

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 REQUEST FOR DIRECTOR REVIEW
OF INSTITUTION DECISION**

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Pursuant to 37 C.F.R. § 42.75(c), Petitioner hereby respectfully requests Director Review of the Board’s denial of institution of *inter partes* review of U.S. Patent No. 8,266,749 (“the ’749 patent”) under 35 U.S.C. § 314(a) (Paper 20, “DI”). This request is timely filed within 30 days of the mailing of the DI on June 10, 2025, and is accompanied by the required fee. 37 C.F.R. §§ 42.15(f), 42.75(c).

I. INTRODUCTION

The Board abused its discretion in denying institution under 35 U.S.C. § 325(d) for at least three reasons. First, the Board improperly determined that the substance of an almost entirely unintelligible English translation of the Guenther reference (EX1023) was “previously . . . presented to the Office.” Second, the Board contradicted the findings of two prior panels that effectively already determined that the Examiner had erred regarding the Nishida reference (EX1022). Third, after finding a lack of examiner error based solely on an erroneous finding that Orei (EX1020) does not disclose a particular limitation, the Board improperly overlooked Petitioner’s obviousness argument that this same limitation was *also* well-known and would have been obvious to use with Orei.

Director Review of a Board decision on institution is warranted when the decision presents “(a) an abuse of discretion, (b) important issues of law or policy, (c) erroneous findings of material fact, or (d) erroneous conclusions of law.” Director Review Process, § 2.B. Decisions of the Board under Director Review are reviewed

de novo. Id., § 5.A.ii.c. In addition to the erroneous findings of material fact and conclusions of law detailed below, the Board’s discretionary denial raises important issues of policy appropriate for Director Review, including (1) whether an unintelligible translation of an IDS reference should be treated as “previously ... presented to the Office” under §325(d), and (2) whether a panel’s decision on examiner error under §325(d) that is contradictory to the factual findings of multiple prior panels should be resolved by the Director to promote public confidence and institutional integrity, particularly where there is panel overlap.

II. BACKGROUND

A. Prosecution History of the ’749 Patent

The Examiner limited the prior art rejections to a §102 rejection of claims 1-8, 11-18, and 21 based on US5,345,638 (“Nishida” – EX1022). EX1013, 235-240, 270-275. With respect to the recited step of “simultaneously knitting a textile element with a surrounding textile structure,” the Examiner found in part that the layouts for Nishida’s shoe upper 3 were textile elements that were simultaneously knitted with a surrounding textile structure in the form of backing 4. *Id.*, 237. In response, Nike argued that Nishida does not disclose the recited “simultaneously knitting a textile element with a surrounding textile structure” because “the formation of Nishida’s backing material must precede the printing of the layouts,”

and therefore “Nishida’s backing material 4 ... is formed separately from the layouts 2 themselves,” and hence not *simultaneously* as the Examiner had indicated. *Id.*, 259.

The Examiner found this argument unpersuasive, stating in a final office action that that the material in Nishida is “inherently simultaneously knitted because it is a single element.” *Id.*, 273. Nike then requested an interview with the Examiner. *Id.*, 278. The interview summary indicated that the Examiner reversed course without explanation after an interview, stating that “there is no clear disclosure” in Nishida “that the textile element and the surround[ing] structure are simultaneously knitted.” *Id.*, 278. A Notice of Allowance then issued. *Id.*, 291.

B. Two Prior IPRs

adidas filed a petition for IPR of the ’749 patent in 2016 (*adidas AG v. Nike, Inc.*, IPR2016-00922) (“*adidas IPR*”). EX1018. For the primary ground, adidas relied on a combination of Nishida and US 3,985,003 (“Reed”). EX1014, 7. During the IPR, Nike asserted and expanded on the same arguments against Nishida that it had made before the Examiner. EX1016, 28-31. The panel rejected Nike’s arguments, issuing a FWD with findings establishing that Nishida discloses each limitation of claims 1 and 13. EX1017, 22 (1[pre], 13[pre]), 24-27 (1[a1]-1[c], 13[a1]-13[d]); *see also* EX1015, 16 (institution decision stating that “Petitioner appears to identify a disclosure from Nishida in its claim charts (*id.* at 13-21) as teaching each of the limitations of claims 1 and 13”). The panel determined,

however, that adidas failed to establish a motivation to combine Reed with Nishida and, for that reason, the IPR failed. *See id.*, 41; EX1019, 28-50; *see id.* n.11 (stating that adidas' ground "necessarily rests" on the combination of Reed and Nishida).

