

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LULULEMON USA INC.,
Petitioner,

v.

NIKE, INC.,
Patent Owner.

IPR2024-00460
Patent 8,266,749 B2

Before KEN B. BARRETT, JOSIAH C. COCKS, and
SCOTT A. DANIELS, *Administrative Patent Judges*.

COCKS, *Administrative Patent Judge*.

DECISION
Granting Institution of *Inter Partes* Review
35 U.S.C. § 314

I. INTRODUCTION

Petitioner, lululemon usa inc. (“Petitioner” or “lululemon”)) filed a petition to institute *inter partes* review of claims 1–21 of U.S. Patent No. 8,266,749 B2 (Ex. 1002, “the ’749 patent”). Paper 1 (“Pet.”). Patent Owner, Nike, Inc., (“Patent Owner” or “Nike”) filed a Preliminary Response. Paper 7 (“Prelim. Resp.”).

We have authority under 35 U.S.C. § 314 to determine whether to institute an *inter partes* review. The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted unless “there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. § 314(a).

A decision to institute under § 314 may not institute on fewer than all claims challenged in the petition. *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359–60 (2018). In addition, if the Board institutes trial, it will “institute . . . on all grounds in the petition.” PTAB Consolidated Trial Practice Guide, 5–6 (Nov. 2019)¹; 37 C.F.R. § 42.108(a); *see also PGS Geophysical AS v. Iancu*, 891 F.3d 1354, 1360 (Fed. Cir. 2018) (interpreting the statute to require “a simple yes-or-no institution choice respecting a petition, embracing all challenges included in the petition”).

Having considered the arguments and evidence presented in the Petition, for the reasons described below, we institute *inter partes* review.

¹ Available at <https://www.uspto.gov/TrialPracticeGuideConsolidated>.

II. BACKGROUND

A. Related Matters

The parties identify the following district-court proceedings as related matters involving the '749 patent: *Nike, Inc. v. lululemon usa inc.*, C.A. No. 1:23-cv-00771-AS (S.D.N.Y); *Nike, Inc. v. New Balance Athletics, Inc.*, No. 1:23-cv-12666-JCB (D. MASS.); and *Nike, Inc. v. Skechers U.S.A., Inc.*, No. 2:23-cv-09346-AB-PVC (C.D.C.A.). Pet. 1; Paper 4, 2 (Patent Owner's Mandatory Notices).

The parties also note that the '749 patent was the subject of a prior *inter partes* review proceeding (IPR2016-00922). Pet. 12–14; Prelim. Resp. 7. The petitioner in that prior proceeding was adidas AG (“adidas”). See Ex. 1018. Petitioner refers to that proceeding as the “*Adidas IPR*.” See, e.g., Pet. 86. Patent Owner refers to the proceeding as the “*adidas IPR*.” See, e.g., Prelim. Resp. 25. We refer to that proceeding as “the '922 IPR.” In the '922 IPR, the panel issued a Final Written Decision that determined adidas had not shown by a preponderance of the evidence that claims 1–9, 11–19, and 21 of the '749 patent were unpatentable over the combined teachings of Reed² and Nishida-US³ based on a deficiency in establishing adequate reason to combine the teachings of those references. See Ex. 1022 (IPR2016-00922, Decision on Remand).⁴ That Decision was affirmed by

² US Patent No. 3,985,003 issued to Reed (“Reed”).

³ US Patent No. 5,345,638 issued to Nishida (“Nishida-US”). Nishida-US is said to be “a U.S. national phrase of the Nishida PCT application” that is the Nishida reference in this proceeding (i.e., Exs. 1004, 1005 (English translation)).

⁴ The noted Decision on Remand was generated after the U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”) remanded a prior

the Federal Circuit. *See Adidas AG v. Nike, Inc.*, 963 F.3d 1355 (Fed. Cir. 2020).

B. Real Parties in Interest

Petitioner identifies its real party in interest as lululemon usa inc., and notes that the parent company for lululemon usa inc. is lululemon athletica inc. Pet. 3 Patent Owner identifies itself as the only real party in interest. Paper 4, 2.

C. Overview of the '749 patent

The '749 patent is titled “Article of Footwear Having a Textile Upper.” Ex. 1001, code (54). The Abstract of the '749 patent is reproduced below:

An article of footwear and a method of manufacturing the article of footwear are disclosed. The footwear may include an upper and a sole structure. The upper incorporates a textile element with edges that are joined together to define at least a portion of a void for receiving a foot. The textile element may also have a first area and a second area with a unitary construction. The first area is formed of a first stitch configuration, and the second area is formed of a second stitch configuration that is different from the first stitch configuration to impart varying textures to a surface of the textile element. Various warp knitting or weft knitting processes may be utilized to form the textile element.

Id. at code (57).

Final Written Decision (Ex. 1021) based on *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354 (2018). *See* Ex. 1022, 3.

Figure 8 of the '749 patent is reproduced below:

