

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

adidas AG,
Petitioner,

v.

NIKE, Inc.,
Patent Owner.

Case IPR2013-00067
Patent 7,347,011 B2

Before JOSIAH C. COCKS, JAMES B. ARPIN, and SCOTT A. DANIELS,
Administrative Patent Judges.

Opinion for the Board filed by *Administrative Patent Judge* COCKS.

Opinion Concurring by *Administrative Patent Judge* ARPIN.

Opinion Concurring by *Administrative Patent Judge* DANIELS.

COCKS, *Administrative Patent Judge.*

DECISION ON REMAND
35 U.S.C. § 144 and 37 C.F.R. § 42.5(a)

I. INTRODUCTION

On May 17, 2013, at the request of adidas AG (“Petitioner”) in a Petition (Paper 7, “Pet.”), the Board instituted an *inter partes* review of claims 1–46 of U.S. Patent No. 7,347,011 B2 (Ex. 1002, “the ’011 patent”) under 35 U.S.C. § 314. Paper 18 (“Dec. to Inst.”). After institution, Nike, Inc. (“Patent Owner”) filed a Motion to Amend (Paper 31, “Mot. to Amend”), requesting cancellation of original claims 1–46 and entry of substitute claims 47–50. Petitioner opposed the Motion to Amend (Paper 37, “Opp.”), and Patent Owner replied to Petitioner’s Opposition (Paper 44, “Reply”). In particular, Petitioner opposed the Motion to Amend, producing additional prior art references and alleging that the substitute claims were unpatentable in view of the combined teachings of the following, prior art references:

Exhibit No.	Reference
1005	U.S. Patent No. 5,345,638, issued Sep. 13, 1994 (“Nishida”)
1020	U.S. Patent No. 2,178,941, issued Nov. 7, 1939 (“Schuessler I”)
1021	U.S. Patent No. 2,150,730, issued Mar. 14, 1939 (“Schuessler II”)

The review proceeded, and a hearing was held on February 10, 2014. A transcript of the hearing is included in the record. Paper 59 (“Tr.”).

On April 28, 2014, the panel issued a Final Written Decision in accordance with 35 U.S.C. § 318(a). Paper 60 (“Final Dec.”). The panel granted Patent Owner’s request for the cancellation of original claims 1–46, but denied Patent Owner’s request for entry of substitute claims 47–50.

Final Dec. 42. In particular, the panel concluded that Patent Owner had failed to establish the patentability of claims 47–50 over the combined teachings of Nishida and Schuessler I and II. Patent Owner appealed the Final Written Decision to the U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”). Paper 61.

On February 11, 2016, the Federal Circuit issued a decision, affirming-in-part and vacating-in-part the Final Written Decision, and remanding the case to the Board. *Nike, Inc. v. adidas AG*, 812 F.3d 1326, 1329 (Fed. Cir. 2016). Specifically, the Federal Circuit affirmed the panel’s conclusion that Patent Owner bore the burden of showing the patentability of the substitute claims by a preponderance of the evidence.¹ *Id.* at 1332–34. Further, rejecting Petitioner’s arguments, the Federal Circuit affirmed the panel’s construction of “flat knit edges” as “an edge of a flat knit textile element, which is itself flat knit, e.g., which is not formed by cutting from a flat knit textile element,” as the broadest reasonable interpretation of that term. *Id.* at 1346–47.

In addition, the Federal Circuit determined that substantial evidence supported the conclusion that “a person of skill in the art would have reason to modify Nishida using the teachings of the Schuessler References to arrive

¹ The Federal Circuit has since determined that the burden of showing patentability of the substitute claims may not be placed on the patent owner and expressly overruled its earlier affirmance of the assignment of the burden to show the patentability of the substitute claims to Patent Owner. *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1296 n.1 (Fed. Cir. 2017) (O’Malley, J., plurality).

at the unitary, flat-knitted textile upper recited in the proposed substitute claims.” *Id.* at 1335–38; *see In re Nuvasive, Inc.*, 842 F.3d 1376, 1382–83 (Fed. Cir. 2016) (“Our recent decisions demonstrate that the PTAB knows how to meet this burden. For example, in *Nike, Inc. v. Adidas AG*, we affirmed the PTAB’s finding of a motivation to combine where it determined that a PHOSITA ‘interested in Nishida’s preference to *minimize waste in the production process* would have logically consulted the well-known practice of flat-knitting, which eliminates the cutting process altogether.” (internal citations omitted)).

The Federal Circuit, however, identified two errors in the Final Written Decision as to the conclusions reached. First, the Federal Circuit decided that the panel failed to make a proper determination of how proposed claims 48 and 49, both of which Patent Owner sought to enter as substitutes for original claim 19, “should be treated per the standard set forth in [*Idle Free Sys., Inc. v. Bergstrom*, Case IPR2012-00027, Paper 26 at 8–9 (PTAB June 11, 2013) (*‘Idle Free’*)²], and, if necessary, a full consideration of the patentability of each.” *Nike*, 812 F.3d at 1341–42. Second, the Federal Circuit decided that the panel failed expressly “to examine Nike’s evidence [of long-felt, but unmet, need] and its impact, if any, on the

² At the time of the earlier Final Written Decision, *Idle Free* had been designated as informative by the Board. *Idle Free*’s informative designation was withdrawn on June 1, 2018. *See* USPTO BULLETIN, June 1, 2018, <https://content.govdelivery.com/accounts/USPTO/bulletins/1f442f5> (last visited Aug. 8, 2018).

Board’s analysis under the first three *Graham* factors.” *Id.* at 1339–40; *see Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966) (“Such secondary considerations as commercial success, *long felt but unsolved needs*, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” (emphasis added)). The Federal Circuit’s mandate issued on April 4, 2016. Paper 1.

Neither Party sought to provide additional briefing or requested that the Board take new evidence upon remand, and the Federal Circuit expressly declined to direct the Board to accept new argument or evidence. *Nike*, 812 F.3d at 1345 n.6 (citing *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1367 (Fed. Cir. 2015)). Moreover, neither Party sought the Board’s guidance regarding procedures on remand. *See* Paper 62. On October 4, 2017, the Federal Circuit issued an *en banc* decision in *Aqua Products*. On October 11, 2017, the Board inquired whether the Parties wished to discuss the impact of the *Aqua Products* decision on the instant remand. *See* Ex. 3003. On October 27, 2017, the Parties responded that they wished to submit briefing addressing the impact of the *Aqua Products* decision and specifically requested timing, page limits, and content limitations for such briefing. *Id.* On October 29, 2017, the Board granted the Parties’ request for briefing. *Id.* Subsequently, Petitioner filed its *Aqua Products* Brief (Paper 65 (“*AP Br.*”)), Patent Owner filed its Response to Petitioner’s *Aqua Products* Brief (Paper 66 (“*AP Resp.*”)), and Petitioner filed its Reply to Patent Owner’s Response (Paper 67 (“*AP Reply*”)).

We address the errors identified by the Federal Circuit in view of the evidence of record as of the date of issuance of the Final Written Decision, and further in view of the additional briefing regarding the *Aqua Products* decision received from the Parties.³ For the reasons that follow, considering the entirety of the record before us, we conclude that a preponderance of the evidence establishes that substitute claims 47–50 are unpatentable.

A. The '011 Patent

The disclosure of the '011 patent is described in the Final Written Decision. Final Dec. 4–8. Here, we present only a summary description. The '011 patent relates to articles of footwear having a textile “upper.” Ex. 1002, 1:7–10. In particular, the Specification describes articles of footwear having an upper incorporating a knitted textile element and having a sole structure secured to the upper. *Id.* at 3:20–47.

Figure 8 of the '011 patent is reproduced below.

³ We note that the Parties’ briefing addresses the impact of the *Aqua Products* decision in only the most cursory manner (*AP Br.* 1; *AP Resp.* 1) and, instead, focuses on arguments for and against the patentability of the substitute claims. Although the Parties’ briefing strayed far from the issue upon which we wished to receive briefing, we, nonetheless, have fully considered the Parties’ arguments.