lululemon filed an IPR on the '749 patent on January 12, 2024, IPR2024-00460 ("lululemon IPR"). The lululemon IPR presented two grounds challenging the validity of the independent claims, including based on anticipation by a Nishida PCT publication (WO 92/22223), which Nike described as "virtually identical to the (U.S. Pat. No. 5,345,638) considered by the Examiner during prosecution." *See* lululemon IPR, Paper 27 at 12; *id.*, Paper 7 at 8, 16-17. The panel rejected Nike's § 325(d) arguments, including those based on Nishida, and instituted the IPR.

C. This IPR Petition

The Petition here presents Nishida as an anticipatory ground, and as an alternate obviousness ground in combination with another reference (Nishida in view of Guenther (EX1023-EX1024)). Pet., 23. Nishida expressly discloses that it is based on the process of Guenther, with identified improvements thereto. EX1022, 1:10-47. The Petition also presents Orei (EX1020) as an anticipatory ground for most of claims, as well as a secondary, single-reference obviousness ground. Pet., 23. The Board exercised its discretion to deny institution under § 325(d).

III. ARGUMENT

A. The Board's Finding that Guenther was Previously Presented to the Office Under §325(d) Creates Perverse Incentives and Will Lead to Prosecutorial Gamesmanship

During prosecution, Nike submitted a purported machine translation of Guenther. EX1013, 200-202 (machine translation); *id.* 57, 248 (IDS). But the document was incomprehensible. Below are exemplary passages of Nike's purported machine translation of Guenther, as presented to the Board in Petitioner's Pre-Institution Reply on § 325(d) Issues (Paper 16) ("Reply") at 1-2:

- "Here the fabric strip is 1 as hollow one fabric_ formed, there it to Preparation that Hinterkappe serves." EX1013, 201.
- "Is according to invention easy of shoes, in special athletic shoes, by the fact prepared that the shoe upper section out a tissue exists" *Id.*, 202.
- "Exist those Reinforcement threads out post traglich curable Materials, then can these into one so large number into the Ge woven introduced become, that with the Har tung, - both in Fabric and with finished shoe made become: can, beside that Reinforcement threads located Textile threads along-impregnated and thereby along are reinforced, so that one dense zusam menhangende Fabric layer develops." *Id.*

While the page limit prevents additional citations here, a review of the document will show that nearly *every* sentence in Nike's purported translation is largely

gibberish. *Compare* EX1023, EX1024, 8-11 (certified English translation) to EX1013, 200-202 (Nike's purported machine translation).

The Board's decision discounts the impact of Nike's indiscernible Guenther translation by suggesting that the figures themselves are sufficiently informative and that the undecipherable text relates to "some subset of Günther's 'actual teachings'" DI, 14. But it is not just "some subset" of the translation that is gibberish. The entire document is essentially incomprehensible. Moreover, the features depicted in the figures are labeled with reference numbers that are explained only in the text.

The pertinent question here is whether the Office was presented with, and the Examiner was able to consider, the *specific teachings on which the Petition is based*. To that end, the Petition repeatedly cites to Guenther's disclosure at 2:33-35 that "fabric web 1 is a *continuous fabric*" (Pet., 71, 81-82) (certified translation, emphasis added). But this critical disclosure was instead machine translated by Nike as "Those Web i places a together suspended Tissues". EX1013, 201 (based on comparing the first sentence after the apparent brief description of Fig. 4 ("Abb, 4")). This significant difference between the two translations, noted in Petitioner's Reply, went unaddressed in the Board's decision. The heart of any § 325(d) analysis should be whether the specific text-based teachings that form the basis of the challenge were previously presented to the Office in a reasonably understandable form. Here, they

clearly were not: “Those Web i places a together suspended Tissues ...” is incomprehensible. This issue is ripe for the Director to resolve.