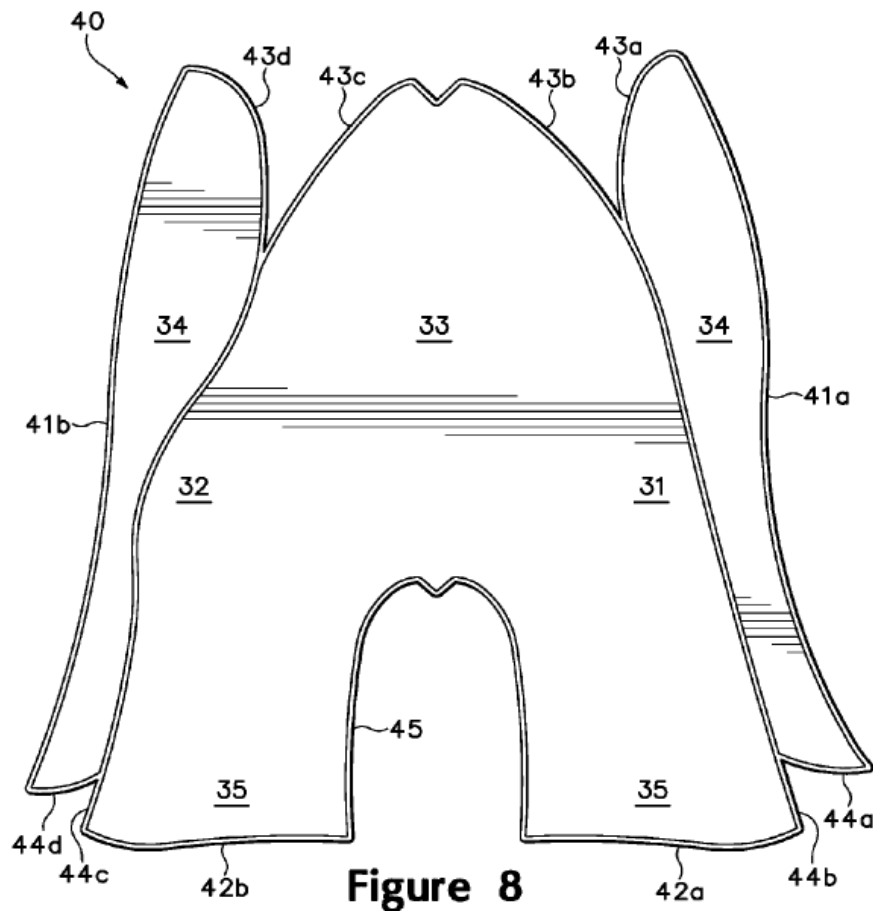


Figure 8 above is a plan view of a textile element that forms at least a portion of a shoe “upper.” *Id.* at 4:11–12. Textile element 40 includes lateral region 31, medial region 32, instep region 33, lower region 34, and heel region 35. *Id.* at 5:21–23.

Figure 9 of the '749 patent is reproduced below:

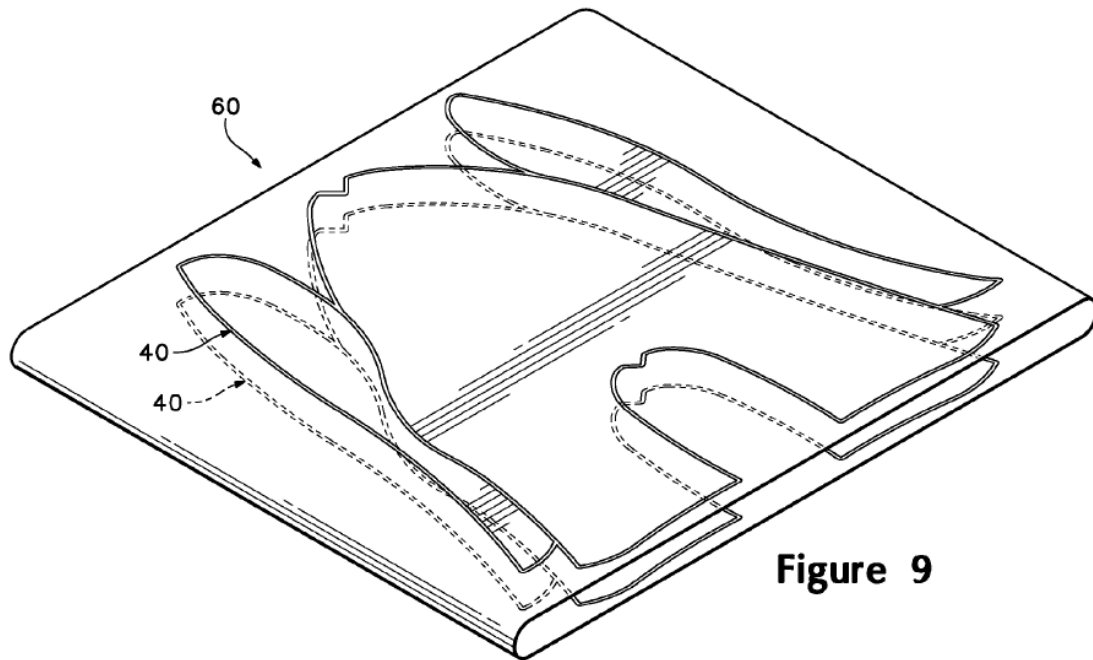


Figure 9

Figure 9 above is a perspective view of textile structure 60 that incorporates two textile elements 40. *Id.* at 4:13–14, 7:38–45. Textile structure 60 may be formed using a “wide-tube circular knitting machine.” *Id.* at 7:38–40.

The '749 expresses the following:

Textile structure 60 has a generally cylindrical configuration, and the types of stitches vary throughout textile structure 60 so that a pattern is formed with the outline of textile element 40. That is, differences in the stitches within textile structure 60 form an outline with the shape and proportions of textile element 40.

Id. at 7:40–45.

The '749 patent also states that “a first textile element 40 and a second textile element 40 may be simultaneously formed in a single textile structure 60.” *Id.* at 7:58–60.

Figure 1 of the '749 patent is reproduced below:

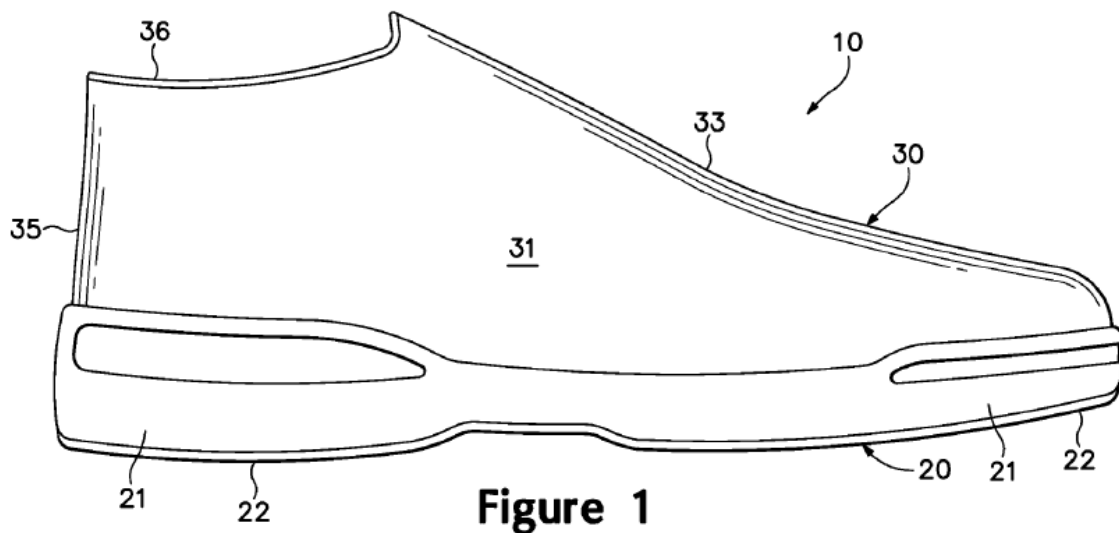


Figure 1 above is a lateral elevation view of an article of footwear 10 having an upper 30 according to the '749 patent. *Id.* at 4:1–2; 4:43–54.