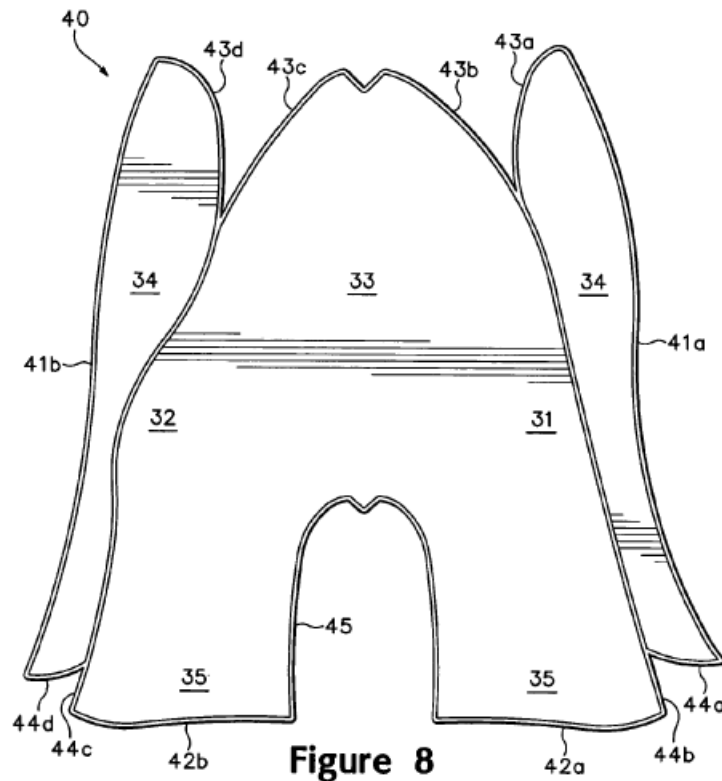


Figure 8 illustrates an embodiment of an upper according to the '011 patent. *Id.* at 5:58–6:65. “Textile element 40 is a single material element that is formed to exhibit a unitary (i.e., one-piece) construction.” *Id.* at 5:38–41; *see also id.* at Figs. 10 (depicting textile element 40') and 11 (depicting textile element 40''). Consequently, textile element 40 is configured, such that portions of the textile element are not joined together with seams or other connections. *Id.* at 5:38–41, 6:41–46. Edges 41a–44d, which are *free* in Figure 8, are joined together as shown in Figures 3–5 to form seams 51–54, thereby forming at least a portion of a void for receiving a foot. In contrast, each of lateral region 31, medial region 32, instep region 33, lower

regions 34, and heel regions 35 together have a unitary construction without seams (*id.* at 5:44–57, 6:47–50).

B. Status of the Claims

In its Motion to Amend, Patent Owner states that “[i]ssued claims 1–46 are cancelled” (Mot. to Amend 1),⁴ and proposes four (4) substitute claims, claims 47–50, based on three (3) original claims 16, 19, and 20 (*id.* at 1–2). The substitute claims are reproduced below:⁵

Claim 47. (Substitute for independent claim 16) An article of footwear comprising
an upper incorporating a [weft-knitted] flat knit textile element, the flat knit textile element

(1) having flat knit edges free of surrounding textile structure such that the flat knit edges are not surrounded by textile structure from which the textile element must be removed, some of the flat knit edges joined together to form an ankle opening in the upper for receiving a foot, the ankle opening having an edge comprised of one of the flat knit edges; and

(2) having a first area and a second area with a unitary construction, the first area being formed of a first stitch configuration, and the second area being formed of a second stitch configuration that is different from the first stitch configuration to impart varying properties to the

⁴ Patent Owner did not appeal the cancelation of original claims 1–46. *See Nike*, 812 F.3d at 1331 (“In its final written decision, the Board granted Nike’s request to cancel claims 1-46.”). Thus, the patentability of original claims 1–46 is no longer in dispute in this proceeding.

⁵ Subject matter deleted from original claims 16, 19, and 20 is enclosed by brackets; subject matter added to those claims is underlined.

textile element; and
a sole structure secured to the upper.

Claim 48. (Substitute for dependent claim 19) The article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch configuration forms an aperture in the [weft-knitted] flat knit textile element and the joined edges shape the flat knit textile element to form a lateral region, a medial region, an instep region and a heel region of the upper.

Claim 49. (Second Substitute for dependent claim 19) The article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch configuration forms [an aperture] a plurality of apertures in the [weft-knitted] flat knit textile element, the apertures formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.

Claim 50. (Substitute for dependent claim 20) The article of footwear recited in claim [16] 47, wherein the [weft-knitted] flat knit textile element is one of an exterior layer, an intermediate layer, and an interior layer of the upper, and the joined edges shape the flat knit textile element to form a lateral region, a medial region, an instep region and a heel region of the upper.

Mot. to Amend 1–2.

II. DISCUSSION

A. Overview

As noted above, on remand, we consider two errors in the Final Written Decision, as identified by the Federal Circuit. First, we consider how proposed claims 48 and 49, both of which Patent Owner seeks to enter

as substitutes for original claim 19, “should be treated per the standard set forth in *Idle Free*, and, if necessary, a full consideration of the patentability of each.” *Nike*, 812 F.3d at 1341–42. Second, we consider “Nike’s evidence [of long-felt, but unmet, need] and its impact, if any, on the Board’s analysis under the first three *Graham* factors.” *Id.* at 1339–40. Before we address patentability, including any argument and evidence of secondary considerations, as relating to the proposed, substitute claims, on remand, we first determine whether claims 48 and 49 are proper substitutes for original claim 19.

B. Impact of Aqua Products

In its *Aqua Products* Brief, Petitioner argues that “*Aqua Products* found that petitioners have the burden of persuasion with respect to the patentability of amended claims. *Aqua Products* thus reversed only the prior legal standard that the Patent Owner bears the burden of persuasion with regard to amended claims.” *AP* Br. 1. Patent Owner agrees. *See AP* Resp. 3 (“Once entered, Petitioner bears the burden of proving [claims 48 and 49] are unpatentable.”). According to Judge O’Malley, however,

The only legal conclusions that support and define the judgment of the court are: (1) the PTO has not adopted a rule placing the burden of persuasion with respect to the patentability of amended claims on the patent owner that is entitled to deference; and (2) in the absence of anything that might be entitled deference, the PTO *may not* place that burden on the patentee.

Aqua Prods., 872 F.3d at 1327 (O’Malley, J., plurality) (emphasis added). Thus, in *Aqua Products*, the Federal Circuit declared where the burden of

persuasion currently does not lie, but not where it does or may lie. *See* “Guidance on Motions to Amend in view of *Aqua Products*” (Nov. 21, 2017) (https://www.uspto.gov/sites/default/files/documents/guidance_on_motions_to_amend_11_2017.pdf). The above-referenced guidance states that the Board will not place the burden of persuasion on a patent owner with respect to the patentability of substitute claims presented in a motion to amend. *Id.* Thus, for example, if the entirety of the evidence of the record before the Board is in equipoise as to the unpatentability of one or more substitute claims, the Board may grant the motion to amend with respect to such claims. *Id.*⁶

C. Properly Proposed, Substitute Claims 48 and 49

Patent Owner filed a Motion to Amend canceling all forty-six (46) of its original claims and proposing four (4) substitute claims: claim 47 for original claim 16, claims 48 and 49 for original claim 19, and claim 50 for original claim 20. Mot. to Amend 1–2. In order to determine whether

⁶ We are cognizant that the Federal Circuit subsequently has held that, in circumstances where a petitioner remains as a challenger in an *inter partes* review proceeding, it is the petitioner that bears the burden of showing the unpatentability of substitute claims by a preponderance of the evidence. *See Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1040 (Fed. Cir. 2017) (citing *Aqua Products*, 872 F.3d at 1311 (O’Malley, J., plurality)) In this case, and for the reasons set forth in this Decision, the entirety of the record, including the arguments and evidence advanced by Petitioner in opposition to the Motion to Amend, conveys that Petitioner has met the burden.

