs against institution. *See 10x Genomics, Inc. v. President and Fellows of Harvard Coll.*,

IPR2023-01299, 2024 WL 993828, at *7 (P.T.A.B. Mar. 7, 2024). Accordingly, factor two weighs in favor of discretionary denial.

**c. The Parties Have Invested in the Parallel Proceeding
(*Fintiv* Factor Three)**

“The Board also has considered the amount and type of work already completed in the parallel litigation by the court and the parties at the time of the institution decision.” *Fintiv*, Paper 11 at 9. “[M]ore work completed by the parties and court in the parallel proceeding tends to support the arguments that the parallel proceeding is more advanced . . . and instituting would lead to duplicative costs.” *Id.* at 10.

Nike and Skechers have undertaken substantial activity in support of the District Court action since November 6, 2023, when Nike filed its complaint against Skechers for patent infringement. *Nike, Inc. v. Skechers U.S.A., Inc.*, Case No. 2:23-cv-09346-AB-PVC (C.D. Cal.), Dkt. No. 1. The parties submitted opening and responsive claim construction briefs, and a claim construction hearing was held on September 20, 2024. *Id.*, Dkt. No. 78; EX1007; EX1008; EX1009; EX1010. Additionally, the parties have exchanged thousands of pages of discovery, including information about their merits positions concerning the ’749 Patent. In the District Court, Skechers served preliminary and supplemental invalidity contentions in April and May 2024, respectively, including detailed claim charts that address the prior art

cited in the Petition. Nike served initial and supplemental infringement contentions in March and October 2024, respectively. Thus, “the current investment in invalidity and construction contentions” weighs in favor of discretionary denial. *Cisco Sys., Inc. v. Ramot at Tel Aviv Univ.*, IPR2020-00122, Paper 15 at 8–9 (P.T.A.B. May 15, 2020). Further, at the time of the stay, non-email discovery was almost complete. In sum, the parties’ significant investment in the parallel proceeding since November 2023 favors denying institution.

d. The Validity of the ’749 Patent Is Central to Both Proceedings (*Fintiv* Factor Four)

The validity of the ’749 Patent is central to both this dispute and the parallel litigation. In the District Court action, Skechers served invalidity contentions based on prior art cited in the Petition. EX2005. It would be wasteful and inefficient to proceed here given the overlap between the validity challenges. *See Keyme, LLC v. Hillman Grp.*, IPR2020-01485, 2021 WL 1236002, *5 (P.T.A.B. Mar. 31, 2021) (denying institution in light of parallel litigation with overlapping validity challenges). Factor four, therefore, weighs in favor of denying institution.

e. Nike and Skechers Are the Same Parties in Both Proceedings (*Fintiv* Factor Five)

Skechers and Nike are the same parties in both the instant proceeding and the parallel litigation. Accordingly, “this [fifth] factor favors the exercise of discretionary denial.” *Keyme*, 2021 WL 1236002 at *6.

f. Other Circumstances Warrant the Board to Exercise its Discretion to Deny Institution (*Fintiv* Factor Six)

The other relevant circumstances here warrant denial—namely, the Examiner’s previous consideration of substantially the same prior art and arguments advanced by Skechers (warranting §325(d) discretionary denial); Skechers’ gamesmanship in delaying its filing of the Petition (warranting §314(a) discretionary denial); and Skechers’ strategic decision to file the Petition at a time when it knew “Nike [would] be doing ‘triple duty’ by simultaneously pursuing litigations against Skechers, New Balance, and lululemon.” EX2004; *Fintiv*, IPR2020-00019, Paper 11, 16 (noting that other relevant circumstances include “considerations implicated by 35 U.S.C. § 325(d)” and their effect on the “efficiency and integrity of the patent system”). At the very least, Skechers could have filed its petition in April 2024, after it served its invalidity contentions. Yet, Skechers waited an additional seven months to file it at a time when Skechers was aware that Nike’s resources would be stretched thin, including with a district court trial against lululemon in March 2025. The Board should not encourage or endorse these tactics. Institution under these circumstances would waste judicial resources and reward gamesmanship.

The *Fintiv* factors weighs in favor of denial. Therefore, the Board should exercise its discretion to deny institution under *Fintiv* and §314(a).

IX. CONCLUSION

For the reasons set forth above, Nike respectfully requests that the Board deny institution of the Petition for all Challenged Claims of the '749 patent.

Dated: March 20, 2025

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CERTIFICATE OF WORD COUNT

Under the provisions of 37 C.F.R. § 42.24(d), the undersigned hereby certifies that the Microsoft Office word count including all footnotes for the foregoing Patent Owner's Preliminary Response, excluding the table of contents, table of authorities, certificate of word count, appendix and certificate of service, totals 10,895 words, which is less than the 14,000 words allowed under 37 C.F.R. § 42.24(b)(1).

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CERTIFICATE OF SERVICE

The undersigned hereby certifies service on the Petitioner, pursuant to 37 C.F.R. § 42.6(e) and by agreement of counsel, by electronic (e-mail) delivery of a true copy of the foregoing **PATENT OWNER'S PRELIMINARY RESPONSE**, which was served on March 20, 2025 to the following Counsel for Petitioner via e-mail:

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