D. The Challenged Claims

Petitioner challenges claims 1–21 of the '749 patent. Pet. 1. Claims 1 and 13 are independent. Claim 1 is representative and is reproduced below:

1[pre] A method of manufacturing an article of footwear, the method comprising:

1[a] simultaneously knitting a textile element with a surrounding textile structure, the knitted textile element having at least one knitted texture that differs from a knitted texture in the surrounding knitted textile structure;

1[b] removing the knitted textile element from the surrounding knitted textile structure;

1[c] incorporating the knitted textile element into the article of footwear.

Ex. 1001, 11:43–52.⁵

E. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability:

Claim(s) Challenged	35 U.S.C. §⁶	Reference(s)/Basis
1–8, 12–18	102	Nishida ⁷
9, 10, 19, 20	103	Nishida “in view of a POSA’s ^[8] general knowledge” (Pet. 19)
1–3, 5–8, 11, 13–17, 21	102	Zuckerman ⁹
3, 9, 10, 14, 19, 20	103	Zuckerman “in view of a POSA’s general knowledge” (Pet. 19)
12	103	Zuckerman, Doughty ¹⁰
11, 21	103	Nishida, Zuckerman

Pet. 19.

⁵ We reproduce claim 1 with similar limitation identification numbering used in the Petition (i.e., “1[pre]” through “1[c]”). *See* Pet. 10.

⁶ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. §§ 102 and 103 effective on March 16, 2013. Neither party argues that the outcome of this case would differ based on applying the pre-AIA or post-AIA versions of these laws.

⁷ PCT International Application No. WO 92/22223 published December 23, 1992 to Nishida (Ex. 1004) (English translation Ex. 1005 (“(Nishida)”).

⁸ “POSA” is an acronym for a person of ordinary skill in the art.

⁹ US Patent No. 2,047,724 issued July 14, 1936 to Zuckerman (Ex. 1008, “Zuckerman”).

¹⁰ US Patent No. 2,675,631 issued April 20, 1954 to Doughty (Ex. 1017, “Doughty”).

F. Testimonial Evidence

In support of its proposed grounds of unpatentability, Petitioner relies on the Declaration of Dr. David S. Brookstein (Ex. 1003). In challenging those grounds, Patent Owner relies on the Declaration of Dr. Christopher M. Pastore (Ex. 2002).

III. PATENTABILITY ANALYSIS

A. Principles of Law

Anticipation under 35 U.S.C. § 102 requires that a prior art reference set forth each and every element of a claim as set forth in the claim.

Verdegaal Bros. v. Union Oil Co. of Cal., 814 F.2d 628, 631 (Fed. Cir. 1987); *see also Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008) (anticipation not only requires that each element of a claim be present in a prior art reference, but also the arrangement or combination of those elements).

A patent claim is unpatentable under 35 U.S.C. § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of ordinary skill in the art; and (4) when in evidence, objective

evidence of nonobviousness.¹¹ *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

“In an [*inter partes* review], the petitioner has the burden from the onset to show with particularity why the patent it challenges is unpatentable.” *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1363 (Fed. Cir. 2016) (citing 35 U.S.C. § 312(a)(3) (requiring *inter partes* review petitions to identify “with particularity . . . the evidence that supports the grounds for the challenge to each claim”)). This burden of persuasion never shifts to Patent Owner. *See Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378 (Fed. Cir. 2015) (discussing the burden of proof in *inter partes* review).

B. Level of Ordinary Skill in the Art

We consider the asserted grounds of unpatentability in view of the understanding of a person of ordinary skill in the art. In assessing the level of ordinary skill in the art, various factors may be considered, including the “type of problems encountered in the art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field.” *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995) (quoting *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962 (Fed. Cir. 1986)). “[O]ne or more factors may predominate.” *Id.*

Petitioner contends the following in connection with the level of ordinary skill in the art:

¹¹ Patent Owner does not present arguments or evidence of secondary considerations in its Preliminary Response. Therefore, secondary considerations do not constitute part of our analysis herein.

The '749 patent relates to an article of footwear comprising an upper that includes a knitted textile element. Ex.1001, 1:20-23. A hypothetical person of ordinary skill in the art (“POSA”) would have had at least a bachelor’s degree in textile engineering, mechanical engineering, or similar technical degree and at least 3 years of experience working with knitted textiles for use in fabric-based articles, including apparel such as footwear. Ex.1003, ¶¶34-37. For individuals with different educational backgrounds, a person could still be of ordinary skill in the art provided that person’s additional experience compensates for any differences in that person’s education as stated above. *Id.*, ¶37.

Pet. 14–15.

Patent Owner states “[f]or purposes of this Preliminary Response only, Nike applies lululemon’s proposed level of skill in the art.” Prelim. Resp. 13.

Based on this record, we adopt Petitioner’s articulation of the level of ordinary skill in the art, which is consistent with the '749 patent and the asserted prior art, and we apply it in our patentability evaluations below. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (the prior art, itself, can reflect appropriate level of ordinary skill in art).

C. Claim Construction

In interpreting the claims of the '749 patent, we “us[e] the same claim construction standard that would be used to construe the claim[s] in a civil action under 35 U.S.C. [§] 282(b).” *See* 37 C.F.R. § 42.100(b) (2020). The claim construction standard includes construing claims in accordance with the ordinary and customary meaning of such claims as would have been understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. *See id.*; *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–14 (Fed. Cir. 2005) (*en banc*).