claims 48 and 49 constituted a “reasonable number” of substitute claims for claim 19, the original panel relied on *Idle Free* to require “for each proposed substitute claim[,] . . . a showing of patentable distinction over all other proposed substitute claims for the same challenged claim.” Final Dec. 23–26. The panel, finding that “Patent Owner has failed to demonstrate that it proposes a reasonable number of substitute claims for original claim 19,” grouped claim 49 with claim 48 for patentability purposes. *Id.* at 26. The Federal Circuit vacated that decision, and remanded the case “for a proper determination of how these claims should be treated per the standard set forth in *Idle Free*.” *Nike*, 812 F.3d at 1342.⁷

Subsection (a)(3) of 37 C.F.R. § 42.121 provides that there is a presumption that only one substitute claim would be needed to replace each challenged claim. Rule 42.121(a)(3) also provides, however, that the presumption is one that may be “rebutted.” With that in mind, we do not read *Idle Free* as requiring Patent Owner to show in every instance a patentable distinction of each proposed substitute claim over all other proposed substitute claims for the same challenged claim to overcome that regulatory presumption. *Idle Free*, by its own terms, does not necessitate

⁷ As discussed below, the *Aqua Products* decision addresses the burden of persuasion as to the patentability of substitute claims. *See Aqua Products*, 872 F.3d at 1327–28 (O’Malley, J., plurality). The requirements for a motion to amend under 35 U.S.C. § 316(d) remain unchanged, however. Those requirements include that a motion to amend propose a reasonable number of substitute claims. 35 U.S.C. § 316(d)(1)(B).

such a showing under all circumstances. Indeed, it conveys that only “in certain circumstances” must a patent owner undertake to show patentable distinction of a given substitute claim over other substitute claims for the same challenged claim. *Idle Free*, 6–7; *see also id.* at 7–9 (stating that Patent Owner may show a patentable distinction *or* a special circumstance evidencing a need for multiple substitute claims).⁸ Thus, *Idle Free* clearly contemplates circumstances where the patentable distinction showing is not required.⁹

Idle Free also includes discretionary provisions for other issues directed to substitute claims, in particular, explaining that the determination as to whether a proposed additional substitute claim “*may* be denied entry, or

⁸ In *Idle Free*, the patent owner proposed “ten alternative substitute claims, *i.e.*, claims 24–33, for original patent claim 1, and thirteen alternative substitute claims, *i.e.*, claims 34–46, for original patent claim 17.” *Idle Free*, 10–11. By contrast, in the present case, Patent Owner proposes only four (4) substitute claims in total in place of forty-six (46) canceled original claims and presents only two (2) substitute claims, *i.e.*, claims 48 and 49, for original patent claim 19.

⁹ In his concurring opinion, Administrative Patent Judge Arpin suggests that the majority’s opinion states a new interpretation of *Idle Free* of which the Parties previously had no notice. The latitude granted to the Board, however, by the statute and our rules to determine the reasonableness of the number of substitute claims is not restricted by *Idle Free*. Indeed, as we explain above, *Idle Free* expressly contemplates this latitude. In any event, during the course of this proceeding, both Parties have had full opportunity to brief the merits of the patentability of all substitute claims, including in their post *Aqua Products* briefings (*see* Papers 65–67).

. . . *may* be grouped with, or deemed as standing [or] falling with” another substitute claim resides in each panel’s discretion. *Id.* at 8–9 (emphases added). As a discretionary matter, nothing in *Idle Free* can require a panel to exclude an otherwise reasonable number of substitute claims.

Importantly, a strict reading of *Idle Free* erects procedural hurdles where they serve no purpose. In some cases, an analysis of the patentable distinction between multiple substitute claims may involve more effort than simply addressing the patentability of each substitute claim. In this case, we use our discretion not to rigidly apply a “patentable distinction” test that will burden the Office, Patent Owner, and Petitioner. And in no way can rigid adherence to a “patentable distinction” test be said to “secure the just, speedy, and inexpensive resolution of *every* proceeding.” 37 C.F.R. § 42.1(b) (emphasis added).

To be sure, we subscribe to *Idle Free*’s premise that an *inter partes* review does not provide patent owners with an opportunity to start anew with a fresh set of claims at trial. The Office provides other and ample means to achieve those goals. Nevertheless, patent owners may propose a reasonable number of substitute claims, and we should not apply a rigid requirement of establishing patentable distinctness over all other proposed substitute claims to overcome the regulatory presumption where circumstances dictate otherwise. In this case, the proposed substitution of two claims in place of one original claim, and cancellation of forty-six original claims in favor of four proposed substitute claims constitutes a presentation of a reasonable number of substitute claims. To that end, even

following *Idle Free*, here is a circumstance where the presumption against presenting more than one substitute claim for each original claim is overcome by the total number of canceled claims and the manifest reasonableness of the number of proposed substitute claims offered in lieu of those canceled claims.¹⁰ As such, we examine the patentability of proposed substitute claim 49 on its merits.

D. Proposed Substitute Claim 49 and the Prior Art of Record

The Federal Circuit instructed us on remand to undertake “a full consideration of the patentability of” claim 49 “if necessary.” *Nike*, 812 F.3d at 1342. For reasons explained *supra*, we deem it necessary and appropriate in this case to consider the patentability of claim 49. Claim 49 recites:

The article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch configuration form [an aperture] a plurality of apertures in the [weft-knitted] flat knit textile element, the apertures formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.

Mot. to Amend 2 (brackets indicate omissions; underlines indicate additions). Thus, substitute claim 49 modifies original claim 19 to recite “a

¹⁰ Given the evolving nature of the law when it comes to permissible content of, and procedures for, motions to amend, and given that *Idle Free* has been withdrawn as an “informative” opinion, we determine that it is unnecessary to clarify other such circumstances that would warrant, under *Idle Free*, a conclusion that the presumption against presenting more than one substitute claim for each original claim has been overcome.

plurality of apertures in the flat knit textile element” that are “*formed by omitting stitches* in the flat knit textile element and positioned in the upper for receiving laces.” *Id.* (emphases added).

In its Motion to Amend, Patent Owner argued that the prior art failed to disclose a plurality of apertures formed by omitting stitches, as recited in claim 49. Although acknowledging that “figure 3 of Nishida indicates the upper includes openings for laces,” Patent Owner asserted that “Nishida contains no description or suggestion of forming such openings by omitting stitches in the layout.” *Id.* at 8. Thus, Patent Owner continued, “it appears such openings were created by an additional manufacturing step, e.g., punching out the openings.” *Id.* (citing Ex. 2010 (Declaration of Raymond F. Tonkel) ¶ 107). Further, Patent Owner contended “there was no motivation or reason that would have prompted a person of ordinary skill in the art . . . to modify Nishida.” *Id.* at 9–10 (citing Ex. 2010 ¶ 113). The Declaration of Patent Owner’s declarant, Dr. Tonkel, contains language largely mirroring that in Patent Owner’s Motion. *See* Ex. 2010 ¶¶ 107, 113.

As noted above, in the Final Written Decision, the original panel found and, on appeal, the Federal Circuit affirmed, that Patent Owner bears the burden of proving patentability of substitute claims by a preponderance of the evidence. 35 U.S.C. §§ 316(a)(9), (d)(1); 37 C.F.R. §§ 42.20(a), (c). The Federal Circuit’s *en banc* decision in *Aqua Products*, however, overruled this prior determination. *Aqua Prods.*, 872 F.3d at 1296 n.1, 1328–29 (O’Malley, J., plurality). For the reasons that follow, we conclude

that the entirety of the record demonstrates the unpatentability of substitute claim 49 by a preponderance of the evidence.

