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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 NIKE, INC.,

4 Plaintiff,

5 v.

23 Civ. 771 (SA)

6 LULULEMON USA INC.,

Conference

7 Defendant.

8 -----x

9 New York, N.Y.
10 December 19, 2024
2:05 p.m.

11 Before:

12 HON. ARUN SUBRAMANIAN,

13 District Judge

14 APPEARANCES

15
16 ARNOLD & PORTER KAYE SCHOLER LLP

17 Attorneys for Plaintiff

MICHAEL HARRIS

18 BY: AARON BOWLING

LINDSEY STAUBACH

19 -and-

20 BRIAN FOGARTY, Nike

21 KNOBBE MARTENS OLSON & BEAR LLP

22 Attorneys for Defendant

23 BY: ALI RAZAI

BRENDAN SMITH

24 JOE JENNINGS

-and-

25 KIERAN MOORE, Lululemon

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1 (Case called)

2 MR. HARRIS: Michael Harris, outside counsel for
3 plaintiff Nike Inc. With me is Aaron Bowling and Lindsey
4 Staubach, also outside counsel. And to my right, your left, is
5 Ryan Fogarty. He is in house at Nike. He manages all of
6 Nike's global litigation and IP. He's vice president of global
7 IP and litigation. We appreciate the opportunity to meet with
8 you today.

9 THE COURT: Thank you, very much. Good afternoon.

10 And for Lululemon?

11 MR. RAZAI: Good afternoon, your Honor. This is Ali
12 Razai from Knobbe Martens on behalf of Lululemon. With me is
13 Mr. Kieran Moore, who is the buck-stops-here person for
14 Lululemon.

15 THE COURT: Okay. Good.

16 MR. RAZAI: Also with me is Brandon Smith and Joe
17 Jennings, my partners also from Knobbe Martens.

18 THE COURT: Let me first ask the parties, maybe you
19 designated a spokesperson, to just give me the current state of
20 play in terms of the parties' discussions, and what, if any,
21 help I can give the parties. And then we can take it from
22 there.

23 MR. HARRIS: Thank you, your Honor. This is Michael
24 Harris. So we've exchanged offers, as you directed the parties
25 to do. We have not yet resolved the matter, the dispute. And

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1 the parties have not agreed to the Court's assistance.

2 THE COURT: Okay. All right. Well, then we will move
3 to the pending motions. Let's start with Nike's motion for a
4 partial summary judgment. Who is going to speak on this from
5 Lululemon?

6 MR. RAZAI: That would be me, your Honor.

7 THE COURT: Putting all your invalidity arguments to
8 the side, including the argument that Nike can't make
9 inconsistent or can't take inconsistent claim construction
10 positions on infringement and invalidity, just focusing on
11 noninfringement for the 794 patent. What is your position on
12 noninfringement? Which element from the 794 patent, and I've
13 got it right here, do the accused products not satisfy?

14 MR. RAZAI: There are two positions your Honor. The
15 first is that Nike didn't --

16 THE COURT: I got the *Celotex* point.

17 MR. RAZAI: The second part is that although there is
18 no evidence that was entered into the record, the only line in
19 the entire brief that they put in, the only evidence that was
20 cited were the infringement contentions that were put in, which
21 are in evidence.

22 THE COURT: I got that too.

23 MR. RAZAI: Right. So in those infringement
24 contentions, those contentions were put together with an
25 understanding of claim construction that Dr. Pastore had. And

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1 MR. HARRIS: Yeah.

2 THE COURT: Mr. Razai, I'll do the following week if
3 that's better.

4 MR. RAZAI: Following week will be much better, your
5 Honor.

6 THE COURT: Do you want to say December 30th by 5:00
7 p.m.?

8 MR. RAZAI: I'd prefer that to December 23rd, your
9 Honor.

10 THE COURT: Let's keep them less than five pages each.
11 With that, let's get back to Dr. Pastore. So there is
12 a motion to exclude Dr. Pastore's testimony on *Daubert* and Rule
13 702 grounds. This motion is granted in part and denied in
14 part. It is granted, as to the toothpick test.

15 Mr. Harris, as to the testimony that Dr. Pastore would
16 offer as to the benefits and importance of the Flyknit
17 technology and that portion of it, in your briefing what you
18 said was, "it's technical testimony; it needs a technical
19 expert, and that's why it's relevant," which doesn't tell me
20 where it's relevant to the actual issue that is Dr. Pastore is
21 testifying about. So can you explain why it's relevant?

22 MR. HARRIS: Yes. Thank you, your Honor.

23 I think those paragraphs that Lululemon has cited to
24 in their motion are paragraphs where Dr. Pastore is explaining
25 the context of this invention in the real world. The invention

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1 at the time that it was created in 2004, and how that invention
2 has been used in the real world in the context of Nike's
3 products.