Neither Petitioner nor Patent Owner contends that any claim term has a meaning other than its ordinary and customary meaning. *See, e.g.*, Pet. 15–17; Prelim. Resp. 14. Having considered the record, we determine that no express claim construction is necessary for any claim term. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (holding that only claim terms in controversy need to be construed, and only to the extent necessary to resolve the controversy (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

D. Grounds Involving Nishida

1. Proposed Ground of Anticipation by Nishida (Ground 1)

a) Overview of Nishida (Ex. 1005)

Nishida is titled “Method of Producing a Shaped Shoe Part from a Strip of Fabric, and a Shaped Shoe Part Produced by this Method.” Ex. 1005, code (54). Nishida’s Abstract is reproduced below:

The invention concerns the production of a shoe upper by cutting out the upper, in the form of a pattern, from a strip of material and shaping the upper, at the same time joining parts of the upper by seams. The aim of the invention is to develop the method used so that, in spite of the large number of individual parts existing or to be made visible, such shoe uppers can be produced rationally and without waste of time. To this end, the invention proposes that, when the strip of material (1) is manufactured, the patterns (2) of the uppers are produced, at the same time as the strip of material (1) is produced, using different manufacturing techniques, such as different make-up, different yarn material, different color, different material thickness, single- or multi-layer material, etc., the patterns being cut from this strip and further worked to give shoe uppers.

Id. at code (57).

Thus, Nishida describes that a strip of material (1) and patterns (2) including shoe “uppers” are produced “at the same time” and may be made using different manufacturing techniques.

Nishida’s Figure 2 is reproduced below:

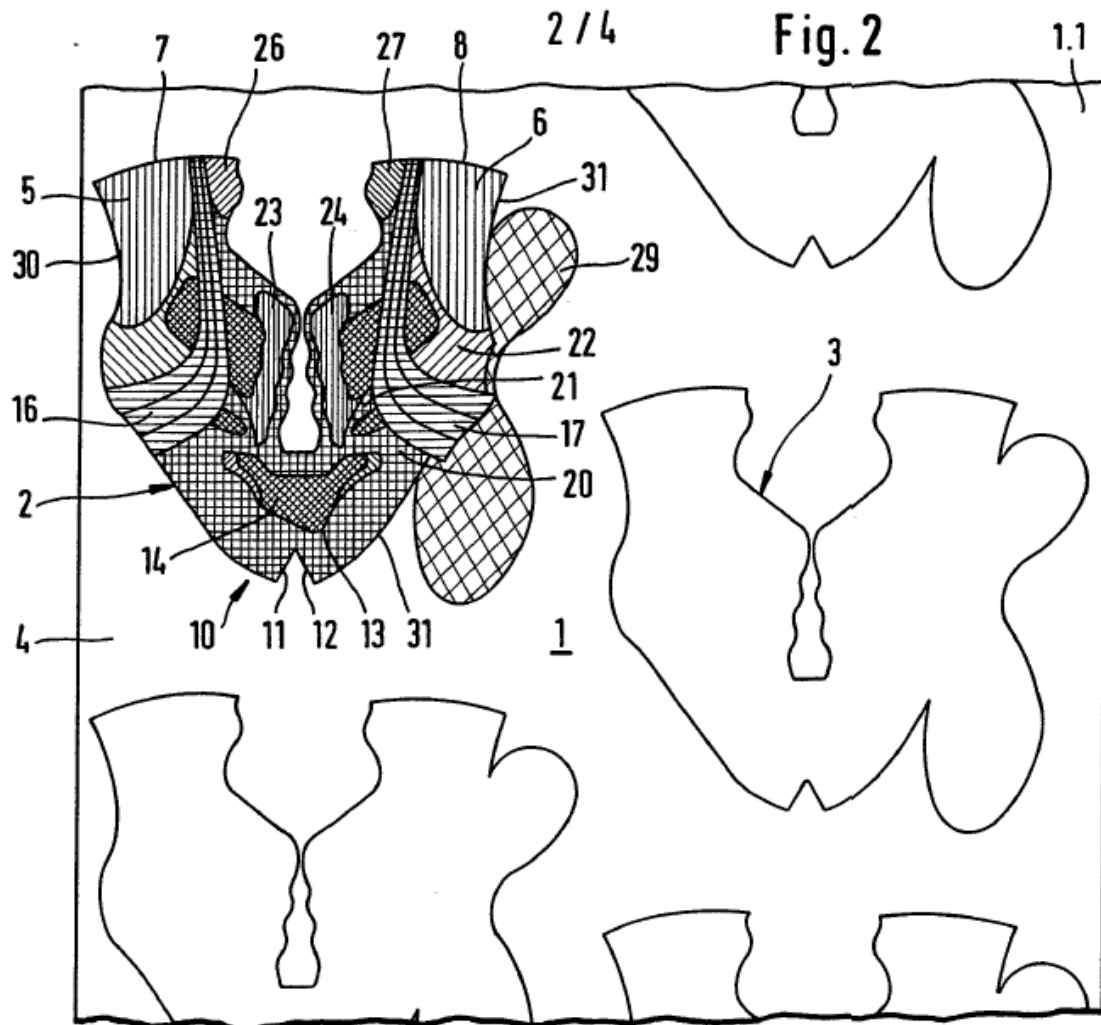


Figure 2 above “shows a detail of a fabric with several unwound web parts for different shoes uppers.” *Id.* at 5. Material web 1 is formed “by weaving and/or knitting and/or embroidery” and includes “a single or a plurality of unwound web part(s) 2 for the shoe-upper shape 3.” *Id.* Nishida further describes the following:

[M]aterial web base 4 may be a common woven or knitted fabric, e.g., consisting of warp and weft. The unwound web part 2 is divided into different individual parts or areas, which are distinguished from each other by a different type of fabric and/or by different fibers or threads, e.g., of wool, wool with metal threads, silk, silk with metal threads or wool with synthetic fibers, and the like, and/or by different colors of the fibers or threads, including metal threads, or by different color prints and/or differently formed fiber strands or fiber strand compositions, such as twisted, processed in parallel, and the like.

Id.