In defense of its decision, the Board notes there is nothing “in the record suggesting that the Examiner deemed the translation unacceptable or not in a form to be considered.” DI, 14. But no such suggestion in the record could be expected. The MPEP does not instruct examiners to assess translation quality and does not set forth any standard for “acceptability.” Moreover, Nike’s “translation” is not what it purports to be—*i.e.*, an actual translation—because the ***contents*** of Guenther were never effectively rendered in the English language. And, in cases where no English translation is provided, Examiners are instructed to consider the non-English reference “in view of any “concise explanation submitted” (which Nike did not submit) and “as it is understood on its face, *e.g.*, drawings, chemical formulas, in the same manner that non-English language information in Office search files is considered by examiners in conducting searches.” MPEP § 609.05(b). In such cases, the MPEP instructs examiners “not [to] make any comment such as that the non-English language information has only been considered to the extent understood, since this fact is inherent.” *Id.* In *Semiconductor Energy Laboratory Co. v. Samsung Electronics Co.*, 204 F.3d 1368, 1377-78 (Fed. Cir. 2000) (cited in MPEP § 609.05(b)), the Federal Circuit considered whether a one-page translation and concise statement enabled an examiner to have considered a non-English reference.

The Court held that “the examiner’s understanding of a foreign reference is generally limited to that which he or she can glean from the applicant’s concise statement Consequently, while the examiner’s initials require that we presume that he or she considered the [foreign] reference, this presumption extends only to the examiner’s consideration of the brief translated portion and the concise statement.” The same principle applied to the partial translation and concise statement in *Semiconductor Energy* applies here—namely, it is inherent that the examiner’s understanding of Guenther extended only to that which he could glean from Nike’s “translation (which is incomprehensible) and from the figures. Neither contains the particular text-based teachings identified above and relied on in the Petition.

Finally, the Board’s decision suggests that Nishida contains a general description of Guenther’s process. DI, 15. But the portion of Guenther mentioned in Nishida relates to other features (*e.g.*, “crosswise strips”) and not to the “continuous fabric” teachings on which the challenge is based. *See e.g.*, Pet., 71, 81-82 (citing Guenther’s at 2:33-35 that “fabric web 1 is a *continuous fabric*.”).

The Director should reverse the Board’s decision that Guenther was “previously ... presented to the Office” under §325(d). If any minor “informative” portion of a reference (*i.e.*, Guenther’s figures or Nishida’s discussion of other features) were sufficient to deem the entire reference “previously ... presented to the Office” under §325(d), gamesmanship would almost certainly ensue. Patent owners

would be incentivized to submit poor quality translations, knowing that the examiner would be unable to understand and consider the reference's actual teachings, while at the same time ensuring that their patents are immunized from future IPR challenges under this panel's sweeping application of § 325(d).

This case presents a compelling opportunity for the Director to set forth a proper standard for addressing when purported translations of non-English prior art references should be deemed sufficient for the underlying reference to be "previously ... presented to the Office" under §325(d).

B. The Board's Analysis of Nishida is Erroneous and Contradicts Factual Findings By Two Prior Panels

The Board's failure to find examiner error regarding Nishida under Part 2 of *Advanced Bionics* is not only an erroneous finding of material fact, but it also presents an important policy issue that should be remedied by the Director. *Specifically, the Board's finding contradicts the factual findings of two prior panels.* Consistency of factual findings and application of standards between different panels promotes public confidence and institutional integrity. This is particularly important where the panels have overlap, as is the case here, and where inconsistent decisions cannot be explained away as reasonable minds differing.

First, in the adidas IPR (IPR2016-00922), the Board's FWD contains affirmative findings establishing that *Nishida discloses each and every limitation of claims 1 and 13*. EX1017, 22 (1[pre], 13[pre]), 24-27 (1[a1]-1[c], 13[a1]-13[d]).

The adidas panel's findings for each limitation were referenced in the Petition. *See* Pet., 76 (citing EX1019, 28 for Nishida satisfying Element 1[pre]), 77 (citing EX1019, 29-30 for Nishida satisfies Element 1[a1]), 84 (citing EX1019, 30-31 for Nishida satisfying Element 1[a2]), 84 (citing EX1019, 30-31 for Nishida satisfying Element 1[a2]), 86 (citing EX1017, 27 and EX1019, 31 for Nishida satisfying Element 1[b]), 87 (citing EX1019, 31 for Nishida satisfying Element 1[c]).