4 THE COURT: I thought the invention was in the
5 patents?

6 MR. HARRIS: It is. So I think if their position is
7 they just don't want him to use the word "Flyknit" --

8 THE COURT: Yeah, you could say 749 patent --

9 MR. HARRIS: Right.

10 THE COURT: -- but he has to talk about the patent. I
11 think what they are concerned about is perhaps because it is
12 the starting line of each of your briefs in this case is,
13 Nike's Flyknit technology is the best ever, and it's the most
14 important thing in the industry. And they think the jury will
15 think these patents are basically the sum and substance of that
16 Flyknit technology, and that's really what's at issue. But I
17 think that the federal circuit has taught us that what's at
18 issue are the claims you are asserting and those elements that
19 are in those claims, and they want to focus everyone on that so
20 that neither side is either unfairly benefited or unfairly
21 hurt. I think that's their sole concern.

22 MR. HARRIS: If that's the concern, we are not
23 necessarily opposed to that. As long as in all of those
24 paragraphs that they flagged, if he can talk about the
25 invention as it's disclosed in the patent and his conversations

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1 with the inventors that form the basis of, largely the validity
2 issues, that's fine. He doesn't have to refer to it as
3 Flyknit. With the fact witnesses, I think that's a different
4 issue. But as far as this issue today for Dr. Pastore, if
5 that's what we are talking about, if he just can't say, hey,
6 this is Flyknit technology, that's not a big deal.

7 THE COURT: Right. It's a little bit more than just
8 that. When he is talking about the technology it has to be
9 anchored in what is in the patents that are at issue and not
10 something more general. He can't just take the Flyknit
11 technology term out and say he is going to give the same
12 testimony. It's just got to be what's in the patents.

13 MR. HARRIS: Yeah, we think his testimony is anchored
14 in the patents.

15 THE COURT: Mr. Jennings or Mr. Smith. Mr. Smith,
16 sorry about that.

17 MR. SMITH: I think we're heading in the right place,
18 your Honor. The parties briefs were talking past each other a
19 little bit. Our issue is with Dr. Pastore saying all these
20 benefits are "Flyknit technology."

21 THE COURT: That's out.

22 MR. SMITH: That's out then I don't have any problem
23 with the rest of his testimony, assuming he's talking about the
24 benefits that are actually claimed, with the exception of Fink
25 article that I'm not sure we have gotten to yet.

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1 THE COURT: And what's the issue with the Fink
2 article?

3 MR. SMITH: The Fink article is all about Flyknit, and
4 it's dated a year before any shoe that Nike contends practices
5 the patent was manufactured. So the Fink article necessarily
6 cannot be talking about benefits of the patents when it's
7 talking about Flyknit shoes that Nike has not claimed practiced
8 the patents.

9 THE COURT: Mr. Harris, fair, Fink article?

10 MR. HARRIS: Dr. Pastore won't talk about the Fink
11 article.

12 THE COURT: Now, I'm going to give you the explanation
13 of my ruling on these things as to Dr. Pastore.

14 The proponent of expert testimony has the burden to
15 demonstrate the admissibility of the expert's testimony. Nike
16 must demonstrate to the Court that it is more likely than not
17 that Dr. Pastore's scientific, technical, or other specialize
18 the knowledge will help the trier of fact to understand the
19 evidence or to determine a fact in issue. Nike must also
20 demonstrate to the Court that it is more likely than not that
21 such testimony is based on sufficient facts or data and the
22 product of reliable principles and methods and that
23 Dr. Pastore's opinion reflects a reliable application of the
24 principles and methods to the facts of the case. Trial courts
25 act as gatekeepers to ensure that any and all scientific

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1 testimony or evidence admitted is not only relevant, but
2 reliable.

3 Dr. Pastore's toothpick test is excluded under Rule
4 403 and Rule 702. And, as we will see in a moment, the
5 reciprocal toothpick test offered by Dr. Brookstein is also
6 out. If ever there were junk science, it's in a toothpick test
7 that isn't based on any source or literature whatsoever, and
8 which has the potential to prejudice a jury given its
9 presentation which is described in the briefing. The method
10 applied, using a blade to jam a toothpick into fabric,
11 purportedly to demonstrate the existence of a tube-like
12 structure is not the kind of scientific or technical evidence
13 that *Daubert* and Rule 702 contemplates.

14 Now, second, this gets to the issue that Mr. Razai had
15 raised. Lululemon complains that Pastore employs inconsistent
16 claim constructions here. We've talked now about the
17 surrounding term, and we have a briefing schedule set for that.

18 Now, to be clear, and this is going back so some of
19 what I was talking about earlier, the issue here is that the
20 jury is not going to hear about inconsistent claim
21 constructions. Within the claim constructions fixed by the
22 Court, the jury will hear the evidence on infringement and
23 validity and the other issues in the case. As I said now a
24 couple of times, if either side believes that there are claims
25 that need to be construed here, they can make an application

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1 with the Court in advance. But what is not going to happen
2 during trial is to attack experts on differing claim
3 construction positions they have taken in other proceedings.
4 That is going to be misleading and confusing to the jury. The
5 jury is going to be instructed to follow the Court's
6 instruction. And the parties should present evidence that is
7 within the bounds of those constructions.