Nishida's Figure 3 is reproduced below:

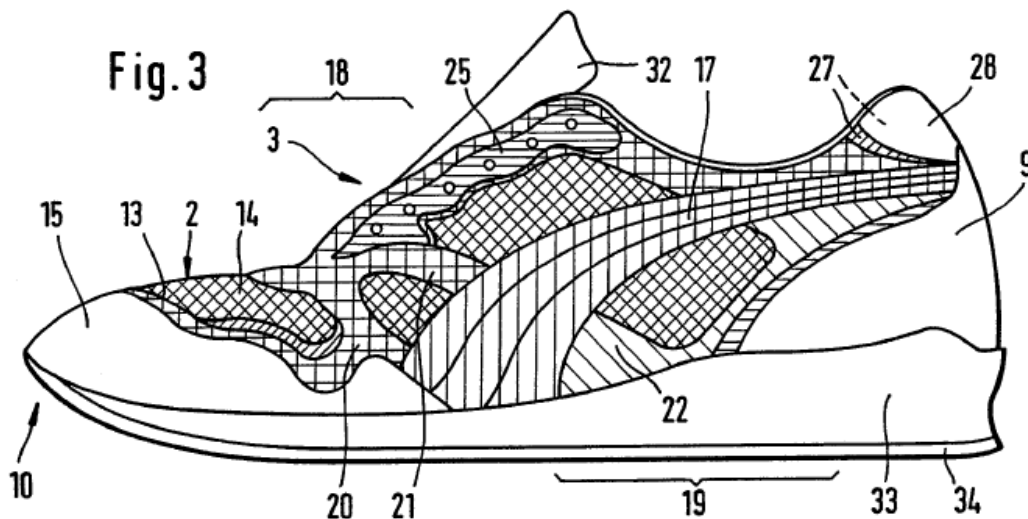


Figure 3 above “is a side view of a shoe with a top part or upper made from a material web unwound web part[.]” *Id.*

b) Petitioner's Position

Petitioner contends that claims 1–8 and 12–18 are anticipated by Nishida. Supported by the testimony of Dr. Brookstein (Ex. 1003), Petitioner lays out in detail where it believes all the limitations of those claims are found in Nishida. *See* Pet. 23–50. For instance, with respect to claim 1, Petitioner contends that Nishida discloses the preamble of claim 1,

i.e., “[a] method of manufacturing an article of footwear,” in describing a process of forming a shoe upper. *See id.* at 23–24 (citing Ex. 1003 ¶¶68–71). We find that the contention is substantiated.¹²

Petitioner also contends that Nishida discloses limitation 1[a], i.e., “simultaneously knitting a textile element with a surrounding textile, structure, the knitted element having at least one knitted texture that differs from a knitted texture in the surrounding knitted structure.” Pet. 24–29.¹³ In that regard, with respect to “simultaneously knitting” the textile element and a surrounding textile structure, Petitioner points to express description in Nishida’s Abstract that “when strip of material (1) is manufactured, the patterns (2) of the uppers are produced, ***at the same time*** as the strip of material.” Pet. 25 (quoting Ex. 1005, Abstract). Petitioner also references Nishida’s disclosure that its material web 1 may be produced via “knitting.” *Id.* (quoting Ex. 1005, 5). Petitioner further notes that material web 1 includes surface areas 1.1 that are separate from unwound web part(s) 2. *Id.* Petitioner identifies Nishida’s “unwound web parts(2)” as a “textile element,” and “[s]urface areas 1.1” as “a surrounding textile structure.” *Id.* (citing Ex. 1003 ¶ 76). Petitioner contends that “Nishida discloses simultaneously knitting a textile element (unwound web part(s)2) with a surrounding textile structure (surface areas 1.1)” *Id.* at 27.

Petitioner also contends that Nishida accounts for the requirement of limitation 1[a] pertaining to differing knitted textures. In that regard,

¹² We need not determine whether the preamble of claim 1 is limiting, as Petitioner adequately shows, for purposes of institution, that Nishida accounts for that preamble.

¹³ At times in this Decision, we refer to this particular aspect of limitation 1[a] as the “simultaneously knitting” limitation or requirement.

Petitioner points to disclosure in Nishida that its knitted textile element may be formed of differing yarns and material as compared to the surrounding textile structure. Pet. 28–29 (citing Ex. 1005, Abstract, 4, 5, 7–8; Ex. 1003 ¶ 78). We find that contention suitably supported for purposes of institution.

With respect to limitation 1[b], i.e., “removing the knitted textile element from the surrounding knitted textile structure,” Petitioner states the following:

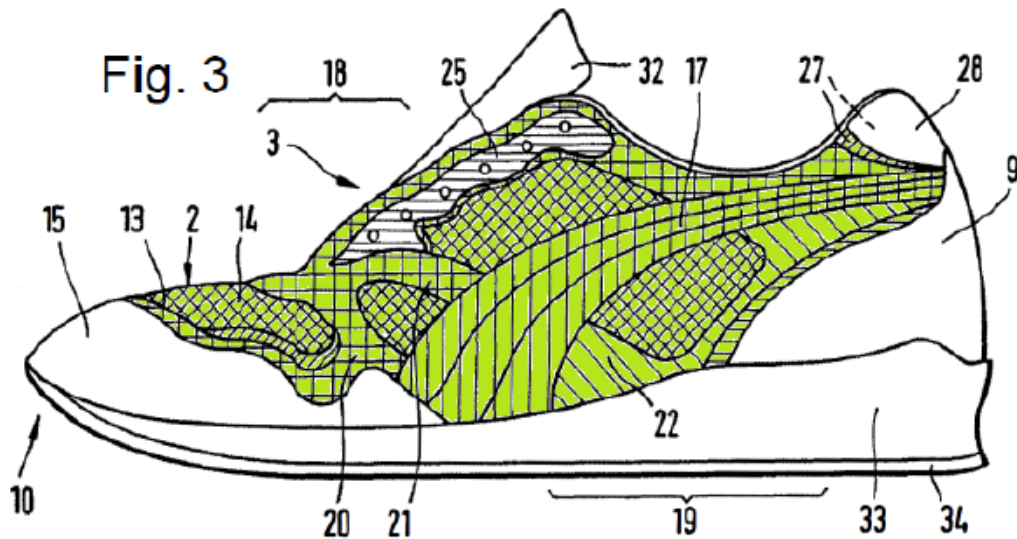
Nishida discloses this limitation. Ex. 1003, ¶81. For example, Nishida discloses that the knitted textile element is cut out of material web 1. Ex.1005, 5 (“[a]fter cutting out the unwound web part 2 from the material web 1”). Nishida refers to its surrounding textile structure as “offcut resulting from the cutting.” *Id.*, 4. Thus, Nishida discloses removing (cutting) the knitted textile element (unwound web part(s) 2) from the surrounding textile structure (surface areas 1.1).