Petitioner's § 325(d) reply referenced the Board's prior findings and the Petition in support of the argument that "the Examiner erred by misapprehending or overlooking Nishida's teachings." Reply (Paper 16) at 4.

This should have been an open-and-shut case of examiner error. The Petition presented Nishida as an anticipatory reference (Ground 1A), explained where express disclosure of each limitation could be found, **and** further showed that the PTAB had already found that Nishida discloses the limitations of at least the independent claims, while in the process rejecting the same arguments Nike made to the Examiner. Pet., 20-21; *compare* EX1016 at 28-31 to EX1013 at 259.

Finally, with respect to the standard articulated in *Ecto World*, Petitioner established that no reasonable examiner could have found the claims patentable over Nishida, not just in the 5-page §325(d) reply allotted by the Board, but in a detailed fashion spanning over 30 pages of the Petition, including with specific citations to where and why Nishida discloses each and every one of the claim limitations,

supported by expert testimony and other evidence, all of which was adopted and is corroborated by the factual findings of multiple prior panels.

Second, *in the lululemon IPR*, Nike asked the panel (which overlaps with the panel here) to specifically address under *Advanced Bionics* whether the Examiner had erred in overlooking Nishida's teachings. The panel agreed that Nishida had substantially been considered during prosecution. *See* EX1069 (IPR2024-01460, Institution Decision) at 22 (noting the "recognizable substantive overlap between Nishida and Nishida-US"), but declined to discretionarily deny institution specifically based on the Nishida anticipation ground (*id.*, 24). The panel indicated that the Examiner's "course reversal" on Nishida during prosecution was "of considerable note," finding "little, if any, explanation in the record," and also noted how the "record is devoid of any indication that the Examiner considered or apprehended the extent of [Nishida's] disclosure." *Id.*, 23-24. The *lululemon* panel concluded that misapprehending or overlooking Nishida's teachings "seemingly occurred here," which "does not lend itself to a conclusion that the exercise of discretion to deny institution is appropriate." *Id.*, 23-24.

Critically, *lululemon* did not submit a § 325(d) reply, but instead set out its entire case of examiner error regarding Nishida in a single paragraph on page 86 of its petition with less reasoning than what Skechers provided here (*compare* Skechers Reply, paper 16 at 4 to IPR2024-00460, *lululemon* Pet. at 86). That this panel found

no examiner error, with more evidence and reasoning in the record than the *lululemon* panel had, does not promote public confidence and institutional integrity, particularly where there is overlap between the panels.

What is at issue here is a far cry from the typical case where a petitioner is arguing, on a clean record, that the examiner erred by allegedly failing to realize a reference discloses some particular limitation. This is a case where the examiner erred by failing to realize that the reference discloses *every limitation*, a finding that has already been made by the PTAB at the institution stage – *not once, but twice*.

Thus, there are strong public policy reasons why the Director should reverse the Board's misapplication of § 325(d) and resolve the panel inconsistency.

C. The Board Erred by Misapplying §325(d) And Abused Its Discretion By Ignoring Petitioner's Obviousness Argument That It Would Have Been Obvious for Orei to Use the "Simultaneously Knitting" Feature

Petitioner followed the instructions of *Ecto World* for asserted prior art that was not a basis of rejection by addressing the *Becton Dickinson* factors (c), (e), and (f). *See Ecto World* at 5. The Reply explains that the Examiner issued only a § 102 rejection based on Nishida and that Orei was not relied on (factor (c)). Reply at 5. The Petition and Reply point out why this was error (factor (e)), first by establishing Orei as an anticipatory reference in the Petition, and then by citing to Orei's spot-on teachings about the same "simultaneous knitting" and "differing texture" features that Nike argued during prosecution were missing from Nishida. Reply at 5. The

Reply also explains how a POSITA would understand Orei based on Dr. Adanur's testimony and new evidence (e.g., EX1002, ¶¶ 129-135) (factor (f)). *Id.*