Because Patent Owner acknowledges that Nishida discloses a plurality of apertures for receiving laces (*see* Mot. to Amend 8–9), the issue is whether it would have been obvious to a skilled artisan to form those apertures “by omitting stitches.” *See AP* Resp. 3–4. As the Federal Circuit noted in its opinion, “Nishida’s specification never specifically discusses the lacing holes of its upper; they are only shown in Figure 3.” *Nike*, 812 F.3d at 1344. Thus, Nishida does not disclose apertures “formed by omitting stitches,” as recited in claim 49.

As the Federal Circuit also pointed out, however, “[a] claimed invention may be obvious even when the prior art does not teach each claim limitation, so long as the record contains some reason why one of skill in the art would modify the prior art to obtain the claimed invention.” *Id.* at 1335. Indeed, the court surmised that “skipping stitches to form apertures, even though not expressly disclosed in Nishida,” may have been obvious as “a well-known technique in the art . . . to create holes for accepting shoe laces.” *Id.* at 1344–45. As explained *infra*, another prior art document of record in the proceeding demonstrates that skipping stitches to form apertures was a well-known technique. *See Genzyme Therapeutic Prods Ltd. P’ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1369 (Fed. Cir. 2016) (“This court has made clear that the Board may consider a prior art reference to show the state of the art at the time of the invention, regardless of whether that reference was cited in the Board’s institution decision.”).

Petitioner presents sufficient evidence of the unpatentability of claim 49 over the prior art of record including a skilled artisan's knowledge of the well-known technique for creating holes in knitting by omitting stitches. In particular, Nishida teaches a plurality of apertures for the intended use or function of receiving laces, but does not specify or exclude any manner by which those apertures may be formed. *See* Mot. to Amend 8 (citing Ex. 1005, Fig. 3). Patent Owner's declarant acknowledges that Nishida teaches openings or apertures for receiving laces, but then speculates that those openings were created by an additional manufacturing step, rather than by the omission of stitches. In particular, Dr. Tonkel testifies that "[w]hile figure 3 of Nishida indicates the upper includes openings for laces, Nishida contains no description or suggestion of forming such openings by omitting stitches in the layout. Thus, *it appears* such openings were created by an additional manufacturing step, e.g., punching out the openings." Ex. 2010 ¶ 107 (emphasis added); *see also* Ex. 1005, 4:33–38 (The knit upper "can be provided with an embroidery, especially with an English embroidery (i.e., the type of embroidery by which a hole pattern is welded and which is commonly used for the sewing of button holes)"). Thus, Dr. Tonkel relies on the *absence of disclosure* in Nishida to support his conclusions, and we do not credit Dr. Tonkel's testimony on this point in light of the prior art teachings discussed below. *Trs. of Columbia Univ. v. Illumina, Inc.*, 620 F. App'x 916, 922 (Fed. Cir. 2015) ("The PTAB [i]s entitled to weigh the credibility of the witnesses.").

Nishida teaches that portions of the upper may be knit so as to be “permeable to air.” Ex. 1005, 3:43–45. Nishida explains that this “type of production can, additionally, insure that the toe area 14 has a good air exchange capability. For example, this can be achieved by *a net-like woven or knitted structure.*” *Id.* at 3:49–52 (emphasis added); *see AP Br.* 4–5; *AP Reply* 1–2. Nevertheless, Patent Owner contends that “Petitioner failed to provide any evidence from which the Board could find that skipping stitches to form apertures was a well-known technique in the art.” *AP Resp.* 6. We disagree.

Petitioner’s Exhibit 1012 teaches that “[i]n weft knitting only, open-work structures may be produced *by the introduction of empty needles* and/or by using special elements to produce loop displacement.”¹¹ Ex. 1012, 85 (emphasis added); *see id.* at 118–19 (Figure 9.2 depicting a float stitch produced by an empty needle); *see also* Ex. 2009, 167:21–23 (“Correct, but

¹¹ Exhibit 1012 is a knitting handbook. David J. Spencer, *Knitting Technology: A Comprehensive Handbook and Practical Guide* (Woodhead Publ’g Ltd. & Technomic Publ’g Co. 3rd ed. 2001). Exhibit 1012 was placed in the record by Petitioner, and each Party’s declarant relies on teachings of Exhibit 1012. *See* Ex. 1001 ¶¶ 7, 39, 56; Ex. 2010 ¶¶ 51, 105. Thus, we understand each Party to have been aware of the teachings of Exhibit 1012.

the knit article, you know, as I described, has apertures in it as a consequence of the open knitting structure.”).

Exhibit 1012 also teaches the following:

An open-work structure has normal securely-intermeshed loops but it contains areas where certain adjacent wales are not as directly joined to each other by underlaps or sinker loops as they are to the wales on their other side. The unbalanced tension causes them to move apart, producing apertures at these points.

Ex. 1012, 84 (emphases added); *see id.* at 122. Further, such open-work structures may be used to form *nets* for use in, among other things, sportswear. *Id.* at 85; *see Dec. to Inst. 27* (“In particular, Nishida discloses that good air exchange may be achieved ‘by a *net-like* woven or knitted structure.”). Thus, based on the evidence of record, we conclude that a person of ordinary skill in the art would have understood that the introduction of empty needles, as taught in Exhibit 1012, causes the omission of stitches, and that the creation of apertures in this manner was a well-known technique at the time of the invention of the ’011 patent.

Patent Owner contends the following:

Because Nishida does not disclose forming apertures by omitting stitches, the Federal Circuit stated that for the Board to find claim 49 obvious in light of Nishida, the Board may need to find that “skipping stitches to form apertures . . . was a well-known technique in the art,” which “perhaps would be a basis to conclude that one of skill in the art would utilize this technique to create holes for accepting shoe laces.” *Nike*, 812 F.3d at 1344-45. Nike disagrees that would be a sufficient basis in this case

....

AP Resp. 6. We observe that Nishida teaches an article of footwear having a plurality of apertures formed in an indeterminate manner, but for the same purpose as that recited in substitute claim 49 (*see* Ex. 1005, Fig. 3; Ex. 2010 ¶ 107). Because the omission of stitches was a well-known technique in the field of knitting for forming such apertures (*see* Ex. 1012, 84–85), we are persuaded that a person of ordinary skill in the art would have had reason to use such a known technique for forming apertures by omitting stitches to form the plurality of apertures taught by Nishida, as recited by substitute claim 49. *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007) (“When there is a design need . . . and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.”); Ex. 2010 ¶ 107 (identifying a known alternative for forming apertures). Therefore, we are persuaded by Petitioner’s arguments and evidence that substitute claim 49 is not patentable in view of the prior art of record.

In its Motion to Amend, Patent Owner did not address the technique of omitting stitches for forming apertures known in the art, but, instead focused only on other known techniques (*see* Mot. To Amend 8 (citing Ex. 2010 ¶ 107 (“Thus, it appears such openings were created by an additional manufacturing step, e.g., punching out the openings.”))), and we are persuaded by the evidence presented by Petitioner (*e.g.*, Ex. 1012, 84–85; *see* Ex. 1005, 4:31–38) that the subject matter of claim 49 is not patentable over the prior art of record. Despite Patent Owner’s conclusory statement that “there was no motivation or reason that would have prompted

a person of ordinary skill in the art . . . to modify Nishida” (Mot. to Amend 9; *see AP* Resp. 6–7), we are persuaded that sufficient reason to modify Nishida in view of Schuessler I and II to achieve this limitation of claim 49 exists because Nishida teaches the creation of such apertures and the prior art of record in this case shows the claimed technique for forming apertures by omitting stiches was well-known in the art (*see Ex. 1012, 84*).

E. Secondary Considerations

Because Patent Owner did not file a Patent Owner Response to the Petition, in the Final Written Decision, the panel focused its analysis on Patent Owner’s Motion to Amend. In particular, the panel accepted as unchallenged that Nishida teaches or suggests all of the limitations of original claims 16, 19, and 20. Final Dec. 36–37; *see AP* Br. 4; Paper 19, 2–3; *see also Nike*, 812 F.3d at 1335. Thus, the panel considered whether Nishida and Schuessler I and II taught or suggested the limitations added in substitute claims 47, 48, and 50, as argued by Petitioner in its Opposition to the Motion to Amend, and whether Petitioner had shown some reasoning supported by a rational underpinning for combining the teachings of Nishida with those of Schuessler I and II to achieve the article of footwear recited in the properly proposed, substitute claims. Final Dec. 37.