Pet. 30.

We find the above noted position suitably supported for purposes of institution.

As to limitation 1[c], i.e., “incorporating the knitted textile element into the article of footwear,” Petitioner contends as follows:

Nishida discloses this limitation. Ex.1003, ¶82. For example, Nishida discloses “[t]he finished shoe upper 3 is then placed in an adhesive, injection or casting mold, in which a midsole 33 and an outsole 34 are formed by known methods as shown in Fig. 3.” Ex.1005, 6; *see also id.*, 7-8. Figure 3 illustrates an example shoe that incorporates the knitted textile element (green). *Id.*, 5.



Id., Fig. 3 (annotated). The shoe is an article of footwear. Ex.1003, ¶82. Thus, Nishida discloses incorporating the knitted textile element (unwound web part(s) 2) into the article of footwear (shoe).

Id. at 30–31.

We find the above-noted position adequately supported for purposes of institution. In connection with each of claims 2–8 and 12–18, Petitioner also adequately explains where it believes all the limitations of those claims are found in Nishida. *See* Pet. 31–50.

c) Patent Owner's Position

Patent Owner disagrees with Petitioner that Nishida anticipates claims 1–8 and 12–18. That disagreement is based on a single requirement of the claims, namely, an aspect of limitation 1[a] (and corresponding limitation of claim 13). Specifically, Patent Owner contends that “Nishida does not disclose ‘simultaneously knitting a textile element with a surrounding textile structure,’ as recited in claim 1” and “also fails to disclose a substantially similar limitation recited in independent claim 13.” Prelim. Resp. 28 (citing

Ex. 2002 ¶ 33) (footnote omitted). Although noting Nishida's disclosure that "patterns (2)" and "material web (1)" may be made "at the same time," Patent Owner, nevertheless, contends that the material web (1) has a "preexisting base" on which the unwound web parts 2 are printed or produced, such that they are not formed simultaneously. *Id.* at 28–31. The basis for that contention is that Nishida makes reference to a "prior-art method" for making shoe parts in German Patent No. 627878 to Guenther ("Guenther Patent") that, according to Patent Owner, means that "unwound web parts 2 and material web base 4 [are] formed in separate processes." *Id.* (citing Ex. 2002 ¶¶ 37, 38).

d) Discussion

The reasoning offered by Patent Owner as to why Nishida does not account for limitation 1[a], on this record, is difficult to follow. Nishida makes clear that its shoe making method involves production of material web 1 by knitting and which is "provided with a single or a plurality of unwound web part(s) 2." Ex. 1005, 5. Nishida's disclosure also, at this time, appears unequivocal in describing that "patterns (2)" and web material 1 (or "strip of material (1)") are manufactured or produced "at the same time." *Id.* at code (57) (Abstract). Nishida also unambiguously describes its material web 1 as including "surface areas 1.1." *Id.* at 7. As is evident from, for instance, Nishida's Figure 2, surface areas 1.1 surround unwound web parts (or patterns) 2.

Although Nishida makes brief reference to the Guenther Patent (*see, e.g.,* Ex. 1005, 3), it simply is not apparent that any method described in that document for producing a shoe limits Nishida's disclosure to a specific process that is something other than what is called for in the claims of the

'749 patent. Moreover, there is no description in Nishida's brief discussion of the Guenther Patent, that any method therein described is limited to "printing patterns in the shape of shoe uppers onto [a] preexisting web of material" as Patent Owner urges. *See* Prelim. Resp. 30. Patent Owner's declarant, Dr. Pastore, also does not suitably explain why it is his "opinion" that Nishida's disclosure is limited to "printing or producing pattern elements 2 on the preexisting base." *See, e.g.,* Ex. 2002 ¶ 36.

In view of Nishida's teachings, including those noted above, Petitioner's assessment that "Nishida discloses simultaneously knitting a textile element (unwound web part(s) 2) with a surrounding textile structure (surfaces areas 1.1)" reasonably follows. That disclosure also is reasonably regarded, at this time, as accounting for the requirement of limitation 1[a] of "simultaneously knitting a textile element with a surrounding textile structure." At this time, we credit Dr. Brookstein's supporting testimony to that effect. *See, e.g.,* Ex. 1003 ¶¶ 74–76. For purposes of institution, we credit that testimony over the countervailing testimony of Dr. Pastore, as, on the current record, we regard Dr. Brookstein's testimony (*see, e.g.,* Ex. 2002 ¶¶ 74–76) as more consistent with record evidence.

In considering the Petition and Patent Owner's Preliminary Response, we determine that Petitioner has shown a reasonable likelihood of success in its assertion that claims 1–8 and 12–18 are unpatentable for anticipation by Nishida. *See* Pet. 23–50.

2. *Proposed Ground of Obviousness Based on Nishida (Grounds 2 and 6)*

Petitioner contends that claims 9, 10, 19, and 20 would have been obvious to a person of ordinary skill in the art based on Nishida's teachings

taken with the general knowledge of a skilled artisan. Pet. 50–54. Petitioner supports its contention with citation to Dr. Brookstein’s testimony (Ex. 1003) as well as various record exhibits (e.g., Exs. 109, 1010, 1012, 1023). *Id.* Patent Owner does not challenge Petitioner recourse to a person of ordinary skill in the art’s general knowledge in accounting for claims 9, 10, 19, and 20. Rather, Patent Owner simply contends that the arguments it advanced in connection with Ground 1 also applies to Ground 2. As discussed above, at this time, we do not agree with Patent Owner’s arguments.

Petitioner also contends that claims 11 and 21 would have been unpatentable over Nishida and Zuckerman (Ground 6). Pet. 81–84. Patent Owner also contends that the arguments it advances in conjunction with Ground 1 apply to Ground 6. Prelim. Resp. 37. We do not find those arguments availing.

On the record before us, we determine that Petitioner has shown a reasonable likelihood of success in its patentability challenge to claims 9, 10, 19, and 20 based on Nishida (ground 2), and its challenge to claims 11 and 21 based on Nishida and Zuckerman (ground 6).