8 We have now addressed the Flyknit issue so the Court
9 does not need to address that. So that takes care of the
10 motion as to Dr. Pastore's report.

11 As to the *Daubert* motion directed to Dr. Brookstein,
12 Nike's motion to exclude certain opinions offered by
13 Lululemon's expert, Dr. Brookstein is granted in part and
14 denied in part.

15 Now, no opinions may be offered on non-infringement
16 concerning practicing the prior art. However, if those
17 opinions are otherwise relevant to invalidity, then they may be
18 presented. That was the point of *01 Communique Lab., Inc. v.*
19 *Citrix Sys., Inc.*, 889 F.3d 735 (Fed. Cir. 2018).

20 While there is no paragraphing the prior art defense
21 to infringement, a patentee may not re-acclaim one way for
22 purposes of infringement, and another way for purposes of
23 invalidity. If a patentee does so, a defendant is within its
24 rights to point to the discrepancy, not for the purposes of
25 avoiding infringement, but to demonstrate invalidity of the

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1 claim. Dr. Brookstein and Lululemon should be clear in their
2 arguments that they are talking about invalidity and not
3 non-infringement. If an issue comes up concerning the scope of
4 Dr. Brookstein's testimony and what is permissible, what is
5 allowed, what is not allowed, it can certainly be handled after
6 Dr. Pastore has testified concerning infringement. At that
7 point, it will be clear whether Nike has opened the door to any
8 additional arguments that are not encompassed by the Court's
9 ruling here.

10 As for non-infringing alternatives, let me pause here
11 and inquire with Mr. Razai, or who is going to handle it from
12 your side?

13 Am I correct that the individuals from Lululemon who
14 testified as to the alternatives that were contemplated or may
15 be feasible, are those witnesses who are prepared to testify at
16 trial?

17 MR. SMITH: Yes, your Honor, we intend to bring them
18 to try.

19 THE COURT: Is it further correct that Dr. Brookstein
20 takes those proposed alternatives and then applying his
21 knowledge and expertise in the field, explains why those are
22 in, fact, non-infringing alternatives?

23 MR. SMITH: That is absolutely correct.

24 THE COURT: So your response to Nike is, yes,
25 consistent with Rule 703 he does have this hearsay that he is

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1 recounting concerning his conversations with these witnesses,
2 but it's of no moment because they are going to be testifying
3 anyway; right?

4 MR. SMITH: I agree with that.

5 THE COURT: He then uses that not to communicate that
6 to the jury because just saying that there are alternatives is
7 neither here nor there. The only way he gets to a
8 non-infringing alternative is that he explains, using his
9 expertise, why, in fact, those alternatives would be
10 non-infringing. Is that all fair?

11 MR. SMITH: Absolutely correct, your Honor.

12 THE COURT: I think that's all consistent with Rule
13 703. So Lululemon has established that Dr. Brookstein takes
14 the alternatives from the Lululemon witnesses and then applies
15 his own expertise to conclude that those alternatives would, in
16 fact, be non-infringing. That is permissible under Rule 703.
17 However, if Dr. Brookstein, at trial, does not use his
18 expertise to connect the dots, then I will be surprised if Nike
19 does not jump up to make an application, and the testimony will
20 be stricken and an appropriate limiting instruction will be
21 given to the jury.

22 As I said, it's not clear if this issue matters
23 anyway. Because Lululemon has indicated they are going to call
24 these witnesses and have them testify. So they will be
25 providing non-hearsay testimony that Dr. Brookstein will be in

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1 the courtroom to hear and evaluate and provide his thoughts on,
2 assuming that whatever he testifies to was fairly disclosed in
3 his report.

4 As to the tear downs of the shoes, as to that, the
5 motion will be denied. It goes to the weight of the testimony,
6 as opposed to admissibility.

7 That is the same for the smash test. The motion will
8 be denied as to that portion of Dr. Brookstein's analysis. As
9 I said previously, the motion will be granted as to the
10 toothpick test.

11 Now, as to the annotations, and this really goes to
12 both sides experts. As I understand these annotations, these
13 are going to be presented to the jury by way of it
14 demonstratives. Is that right, Mr. Harris?

15 MR. HARRIS: I think that's right, your Honor, yes.

16 THE COURT: Here is what the parties need to do: They
17 can use those demonstratives. They have to be exchanged in
18 advance, and if there are any that are prejudicial, you can
19 point that out. Before you are going to show them to a jury,
20 you may need to lay a foundation for why they would not be
21 prejudicial. And there is a new rule on demonstratives, which
22 everyone should look at, I think it's Rule 107. There is a
23 standard for when you can use demonstratives in the courtroom.
24 It's brand new. It may be, to give the example of
25 Dr. Brookstein, if he is trying to show that a particular