In the Final Written Decision, the panel concluded that the combined teachings of Nishida and Schuessler I and II teach or suggest the limitations added in substitute claims 47, 48, and 50 (*id.*), and that Petitioner had shown reasoning supported by a rational underpinning for combining the teachings

of Nishida with those of Schuessler I and II to achieve the article of footwear recited in substitute claims 47, 48, and 50 (*id.* at 38–39). The Federal Circuit found that the panel’s conclusion that Nishida and Schuessler I and II teach or suggest the limitations added in substitute claims 47, 48, and 50 was supported by substantial evidence (*Nike*, 812 F.3d at 1336–37), and agreed with the panel that “a person of skill in the art would have been motivated to address the problem identified in Nishida by applying the teachings of the Schuessler References to arrive at the invention in Nike’s proposed substitute claims” (*id.* at 1337). In this Decision on Remand, we now consider additionally the patentability of substitute claim 49, and determine that a preponderance of the evidence establishes that the limitation added by claim 49 was well-known in the art at the time of the invention and does not evince a patentable distinction over the prior art of record.

When a patent owner relies on secondary considerations to overcome a challenge of obviousness, the burden of production with respect to evidence of those secondary considerations rests on the patent owner. *See In re Applied Materials*, 692 F.3d 1289, 1299 (Fed. Cir. 2012) (“The party seeking the patent bears the burden to overcome the prima facie case of obviousness with evidence of secondary considerations, such as commercial success.”); *In re Huang*, 100 F.3d 135, 139 (Fed. Cir. 1996); *see also Medtronic Inc. v. NuVasive Inc.*, Case IPR2014-00087, slip op. at 20–21 (PTAB Apr. 3, 2015) (Paper 44); *aff’d sub nom.*, No. 2015-1838, *In re Nuvasive*, 2017 WL 1949823 (Fed. Cir. May 10, 2017) (“Although it is Patent Owner’s burden to introduce evidence supporting such objective

indicia, *see* [*Huang*, 100 F.3d at 139], the ultimate burden of persuasion never shifts to Patent Owner, *see* 35 U.S.C. § 316(e).”). Therefore, we consider Patent Owner’s objective evidence of non-obviousness and its impact, if any, on our analysis of the patentability of claims 47–50 under the first three *Graham* factors: (1) the scope and content of the compared claim and the prior art; (2) any differences between the claimed subject matter and the compared claim and the prior art; and (3) the level of skill in the art. *See Nike*, 812 F.3d at 1339–40.

In its Motion to Amend, Patent Owner argues the following:

Moreover, solving a long-felt need is an indicia of non-obviousness. *Transocean Offshore Deepwater Drilling v. Maersk Drilling USA*, 699 F.3d 1340, 1353-54 (Fed. Cir. 2012). As discussed, Nishida shows that reducing material waste during manufacture of textile footwear elements was a long-felt need. Nishida asserted that the prior art resulted in waste, but Nishida’s only response to this problem was to make the “cutting waste” a simpler, lighter or cheaper material. (Ex 1005, 2:15-18). Even assuming Nishida teaches flat knitting a “web” with multiple “layouts,” the underlying problem – wasted materials – remained. Unlike Nishida, which tried to make “cutting waste” less expensive, the invention of substitute claim 47 solves the long-felt need to reduce textile footwear upper manufacturing waste by eliminating the need to cut a flat-knit upper from a web, *thereby eliminating “cutting waste.”* (Tonkel Dec. (Ex. 2010), ¶¶ 177-179).

Mot. to Amend 14–15 (emphasis added). The Federal Circuit noted that the testimony of Patent Owner’s declarant, cited in the Motion to Amend, explained:

Nishida shows that reducing material waste during manufacture of textile footwear uppers was a long-felt need. . . . Nishida’s response to this problem was to make the “cutting waste” a simpler, lighter or cheaper material. . . . Unlike Nishida, which simply tried to make “cutting waste” less expensive, the upper of substitute claim 47 solves the long-felt need to reduce flat textile footwear upper manufacturing waste by eliminating the need to cut a textile element from a textile structure, *thereby eliminating “cutting waste” (and the associated cutting step)* instead of simply making the cutting waste cheaper.

Nike, 812 F.3d at 1338–39 (emphasis added) (quoting Ex. 2010 ¶ 178 (citations omitted)); *but see* Ex. 1023 ¶¶ 16–45.

Patent Owner’s arguments and evidence, however, are directed solely to the alleged long-felt, but unmet, need *in view of Nishida*. Mot. to Amend 14–15. Paragraph 178 of Dr. Tonkel’s declaration is the only substantive evidence provided in support of Patent Owner’s argument for long-felt, but unmet, need. *See id.* at 14–15. Nevertheless, Dr. Tonkel cites only to Nishida in support of his testimony. *See In re Depomed, Inc.*, 680 Fed. App’x 947, 953 (Fed. Cir. 2017) (nonprecedential) (conclusory testimony of long-felt, but unmet, need lacking evidentiary support is not persuasive). Nishida, however, clearly teaches the benefits of reducing material waste, making the cutting waste a “simple, lightweight and inexpensive material.” Ex. 1005, 2:20–22; *see Nike*, 812 F.3d at 1337. Moreover, neither Patent Owner’s argument (*see* Mot. to Amend 14–15; Reply 4–5) nor the cited portions of Dr. Tonkel’s Declaration (*see* Ex. 2010 ¶¶ 177–179) mentions the teachings of Schuessler I or II in this regard.

In its Opposition to the Motion to Amend, Petitioner introduced the teachings of Schuessler I and II and argued that substitute claim 47 is rendered obvious by the combined teachings of Nishida and those of Schuessler I and II (*see* Opp. 10–15) and that the efficiencies of substitute claim 47, identified by Dr. Tonkel, namely, (1) eliminating separate cutting and finishing steps and (2) eliminating material waste, are offset by “losses in production speed, increased machine set-up time to accommodate different shoe sizes, amortization of the expensive machinery, and the need for expensive labor to program and maintain the number of machines needed to keep up with demand” (*id.* at 9–10). In support of its criticisms of Dr. Tonkel’s testimony, Petitioner cited to testimony from its declarant, Dr. Frederick. *See id.* at 10 (citing Ex. 1023, ¶¶ 17–20, 23–26, 28–29, 31–34, 36–45). Petitioner, however, merely provides a string of citations to Dr. Frederick’s Declaration with no explanation of the content or significance of the cited paragraphs. *See Conopco Inc. v. Proctor & Gamble Co.*, Case IPR2013-00505, slip op. at 27 (PTAB Feb. 10, 2015) (Paper 69) (“We decline to consider, moreover, information presented in a supporting declaration, but not discussed sufficiently in Patent Owner’s Response.”).

Despite any deficiency created by Petitioner’s reliance on string citations to Dr. Frederick’s testimony, Petitioner’s reliance on the teachings of Schuessler I and II has a significant bearing on our analysis of Patent Owner’s evidence of secondary considerations. In particular, Petitioner notes that:

Schuessler I dates to 1938 and describes a method of producing a knitted helmet (i.e., cap) on a flat knitting machine “in accordance with the disclosure in U.S. Patent No. 2,150,730 issued to Carl F. Schuessler on March 14, 1939 for Knitting machine” (Ex. 1021), wherein the helmets are “completed from the swatches as knitted *without requiring cutting*, and requiring the joining of only a few edges.” (Ex. 1020, 1:22-27, 1:48-2:2.)