E. Whether the Exercise of Discretion to Deny the Petition Under 35 U.S.C. § 325(d) is Warranted

Patent Owner requests that we exercise our discretion to deny institution under 35 U.S.C. § 325(d). Pursuant to § 325(d), we may exercise discretion when “the same or substantially the same prior art or arguments” have previously been presented to the Office. Generally, the Board considers various non-exclusive factors in the evaluation of whether the exercise of discretion to deny institution is warranted. *See Becton,*

Dickinson & Co. B. Braun AG, IPR21017-01586, Paper 8 at 17–18 (PTAB Dec. 15, 2-017) (precedential as to § III.C.5, first para.). The assessment of those factors was refined in a later Board proceeding. *See Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 at 8 (PTAB Feb. 13, 2020) (precedential). (“*Advanced Bionics*”).

In evaluating matters under § 325(d), the Board uses the following two-part framework: (1) determining 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, determining whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims. *Id.* at 8. The Board institutes trial on behalf of the Director. 37 C.F.R. § 42.4(a); *Advanced Bionics*, Paper 6 at 7 n.7.

1. Advanced Bionics Part 1: Whether the Same or Substantially the Same Art or Arguments were Previously Presented to the Office

Patent Owner contends that each of Zuckerman and Doughty involved as a part of Grounds 3–6 were cited on an Information Disclosure Statement during prosecution of the ’749 patent. Prelim. Resp. 16–17. There is no disagreement in that respect, but the record does not convey the extent of the Examiner’s consideration of the teachings of those references. In any event, the primary focus of Petitioner’s challenges as to the patentability of the claims of the ’749 patent lies with Nishida. Accordingly, we focus on that reference.

Patent Owner argues that “the Patent Office previously considered a domestic equivalent of Nishida, i.e., ‘a corresponding U.S. national phase

entry (Nishida-US).” Prelim. Resp. 17 (quoting Pet. 86). According to Patent Owner, but for “translational differences (Nishida is a translation from German to English) the written disclosures are identical.” *Id.* In reviewing Nishida (Ex. 1005) alongside Nishida-US (Ex. 1013), there is clearly substantive overlap as between those two references. Yet, we also discern that the noted translational differences result in differing phraseology as between those references that may give rise to some significance in assessing their respective teachings. For instance, we note that Nishida-US refers to “related tongues 40 are produced simultaneously with a layout 2 on same web material 1.” *See, e.g.,* Ex. 1013, 5:34–36. The term “simultaneously” is of significance as it is also a term that appears in the claims of the ’749 patent. In Nishida, however, the term “simultaneously” does not appear. There is arguably some possible significance in that state of affairs. Nevertheless, given that there is recognizable substantive overlap between Nishida and Nishida-US, we proceed to part 2 of the *Advanced Bionics* framework.

2. *Advanced Bionics Part 2: Whether Petitioner has Demonstrated the Office Erred in a Manner Material to the Patentability of the Challenged Claims.*

It is worthwhile to consider the circumstances that transpired in connection with the procedural history of Nishida-US. In an Office Action dated November 28, 2011, the Examiner in charge of application No. 13/236,742, which ultimately manifested as the ’749 patent, rejected numerous proposed claims as anticipated by Nishida-US. *See* Ex. 2001, 11–12.¹⁴ In so rejecting those claims, the Examiner stated that “Nishida[-US]

¹⁴ We refer to the page numbering that are centered at the very bottom of Exhibit 2001.

shows a process for producing a shoe comprising simultaneously knitting a textile element(3) with a surrounding structure(1 and 4).” *Id.* at 12. In a Response dated January 13, 2012, to that Office Action, the Applicants challenged the Examiner’s assessment as to the requirement of “simultaneously knitting.” *See id.* at 29–30. In a subsequent Office Action designated as “FINAL” and dated February 1, 2012, the Examiner maintained the position that Nishida-US discloses the “simultaneously knitting” requirement of the claims. *See id.* at 33–37. After an “Applicant-Initiated Interview” on April 10, 2012, the Examiner reversed course on the matter, now stating in-part that “there is no clear disclosure” in Nishida-US “that the textile element and the surround structure are simultaneously knitted.” *See id.* at 40. It is of considerable note that the reasoning for that course reversal has little, if any, explanation in the record at hand.

Petitioner contends that the Examiner’s apparent acceptance of arguments that Nishida-US does not disclose the “simultaneously knitting” limitation of the claims of the ’749 patent constitutes “error.” Pet. 86. In our view, whether error or not, there is clear inconsistency on the record before us as to assessment of Nishida’s and Nishida-US’s teachings pertaining to the pertinent “simultaneously knitting” requirement. In that regard, as discussed above, in accounting for that requirement, the Petition unambiguously relies on disclosure in Nishida specifically stating that “when the strip of material (1) is manufactured, the patterns (2) of the uppers are produced, ***at the same time*** as the strip of material.” Pet. 25 (citing Ex. 1005, Abstract (emphasis added by Petitioner)). At the very least, there is a reasonable case to be made that such disclosure conveys that the material (1) and the patterns (2) are created simultaneously. The record is devoid of any

indication that the Examiner considered or apprehended the extent of that disclosure.¹⁵ “[M]isapprehending or overlooking specific teachings of the relevant prior art where those teachings impact patentability of the challenged claims,” as seemingly occurred here, does not lend itself to a conclusion that the exercise of discretion to deny institution is appropriate. *See Advanced Bionics*, IPR2019-01469, Paper 6 at 8–9 n.9.

Furthermore, the panel in the ’922 IPR determined that Nishida-US did, indeed, disclose the relevant “simultaneously knitting” limitation. *See, e.g., Ex. 1022*, 29–30. Patent Owner discounts that determination as “dicta,” because “[t]he petitioner in the *adidas IPR*, adidas, never argued that Nishida[-US] anticipated the claims of the ’749 patent.” Prelim. Resp. 25. Yet, here, Petitioner has now placed the matter of Nishida as an anticipatory reference for claims of the ’749 patent squarely before this panel. If, as Patent Owner contends, Nishida and Nishida-US include written disclosures that are “identical,” and given the inconsistencies that have emerged in the record in connection with those disclosures accounting for the “simultaneously knitting” limitation, this proceeding is ripe to resolve those inconsistencies.

