

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

**PETITIONER'S REPLY TO
PATENT OWNER'S PRELIMINARY RESPONSE**

I. General Plastic And Different-Petitioner Precedent Support Institution

Nike relies heavily on alleged strategic delay by Skechers (POPR, 42), but it is Nike who chose to sue Skechers *nine months after* suing lululemon, *including on four entirely new patents*. EX1065; EX1066. Thus, it was Nike’s strategic delay and litigation choices, not Skechers’, which resulted in staged petition filings.

Factor One: Discretionary denial is inappropriate where “the first and second petitioners are neither the same party, nor possess a significant relationship under Valve.” *Videndum Prod. Sols. Inc. v. Rotolight Ltd.*, IPR2023-01218, Paper 12 at 6 (Vidal Apr. 19, 2024) (“*Videndum*”). In those situations, “*General Plastic* factor one necessarily outweighs the other *General Plastic* factors.” *Id.*; *Cellco P’ship v. Gen. Access Sols., Ltd.*, IPR2023-00978, Paper 20 at 19 (PTAB Dec. 14, 2023) (finding that, absent extenuating circumstances, General Plastic factors 2–5 “bear little relevance” where a legally significant relationship between the two petitioners has not been established); *Micron Tech., Inc. v. Sonrai Memory Ltd.*, IPR2023-00909, Paper 7 at 8 (P.T.A.B. Nov. 28, 2023); *Olympus Corp. et al. v. Optimum Imaging Tech., LLC*, Case IPR2024-01220, Paper 13 at 9 (P.T.A.B. Feb. 24, 2025).

Skechers and lululemon do not have a significant relationship, nor does Nike suggest that they do. In contrast to the petitioners in *Valve*, Skechers and lululemon are competitors, do not have a supplier-customer relationship, were sued in different

cases, and were sued on entirely different accused products. EX1065; EX1066. This alone should end the analysis under the above USPTO precedent.

Factor Two: Skechers was sued barely two months before lululemon filed its petition. Skechers had not had ample opportunity to evaluate the prior art.

Factors Three - Five: Nike's staged litigations are the proximate cause of the time elapsed between the petition filings. Such tactics should not be rewarded by precluding a later-sued defendant from exercising its "individual rights to defend [itself] from allegations of patent infringement by challenging the validity of the [] patent here and in district court" *Olympus*, IPR2024-01220, Paper 13 at 9. In addition, the parties were engaged in claim construction proceedings, including a Sept. 2024 hearing and subsequent briefing due Sept. 30, 2024. Nike then served supplemental infringement contentions on Oct. 23, 2024. These materials were central to the petition drafting process, including requiring evaluation of the prior art under Nike's proposed constructions, and the scope of Nike's apparent plain and ordinary meanings. Indeed, each of the six petitions cites to the claim construction briefing, while the '562 and '636 petitions further discuss and rely on Nike's statements from the September hearing and October supplemental contentions. Finally, a significant time investment was required to prepare six different petitions.

Factors Six and Seven: Skechers filed a single petition for each of the six patents asserted against it in a reasonable amount of time under the circumstances.

II. All *Fintiv* Factors Favor Institution

The parallel district court action has already been stayed. The Board has consistently held that discretionary denial is unwarranted when the parallel action has already been stayed. *See, e.g., Snap, Inc. v. SRK Technology LLC*, IPR2020-00820, Paper 15 at 9 (Oct. 21, 2020) (“*Snap*”) (precedential as to § II.A) (stay “weighed strongly against exercising discretion to deny institution under *NHK*.”); *Beckman Coulter, Inc. v. Sirigen II Limited*, IPR2022-01203, Paper 12 at 18-19 n.14 (PTAB Jan. 6, 2023) (“*Beckman*”) (holding that when a “stay will remain in place if *inter partes* review is granted, ... the first five *Fintiv* factors weigh (often strongly) against discretionary denial.”); *Lyft, Inc. v. AGIS Software Development LLC*, IPR2022-00513, Paper 11 at 6 (PTAB June 2, 2022) (declining to exercise discretion because of “the ‘strong[] weigh[t]’ afforded a stay in the *Fintiv* analysis,” without analyzing the individual factors). Indeed, none of Nike’s cited cases involved a stayed litigation. Here, all six *Fintiv* factors support institution:

Factor One – The District Court’s stay decisively undercuts Nike’s position. *See Snap* at 9 (“[T]he District Court’s stay of the litigation pending denial of institution or a final written decision allays concerns about inefficiency and duplication of efforts.”); *Apple Inc. v. Speir Technologies Ltd.*, IPR2023-00151, Paper 9 at 8 (PTAB June 9, 2023) (“*Apple*”) (concluding “factors 1 and 2 strongly weigh against the exercise of discretion”). Nike emphasizes that “Skechers has not

offered a *Sotera* stipulation” (POPR, 48), but that argument has already been thoroughly rejected by the Board. *See Valve Corp. v. Immersion Corp.*, IPR2024-00477, Paper 12 at 14 (PTAB July 24, 2024) (“*Valve*”) (“Patent Owner does not provide any authority supporting its position that failure to provide a *Sotera* stipulation ‘neutralizes’ or ‘undercuts’ the impact of a stay.”); *id.* at 19 (“Patent Owner has mischaracterized the *Zhuhai* decision.”).