Opp. 10 (emphasis added); *see AP Br. 9*. Thus, the long-felt need identified by Patent Owner previously was recognized *and met* at least by Schuessler I in the field of knitted articles. *See Nike*, 812 F.3d at 1336–37; *AP Br. 7–8*; *AP Reply 3–4*.¹²

In its Reply to Petitioner’s Opposition, Patent Owner contends that Dr. Frederick lacks sufficient experience to testify regarding alleged deficiencies in Dr. Tonkel’s testimony. Reply 5. Nevertheless, Patent Owner does not address the relevance of the express teachings of

¹² Petitioner did not challenge the existence of a nexus in its Opposition to the Motion to Amend and argues for the first time in its *Aqua Products* briefing that Patent Owner fails to meet its burden of showing a nexus between a novel claim element and the objective indicia of non-obviousness. *AP Br. 6–7* (citing *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1392 (Fed. Cir. 1988)); *see AP Reply 4*. To the extent that Petitioner has not waived the challenges to nexus, in view of our assessment of the combined teachings of the applied references, we need not reach the question of nexus. *See Shenzhen Liown Elecs. Co., Ltd. v. Disney Enters., Inc.*, Case IPR2015-01658, slip op. at 32 (PTAB Feb. 7, 2017) (Paper 48) (“A nexus may not exist where, for example, the merits of the claimed invention were ‘readily available in the prior art.’” However, while a nexus may be lacking if it “exclusively relates to a feature that was ‘known in the prior art,’ the obviousness inquiry centers on whether ‘the claimed invention as a whole’ would have been obvious.” (citations omitted)).

Schuessler I or II to its arguments for the presence of secondary considerations.

Accordingly, we have considered the record evidence regarding obviousness *as a whole* and conclude that, on balance, Petitioner's strong evidence of obviousness outweighs Patent Owner's weak objective evidence of non-obviousness, namely, that long-felt, *but previously unmet*, need is solved by the articles of footwear recited in substitute claim 47. Referring specifically to the first three *Graham* factors, we were and are persuaded that the combined teachings of Nishida and Schuessler I and II teach or suggest all of the limitations of the article of footwear recited in substitute claim 47 and that a person of ordinary skill in the art would have had reason to combine these references in the manner proposed by Petitioner to achieve the recited articles of footwear. *See AP Br. 2–4* (citing Final Dec. 38). Considering Patent Owner's evidence of secondary considerations *together with* the other *Graham* factors, Patent Owner's evidence of secondary considerations does not persuade us otherwise. *Nike*, 812 F.3d at 1340 (“We must therefore remand for the Board to examine Nike's evidence and its impact, if any, on the Board's analysis under the first three *Graham* factors.”); *Leo Pharm. Prods., Ltd. v. Rea*, 726 F.3d 1346, 1357 (Fed. Cir. 2013) (“Whether before the Board or a court, this court has emphasized that consideration of the objective indicia is part of the whole obviousness analysis, not just an afterthought.”)

First, for the reasons discussed above, we are persuaded that the scope and content of substitute claim 47 is taught or suggested by the combined

teachings of Nishida and Schuessler I and II, especially Schuessler I's teachings regarding knitting a helmet *to avoid waste by avoiding cutting*.

See Ex. 1020, 1:22–27, 1:48–2:2; *see also* Final Dec. 39 stating:

we are persuaded that Petitioner has demonstrated that the teachings of Nishida and Schuessler I and II teach or suggest all of the limitations of substitute claim 47 and that a person of ordinary skill in the art would have had reason to combine the teachings of these references to achieve the recited article of footwear.

Thus, we find that any alleged, long-felt need was met by the teachings of at least Schuessler I, namely, knitting textile elements “without requiring cutting.” *See Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1056–1057 (Fed. Cir. 2016) (en banc) (“Thus, in *George M. Martin*, not only was the difference between the prior art and the claimed invention minimal, but the prior art had already solved the problem for which patentee claimed there was a long-felt need.” (citing *George M. Martin Co. v. All. Mach. Sys. Int'l LLC*, 618 F.3d 1294, 1304–1305 (Fed. Cir. 2010))); *see also Ex parte Jellá*, 90 USPQ2d 1009, 1019 (BPAI 2008) (precedential) (“Establishing long-felt need requires objective evidence that an art-recognized problem existed in the art for a long period of time *without solution*.” (emphasis added)).

Second, we conclude that differences, if any, between the articles of footwear recited in substitute claim 47 and the combined teachings of Nishida and Schuessler I and II are minimal and would have been obvious to a person of ordinary skill in the art at the time of the invention. Final Dec. 38–39; *see AP Br. 8*. In that respect, we find that any long-felt need cannot be said to be unmet. Thus, we conclude that neither the alleged

secondary considerations nor the differences between the teachings of the combined references and claim 47, when weighed together with the evidence tending to show obviousness of the claimed subject matter, are sufficient to alter our analysis of the case for obviousness. Ex. 1023 ¶¶ 14–15; *see Nike*, 812 F.3d at 1340; *see also Geo. M. Martin*, 618 F.3d at 1304 (“Where the differences between the prior art and the claimed invention are as minimal as they are here, however, it cannot be said that any long-felt need was unsolved.”).

Third, Patent Owner does not contend that its alleged evidence of long-felt need changes the level of ordinary skill in the art. As noted above, each of the parties’ declarants proposes substantially the same assessment of the level of ordinary skill in the art. *See* Ex. 1001 ¶ 9; Ex. 2010 ¶ 52. Patent Owner does not propose – and we do not find – an assessment of the level of ordinary skill in the art different from that of either declarant, based on the alleged, long-felt, but unmet, need.

Finally, the Federal Circuit suggested that “it may be appropriate for the Board to consider the passage of time in connection with Nike’s secondary considerations evidence on remand.” *Nike*, 812 F.3d at 1338 n.2. For the reasons set forth above, however, the evidence of record does not show adequate evidence of long-felt, *but unmet*, need. In the absence of the showing of long-felt, but unmet, need; the mere passage of time is not evidence of non-obviousness. *See In re Kahn*, 441 F.3d 977, 990–91 (Fed. Cir. 2006) (“[O]ur precedent requires that the applicant submit actual evidence of long-felt need, as opposed to argument. This is because

‘[a]bsent a showing of long-felt need or failure by others, the mere passage of time without the claimed invention is not evidence of nonobviousness.’” (quoting *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1325 (Fed. Cir. 2004))).

We are persuaded that Petitioner has demonstrated that the combined teachings of Nishida and Schuessler I and II teach or suggest all of the limitations of substitute claim 47 and that a person of ordinary skill in the art would have had reason to combine the teachings of these references to achieve the recited articles of footwear. Further, considering the *Graham* factors *as a whole*, we are not persuaded by Patent Owner’s arguments and evidence that a long-felt need, allegedly unmet until solved by Patent Owner’s articles of footwear, as recited in substitute claim 47, demonstrates that substitute claim 47 is patentable over the combined teachings of Nishida and Schuessler I and II.

Accordingly, having considered the entirety of the evidence of record, we conclude that, on balance, Petitioner’s strong evidence of obviousness outweighs Patent Owner’s weak objective evidence of non-obviousness. Thus, we determine that a preponderance of the evidence establishes that substitute claim 47 is not patentable over the combined teachings of Nishida and Schuessler I and II. Patent Owner argues the secondary considerations only with respect to substitute claim 47. Patent Owner does not argue separately that substitute claims 48, 49, or 50 are patentable over the combined teachings of Nishida and Schuessler I and II, as understood by a person of ordinary skill in the art, as evidenced by the teachings of

Exhibit 1012. Having considered the entirety of the evidence of record, we determine that a preponderance of the evidence also establishes that substitute claims 48–50 are not patentable over the combined teachings of Nishida and Schuessler I and II. Consequently, the portion of Patent Owner’s Motion to Amend requesting entry of substitute claims 47–50 is *denied*.