3. *Conclusion—Nishida Based Grounds*

For the foregoing reasons, we determine that Petitioner has shown a reasonable likelihood of success in its patentability challenges to claims 1–21 based on Nishida. We also determine that, given the circumstance that

¹⁵ To that end, we disagree with Patent Owner that this IPR proceeding “rel[ies] on the same aspects of the prior art” that were considered during examination. *See Prelim. Resp. 22*. The record is simply not clear in that respect.

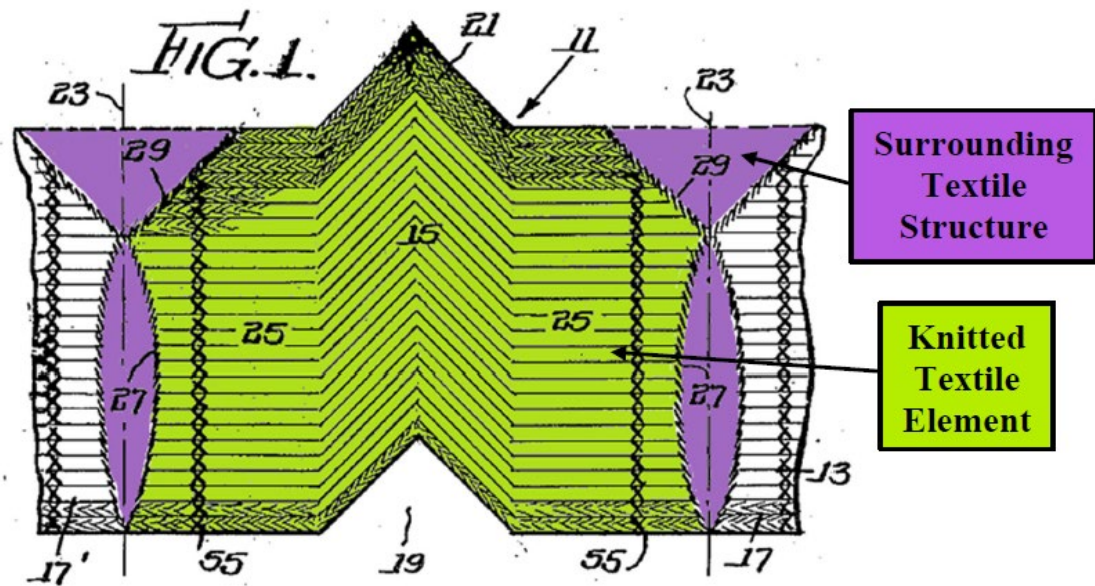
are present here, our exercise of discretion to deny institution is not warranted. Accordingly, we institute an *inter partes* review.

F. Additional Grounds of Unpatentability

As discussed above, we conclude that Petitioner has shown a reasonable likelihood of prevailing its patentability challenges: (1) to claims 1–8 and 12–18 as anticipated by on Nishida (ground 1); (2) to claims 9, 10, 19, and 20 for obviousness based on Nishida (ground 2); and (3) to claims 11 and 21 for obviousness based on Nishida and Zuckerman (ground 6). We institute an *inter partes* review based on those grounds. Because we must institute *inter partes* review on all claims and all challenges in the Petition (*see* 37 C.F.R. § 42.108(a)), for purposes of institution, we need not and do not herein address in detail Petitioner’s assertions of unpatentability of claims 1–21 based on Zuckerman (Grounds 3, 4, and 5). We, however, make the following observations pertaining to those grounds.

As discussed above, limitation 1[a] requires, in part, “simultaneously knitting a textile element with a surrounding textile structure.” In accounting for that limitation, and a corresponding limitation of claim 13, Petitioner provides an annotated version of Zuckerman’s Figure 1.¹⁶ That annotated Figure is reproduced below:

¹⁶ Zuckerman is titled “Knitted Article and Method of Making Same,” and its Figure is said to show a “blank” according to Zuckerman’s disclosure. Ex. 1008, Title, col. 2, ll. 11–12. Zuckerman also characterizes its disclosure as relating to “knitted footwear.” *Id.* at col. 1, lines 4–5.



Pet. 59. Figure 1 above shows blank 11 with portions colored in purple labeled as “Surrounding Textile Structure,” and a portion colored in green labeled “Knitted Textile Element.” *Id.* Patent Owner contends that the portions of blank 11 shown in purple are not reasonably regarded as “surrounding” the portion shown in green. Prelim. Resp. 32–33. Patent Owner’s argument has facial appeal, and is potentially meritorious. It is difficult, at this time, to characterize the noted purple portions as “surrounding” the noted green portion.

Patent Owner also contends that “Zuckerman does not disclose ‘incorporating the knitted textile element into the article of footwear,’ as recited in claim 1” (and a similar recitation in claim 13). Prelim. Resp. 34. According to Patent Owner, that is so because Zuckerman’s blank 11 “is not incorporated into an article of footwear—it is an article of footwear.” *Id.* That contention, at this time, seems somewhat circular and we question Patent Owner’s reasoning in that respect. *See id.* at 34–36.

IV. CONCLUSION

For the reasons set forth above, we conclude that Petitioner has shown a reasonable likelihood that it would prevail with respect to at least one of the challenged claims.

At this stage of the proceeding, the Board has not made a final determination on the construction of any claim term or the patentability of any challenged claim

V. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that, pursuant to 35 U.S.C. § 314(a), *inter partes* review of claims 1–21 of the '749 patent is instituted with respect to all grounds set forth in the Petition; and

FURTHER ORDERED that, pursuant to 35 U.S.C. § 314(c) and 37 C.F.R. § 42.4(b), *inter partes* review of the '749 patent shall commence on the entry date of this Order, and notice is hereby given of the institution of a trial.

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FOR PETITIONER:

Ali S. Razai
Joseph F. Jennings
Benjamin J. Everton
Jacob L. Peterson
KNOBBE, MARTENS, OLSON & BEAR, LLP
2azr@knobbe.com
2j fj@knobbe.com
2bje@knobbe.com
2jup@knobbe.com

FOR PATENT OWNER:

Christopher J. Renk
Michael J. Harris
Aaron P. Bowling
Lindsey C. Staubach
ARNOLD & PORTER KAYE SCHOLER LLP
chris.renk@arnoldporter.com
michael.harris@arnoldporter.com
aaron.bowling@arnoldporter.com
lindsey.staubach@arnoldporter.com