

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 IPR2025-00143
Patent No. 9,986,781

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

I. 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*”) (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 (P.T.A.B. Jan. 6, 2023) (“*Beckman*”) (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.

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, 34), 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 Corp.*, IPR2020-01019, Paper 12 at 13 (P.T.A.B. 2020) (stipulation conditioned on “if the PTAB institutes”). Here, if there is institution, the stay would almost certainly remain in place until IPR conclusion, 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”); *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. 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, 38. 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, Nike attempts to distinguish Bellak and Herbert, which refer to “slippers” and “slipper type” foot coverings, based on its claim construction position, albeit incorrect, that an “article of footwear” does not include hosiery, stockings, socks. POPR, 3-4, 42, 50. However, Nike fails to account for the fact that Cusinato specifically and repeatedly refers to “footwear,” and is relied on for such under both grounds. Separately, under

Ground 2, the Petition proposes to modify Herbert with the teachings of Cusinato to make all finished edges by flat knitting in order to advantageously eliminate Herbert's cutting. *See Pet.*, 91-92, 95. Thus, Nike's POPR arguments about Herbert referring to cutting fails to account for Cusinato teachings and the specifically-proposed modification to Herbert based thereon. *See POPR*, 55.

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 when it elected to sue Skechers on *nine months after* having sued lululemon. EX1065; EX1066. Nike's suggestion that Skechers should have filed its IPRs earlier ignores that the parties were engaged in claim construction proceedings, including a September 2024 hearing and subsequent supplemental briefing due September 30, 2024. Nike then served supplemental infringement contentions on October 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. There is no evidence that the Petition was delayed for strategic reasons. *See EX1068* (lululemon trial was not scheduled until mid-October).

Case IPR2025-00143
Patent No. 9,986,781

Dated: April 4, 2025

Respectfully submitted,

/Jonathan M. Lindsay/

Jonathan M. Lindsay (Reg. No. 45,810)
Jie Gao (Reg. No. 73,825)
IRELL & MANELLA LLP
840 Newport Center Drive, Suite 400
Newport Beach, CA 92660-6324

Samuel K. Lu (Reg. No. 40,707)
Keith Orso (Reg. No. 52,084)
Lucas Oxenford (Reg. No. 80,533)
Connor He-Schaefer (PHV to be requested)
IRELL & MANELLA LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, CA 90067-4276

Michael M. Rosen (PHV to be requested)
IRELL & MANELLA LLP
750 17th Street NW, Suite 850
Washington, DC 20006

*Attorneys for Petitioner
Skechers U.S.A, Inc.*

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 was served upon the following, by ELECTRONIC MAIL:

Arnold & Porter Kaye Scholer LLP

Michael J. Harris (Reg. No. 62,957)
michael.harris@arnoldporter.com

Aaron P. Bowling (Reg. No. 67,311)
aaron.bowling@arnoldporter.com

Michael J. Sebba (Reg. No. 75,595)
michael.sebba@arnoldporter.com

Jonathan Swisher (*Pro Hac Vice*)
jonathan.swisher@arnoldporter.com

xNIKE-v-Skechers-FW@arnoldporter.com

/Susan M Langworthy/
Susan M. Langworthy