In response, the Board sidestepped a proper § 325(d) analysis, stating that it had “determine[d] that Petitioner has not shown sufficiently for institution that the simultaneous knitting limitation is taught or suggested by Orei, and, by extension, has not shown that the Examiner misapprehended or overlooked a teaching in that regard.” DI, 23. Thus, the Board collapsed its entire §325(d) analysis into its factual finding that Orei does not disclose the “simultaneous knitting” limitation. That constitutes reversible Board error because: it is based on erroneous factual findings that ignore express teachings and evidence to the contrary, and was an abuse of discretion for the Board to overlook the Petition's alternate basis that the “simultaneous knitting” feature was well-known and that it would have been obvious to “use such a technique” with Orei “to increase yield and reduce manufacturing steps.” Pet., 38, 42-43. Moreover, the Board misapplied § 325(d) by failing to apply the proper standard that the petition need only show that IDS prior art “includes specific teachings that ‘impact patentability of the challenged claims.’” *Ecto World* at 5 (citing *Advanced Bionics* at 8 n.9). Thus, even if Orei were missing a limitation (it does not), the Petitioner's anticipation arguments, coupled with the alternative obviousness ground for the “simultaneous knitting” feature, easily clears that bar.

First, the Board’s factual findings overlooked Orei’s express disclosure, which states that its shoe parts “are disposed as one continuous knitted fabric.” EX1020, 2:1-3, 3:33-37; Pet., 35-37; *see also* EX1020, 5:20-25. It also overlooked Dr. Adanur’s expert testimony offered in support of Petitioner’s reading of Orei, along with his citations to over half a dozen references showing that “[s]eamless knit structures were a reality at the turn of the century.” EX1002, § 123 (citing EX1027-EX1033); *see also* EX1002, §§ 124-127. And, although the Board seemingly recognized that Orei has, or could have, a surrounding textile structure, the Board dismissed the issue by concluding that the Petition did not account for “the possibility that a person of ordinary skill in the art would understand this as disclosing that shoe patterns are placed continuously on pre-existing knitted fabric, rather than the fabric and patterns being produced at the same time.” DI, 23-24. But nothing in *Becton Dickinson*, *Advanced Bionics*, or *Ecto World* requires a Petitioner to foreclose all possible distinctions between the prior art and the claims that may be raised during an IPR trial for purposes of showing examiner error or for satisfying the standard for institution. That is what the IPR trial is for.

Second, the Board ignored Petitioner’s alternate basis that “it was well known to use double needle-bar raschel machines of the same type Orei envisions to knit textile elements simultaneously with surrounding textile structures, and therefore even if Orei did not already disclose doing so (which it does), it would have been

obvious to use such a technique to increase yield and reduce manufacturing steps.” Pet., 42-43; *see also id.* at 38. This argument was supported not only by Dr. Adanur’s testimony, but by citations to half a dozen references in support of the fact that “[t]his is a well-known approach to efficiently produce knitted garments including fabrics for sports shoes,” and that “[s]eamless knit structures were a reality at the turn of the century.” *See* EX1002, ¶ 123 (citing EX1027-EX1033); *see also id.*, ¶ 127 (same). But none of this was addressed by the Board’s decision, which only found a lack of examiner error as a result of its (incorrect) finding that Petitioner had not shown Orei teaches the simultaneous knitting limitation. In any event, the Board misapplied § 325(d) because Petitioner’s anticipation arguments, coupled with the alternative obviousness ground for the “simultaneous knitting” feature, easily established that Orei—an IDS reference—“includes specific teachings that ‘impact patentability of the challenged claims.’” *Ecto World* at 5 (citing *Advanced Bionics* at 8 n.9).

Because the direct result of the Board improperly ignoring Petitioner’s obviousness argument was the Board’s subsequent finding of no examiner error, the Board’s decision is an abuse of discretion and should be reversed.

Dated: July 10, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify, pursuant to 37 C.F.R. section 42.6, that on July 10, 2025, a complete copy of the foregoing **PETITIONER’S REQUEST FOR DIRECTOR REVIEW OF INSTITUTION DECISION** was served upon the following, by ELECTRONIC MAIL:

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