III. CONCLUSION

For the reasons set forth above, taking into account the directive in the Federal Circuit’s decision remanding this case to us, we determine (1) that, on this record, a preponderance of the evidence establishes that substitute claims 47–50 are unpatentable over the prior art of record, and (2) that Patent Owner’s arguments and evidence of secondary considerations failed to demonstrate long-felt, but unmet, need; and, thus, Patent Owner’s evidence of non-obviousness was not sufficient when considered together with Petitioner’s evidence of the obviousness of the substitute claims based on the first three *Graham* factors. Therefore, we deny the portion of Patent Owner’s Motion to Amend requesting entry of substitute claims 47–50.

IV. ORDER

In consideration of the foregoing, it is
ORDERED that the portion of Patent Owner’s Motion to Amend requesting entry of substitute claims 47–50 is *denied*; and
FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 318(a). Parties to the proceeding seeking judicial

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review of this Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

adidas AG,
Petitioner,

v.

NIKE, Inc.,
Patent Owner.

Case IPR2013-00067
Patent 7,347,011 B2

Before JOSIAH C. COCKS, JAMES B. ARPIN, and SCOTT A. DANIELS,
Administrative Patent Judges.

ARPIN, *Administrative Patent Judge*, concurring.

In its decision remanding this case, the U.S. Court of Appeals for the Federal Circuit (the “Federal Circuit”) identified two errors in our Final Written Decision. *See AP* Brief 1. First, the Federal Circuit decided that we failed to make a proper determination of how proposed claims 48 and 49, both of which Patent Owner seeks to enter as substitutes for original claim 19, “should be treated per the standard set forth in *Idle Free*,¹ and, if

¹ *Idle Free Sys., Inc. v. Bergstrom*, IPR2012-00027 (PTAB June 11, 2013) (Paper 26) (“*Idle Free*”). At the time of the earlier Final Written Decision in

necessary, [that we should undertake] a full consideration of the patentability of each.” *Nike, Inc. v. adidas AG*, 812 F.3d 1326, 1341–42 (Fed. Cir. 2016) (emphasis added), *overruled on other grounds*, *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1296 n.1 (Fed. Cir. 2017) (*en banc*). Second, the Federal Circuit decided that we failed expressly “to examine Nike’s evidence [of long-felt, but unmet, need] and its impact, if any, on the Board’s analysis under the first three *Graham* factors.” *Id.* at 1339–40; *see Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966) (“Such secondary considerations as commercial success, *long felt but unsolved needs*, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” (emphasis added)).

I concur in the majority’s judgement denying Patent Owner’s Motion to Amend as it relates to substitute claims 47–50. Specifically, I join in the majority’s opinion regarding Patent Owner’s evidence of long-felt, but unmet, need and the impact of that evidence on our analysis of substitute claims 47–50 under the *Graham* factors, but I write separately because I do not believe that the Federal Circuit’s mandate permits this panel – at this late

this case and of the Federal Circuit’s remand of the case to the Board, *Idle Free* was designated informative. An informative opinion is not binding authority, but may provide Board norms on recurring issues and guidance on Board rules and practices. PTAB SOP 2 (rev. 9), 3. In this proceeding, we early on informed the Parties that the panel would be guided by *Idle Free* in assessing any Motion to Amend. *See* Paper 22, 2–3; Paper 29, 3.

date – to reinterpret and/or discard *Idle Free*'s guidance regarding the method for determining whether proposed, multiple substitute claims 48 and 49 are reasonable.

In determining the treatment of claims 48 and 49, I would apply *Idle Free* in the manner that we advised Patent Owner that we would and that we instructed Patent Owner that it must follow (Paper 29, 3), in the manner that Patent Owner attempted to follow in its Motion to Amend (Paper 31 (“Mot. to Amend”) 15; *see* Ex. 2010 ¶ 170)), in the manner that we said we were following and attempted to follow in our Final Written Decision (Paper 60 (“Final Dec.”) 24–25), in the manner that the Federal Circuit determined that we had failed to follow and instructed us to follow in its remand of this case (*Nike*, 812 F.3d at 1342), and in the manner that, until entry of this decision, the Parties continued to believe was to be applied (*see AP* Resp. 3 (Patent Owner contends that claims 48 and 49 are patentably distinct.); *but see AP* Br. 4; *AP* Reply 2). My colleagues announce here a new interpretation of *Idle Free* and apply that new interpretation without prior notice to the Parties or to the Federal Circuit. Further, the new interpretation really provides no standard at all. Instead, the new interpretation presumes that future panels simply will know a reasonable number of substitute claims when they see one. Majority Op. 14–15; *see Western Digital Corp. v. SPEX Techs., Inc.*, Case IPR2018-00082, slip op. at 4 (PTAB Apr. 25, 2018) (Paper 13) (Informative) (“The determination of whether the number of proposed substitute claims is reasonable is made on a claim-by-claim basis, consistent with the statutory language that refers to a reasonable number of

substitute claims for ‘each’ challenged claim. 35 U.S.C. § 316(d)(1)(B); 37 C.F.R. § 42.121(a)(3).”) (“*Western Digital*”); cf. *Jacobellis v. Ohio*, 378 U.S. 184, 197 (1964) (Stewart, J., concurring) (“I shall not today attempt further to define the kinds of material I understand to be embraced within that shorthand description, and perhaps I could never succeed in intelligibly doing so. But I know it when I see it”).

Further, although this new interpretation may have some appeal given the particular facts of this case, announcing this new interpretation of *Idle Free* at this late date is problematic. As our reviewing court has stated,

Section 554(b)(3) [of the Administrative Procedure Act] has been applied to mean that “an agency may not change theories in midstream without giving respondents reasonable notice of the change” and “the opportunity to present argument under the new theory.” *Rodale Press, Inc. v. FTC*, 407 F.2d 1252, 1256–57 (D.C. Cir. 1968).

Belden Inc. v. Berk-Tek LLC, 805 F.3d 1064, 1080 (Fed. Cir. 2015).

Moreover, the majority’s new interpretation of *Idle Free* replaces an admittedly strict, but definite and predictable, standard for determining when multiple, substitute claims are “reasonable,” with a standard based on the virtually unfettered discretion of individual panels. See Majority Op. 14 (“Nevertheless, patent owners may propose a reasonable number of substitute claims, and we should not apply a rigid requirement of establishing patentable distinctness over all other proposed substitute claims to overcome the regulatory presumption, where circumstances dictate otherwise.”). Rather than announce an exception to *Idle Free*’s requirement that multiple substitute claims must be patentably distinct from each other, I

would follow the Federal Circuit’s clear instructions on remand and evaluate claims 48 and 49 to determine whether claim 48 is patentably distinct from claim 49 and vice versa. Consequently, my evaluation of claims 48 and 49 follows.

A. Properly Proposed, Substitute Claims

1. Impact of Aqua Products Decision on this Remand

In authorized briefing, the Parties addressed the impact of the Federal Circuit’s *en banc* decision in *Aqua Products* on this remand and agreed that petitioners have the burden of persuasion with respect to the patentability of amended claims. *AP Br. 1; AP Resp. 3*. I too agree. *See Sirona Dental Sys. GmbH v. Institut Straumann AG*, 892 F.3d 1349, 1357 (Fed. Cir. 2018) (“The petitioner bears the burden of proving that proposed amended claims are unpatentable.”); *Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1040 (Fed. Cir. 2017), *amended on rehearing, Bosch Auto. Serv. Sols., LLC v. Iancu*, ___ Fed. Appx. ___, 2018 WL 1325849 (Mem.) (Fed. Cir. Mar. 15, 2018) (after removal of quotation marks and citation to 35 U.S.C. § 316, amended sentence reads: “Rather, the petitioner bears the burden of proving that the proposed amended claims are unpatentable by a preponderance of the evidence.”); *see also Western Digital 4* (“In accordance with *Aqua Products*, the Board’s Memorandum, and *Bosch*, a patent owner does not bear the burden of persuasion to demonstrate the patentability of substitute claims presented in a motion to amend. Rather, as a result of the current state of the law and [Office] rules and guidance, *the burden of persuasion*

will ordinarily lie with the petitioner to show that any proposed substitute claims are unpatentable by a preponderance of the evidence.” (emphasis added)).