Nike’s *Sotera*-related arguments are misplaced because *Sotera* stipulations apply **only if** there is institution. *See Sotera Wireless, Inc. v. Masimo Corporation*, IPR2020-01019, Paper 12 at 13 (P.T.A.B., Dec. 1, 2020) (noting stipulation conditioned on “if the PTAB institutes”). Here, if there is institution, the stay would almost certainly remain in place until conclusion of the IPR, rendering the *Sotera* stipulation moot in view of §315(e)(2). Conversely, if there is no institution and the stay is lifted, as Nike theorizes, any would-be *Sotera* stipulation would not apply under its own terms.

Factor Two – Because the parallel case has been stayed, any final written decision will necessarily occur far before trial. Nike’s theorizing “amounts to ‘unfounded speculation as to how the court might proceed.’” *Snap* at 9; *Beckman* at 21; *Valve* at 17 (same). Indeed, prior to the stay, the case schedule had already been extended due to, in the words of the Court, a “lack of discovery progress and the fact that the claim construction order had not yet issued.” EX1067, 4. Nike’s argument

about the impact of a *Sotera* stipulation is incorrect for the reasons noted above.

Additionally, the potential for the stay to be lifted is even more speculative here because the stay is impacted by six institution decisions. *Beckman* at 20 (finding this “strongly weighs against discretionary denial of institution” because “the litigation is stayed pending the outcome of the six related proceedings, not merely the outcome of this institution decision”); *Valve* at 17 (“[T]he district court ordered the stay pending the outcome of seven IPR proceedings, not just this proceeding.”).

Factor Three – In evaluating Factor Three, the Board is often asked to decipher competing characterizations offered by the parties about the degree of investment in the parallel litigation. Not so here. In granting the stay, the District Court explicitly found that “discovery is still in the early stages” and concluded “there is more work ahead of the parties and the Court than behind.” EX1067, 3-4. This weighs against discretionary denial. *Beckman* at 22-23 (“[I]n making its stay ruling, the Court found that the resources expended on the litigation to date did not outweigh the potential benefit from waiting for this proceeding to potentially streamline the issues.”).

For example, “discovery is still in the early stages” because the parties were still negotiating email search terms, and had “not yet taken any depositions, any third party discovery, or any expert discovery.” EX1067, 3-4; *see Snap* at 11. And the District Court has not issued a claim construction order. *See Snap* at 11 (“Where the

District Court has not issued claim construction orders and the discovery process is not yet complete, the remaining investment of time and effort likely necessary to bring co-pending litigation to trial appears to far outweigh that which has already been invested.”); *Apple* at 8; *Valve* at 18. Indeed, the District Court explicitly noted that a stay was warranted precisely because review by the Board “provides ‘a richer prosecution history upon which to base necessary claim construction determinations,’” which the Court had not yet made. EX1067, 6 (citation omitted).

Factor Four – Nike claims, without explanation, that it “would be wasteful and inefficient to proceed here given the overlap between the validity challenges.” POPR, 51. It is actually the opposite, as the Court in the parallel litigation noted. *See* EX1067, 4-6 (“[I]f the PTAB were to find even some claims of some patents invalid, the decision would provide simplification.”). Indeed, because of a stay, the PTAB has regularly found that “any overlap in issues will serve to streamline the issues in the litigation, as opposed to creating duplication or redundancy.” *Beckman* at 23-24; *Valve* at 20 (same); *Snap* at 15-16; *Apple* at 9 (similar).

Factor Five – Although the parties are the same, because IPR will conclude prior to trial in the parallel litigation in view of the stay, this factor weighs against exercising discretion under § 314(a). *See Beckman* at 24; *see also Valve* at 20-21.

Factor Six – Institution is further warranted because of the strong merits of Skechers’ Petition. *See Snap* at 18; *Valve* at 21. For example, the Board has already

found that Nishida discloses each of the limitations of the independent claims. *See* EX1015, 16; *see also* IPR2024-00460, Paper 8 at 18-19 (reasonable likelihood that Nishida anticipates majority of claims). Moreover, unlike the machine translation of Guenther submitted by Nike during prosecution (EX1013, 200-202), which is largely incomprehensible because of the exceedingly low-quality machine translation, Ground 2 further relies on a certified translation of Guenther's teachings (EX1023, EX1024, 8-11) to support how a POSITA would understand Nishida's web of material 1 and base (backing 4) is constructed (Pet. 80-84) and, alternatively, as a basis to modify Nishida to adopt Guenther's approach (Pet., 105-107). The Petition also relies on Orei whose highly-relevant teachings about its shoe parts being "placed continuously" or "disposed as one continuous knitted fabric" are explained by Dr. Adanur. Pet., 37-38; EX1002, ¶126. Nike also protests that Skechers delayed in filing the Petition, but any delay was the proximate result of *Nike's* strategic delay and litigation choices, as described above. Moreover, Nike's suggestion that Skechers should have filed its IPRs when it served preliminary invalidity contentions ignores that claim construction proceedings that were highly-relevant to the Petition continued through the end of September 2024. *See Supra*, Section I (Factors Three-Five). There is no evidence that the Petition was delayed for strategic reasons. *See* EX1068 (trial in the lululemon action was not scheduled until mid-October).

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CERTIFICATE OF SERVICE

I hereby certify, pursuant to 37 C.F.R. section 42.6, that on April 4, 2025, a complete copy of the foregoing document **PETITIONER'S REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE** was served upon the following, by ELECTRONIC MAIL:

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