As the majority here makes clear, Petitioner introduced the Schuessler References and argued that the combined teachings of Nishida and the Schuessler References render the substitute claims obvious in its Opposition to Patent Owner’s Motion to Amend. Opp. 10–15; *see* Majority Op. 15–31. Although Petitioner bears the burden of persuasion on the unpatentability of the substitute claims, I am persuaded that Petitioner has met that burden.

Although the burden of persuasion with regard to patentability rests on Petitioner, Patent Owner bears the burden of production with respect to the requirements of 35 U.S.C. § 316(d) and of 37 C.F.R. § 42.121, including the requirement that Patent Owner propose only a reasonable number of substitute claims.² In the instant case, because Patent Owner fails to demonstrate that it has proposed a reasonable number of substitute claims *and/or* because, as the majority concludes, after consideration of all of the substitute claims on the current record, that claims 47–50 have been shown

² *See Apple Inc. v. Personalized Media Commc ’ns LLC*, Case IPR2016-01520, slip op. at 56 (PTAB Feb. 15, 2018) (Paper 38) (“There is no disagreement that the patent owner bears a burden of production in accordance with 35 U.S.C. § 316(d). Indeed, the Patent Office has adopted regulations that address what a patent owner must submit in moving to amend the patent.’ [*Aqua Products*, 872 F.3d] at 1341.”)

to be unpatentable, I am persuaded that we should deny Patent Owner's Motion to Amend.

2. *Idle Free Standard for Accepting Multiple Substitute Claims*

As Judge Moore noted in her concurrence in *Aqua Products*, absent regulation, the Board may adopt a position and apply it to an individual case in the course of its adjudication. *Aqua Prods.*, 872 F.3d at 1333 (Moore, J., concurring) (“This is not to say that the agency cannot, absent regulation, adopt a position and apply it to an individual case in the course of its adjudication. Of course it can, and does.”). Clearly, the panel did so here, relying on then-informative *Idle Free*. The intervening de-designation of *Idle Free* as informative does not change the relevance of *Idle Free* to *this* case. The panel informed the Parties that it would apply *Idle Free* and that the Parties were to follow *Idle Free* and that is all the guidance that is relevant to *this* case. *See Aqua Prods.*, 872 F.3d at 1333.

Because Patent Owner proposed two substitute claims to replace challenged claim 19, under *Idle Free*,³ Patent Owner was required to demonstrate that claims 48 and 49 are patentably distinct from one another.

³ As the Federal Circuit notes, “[n]either party object[ed] to *Idle Free*'s interpretation of 37 C.F.R. § 42.121(a)(3) or to the PTO's interpretation of § 316(d)(1)(B) in section 42.121(a)(3).” *Nike*, 812 F.3d at 1341 n.3. Thus, neither the propriety of “the presumption . . . that only one substitute claim would be needed to replace each challenged claim” (37 C.F.R. § 42.121(a)(3)) nor the propriety of *Idle Free*'s explanation of the requirements to rebut that presumption (*Idle Free* 8–9) was before the Federal Circuit on appeal or properly before us now.

See Nike, 812 F.3d at 1341; *see also* 35 U.S.C. §§ 316(a)(9) (“The Director shall prescribe regulations . . . setting forth standards and procedures for allowing patent owner to move to amend a patent under subsection (d)”), (d)(1)(B) (“For each challenged claim, [the movant may] propose a reasonable number of substitute claims.”). In particular, *Idle Free* requires that, when a patent owner proposes more than one substitute claim for any challenged claim,

a patent owner *has to show a special need* to justify more than one substitute claim for each challenged claim. *In such situations, the patent owner needs to show patentable distinction of the additional substitute claim over all other substitute claims for the same challenged claim.* If the patent owner shows no such patentable distinction *or any other special circumstance*, then at the Board’s discretion, the proposed additional claim may be denied entry, or it may be grouped with, or deemed as standing and falling with, another substitute claim for the same challenged claim, *e.g.*, the first substitute claim, for purposes of considering patentability over prior art. *Each substitute claim for the same challenged claim should be proposed for a meaningful reason. Submission of multiple patentably non-distinct substitute claims is redundant and not meaningful in the context of an inter partes review.*

Idle Free 8–9 (emphases added); *see* Paper 22, 2–3; Paper 29, 3. Thus, it is incumbent on Patent Owner to demonstrate “a special need” by showing a “patentable distinction” *or* another “special circumstance.” *See Securus Techs, Inc. v. Global Tel*Link Corp.*, Case PGR2017-00005, slip op. at 2–3 (PTAB Aug. 15, 2017) (Paper 11). Here, Patent Owner *only* argues that

claims 48 and 49 are reasonable substitutes because they are patentably distinct. Mot. To Amend 3, 15.⁴

On appeal, Patent Owner argued and the Federal Circuit agreed that we erred in our treatment of claim 49. *Nike*, 812 F.3d at 1341. Specifically, the Federal Circuit determined that, “despite correctly reciting the *Idle Free* standard that multiple substitute claims are permissible if they are patentably distinct *from each other*, the Board nevertheless did not engage in any such analysis comparing proposed substitute claims 48 and 49.” *Id.* at 1342 (italics in the original, underlining added); *see* Final Dec. 23–26; *AP* Br. 1; *AP* Resp. 3. The Federal Circuit concluded that it “must therefore remand for a proper determination of how these claims should be treated per the standard set forth in *Idle Free*.” *Nike*, 812 F.3d at 1342.

I read *Idle Free* to require a two-way test for patentable distinctness and the Federal Circuit’s direction regarding the application of *Idle Free* also to require the use of a two-way test. *Id.*; *see In re Berg*, 140 F.3d 1428, 1434 (Fed. Cir. 1998) (“The court in [*In re Braat*, 937 F.2d 589, 593 (Fed. Cir. 1991)], however, emphasized the more typical scenario in which, despite common inventive entities, the two-way test applied: ‘when a *later-*

⁴ Patent Owner did not argue that the replacement of forty-six (46) challenged claims with four (4) substitute claims was “special circumstance” or that the number of claims upon which review was instituted or the number of claims canceled or the ratio of either number to the number of substitute claims evidenced a special need under *Idle Free*. *See* Majority Op. 12–13; Concurring Op. 4 (Daniels, APJ).

filed improvement patent issues before an *earlier filed basic* invention.”” (emphases in original)); *see also* Recording of Oral Argument at 20:02–20:51, *Nike, Inc. v. adidas AG*, Dkt No. 2014-1719 (Fed. Cir. Oct. 8, 2015) (Petitioner asserts that the panel applied a two-way test for patentable distinctness). Consequently, before considering the patentability of either claim 48 or 49, I first would compare those claims and determine if they are patentably distinct “*from each other.*”

3. *Claims Patentably Distinct From Each Other*

In order to determine whether proposed substitute claims 48 and 49 are patentably distinct “*from each other,*” we must determine whether either claim is anticipated by or rendered obvious over the other claim. *See Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 968 (Fed. Cir. 2001) (vacating original panel’s decision, entering a new decision, and denying rehearing *en banc*) (“A later patent claim is not patentably distinct from an earlier patent claim if the later patent claim is obvious over, or anticipated by, the earlier claim.” (citing *In re Longi*, 759 F.2d 887, 896 (Fed. Cir. 1985))).⁵ Here, Patent Owner was required to demonstrate that substitute claim 48 is

⁵ It is proper to apply the two-way, obviousness-type double-patenting test for determining whether claims are patentably distinct, as described in *Eli Lilly*. *See* Recording of Oral Argument at 34:51–35:50, *Nike, Inc. v. adidas AG*, Dkt No. 2014-1719 (Fed. Cir. Oct. 8, 2015) (The Federal Circuit accepted that the mode of analysis for determining patentable distinctness applied by the Board is similar to that applied to determine obviousness-type double patenting.).

patentably distinct from, *i.e.*, neither anticipated by nor rendered obvious over, substitute claim 49, *and vice versa*. *See Nike*, 812 F.3d. at 1341 (Nike was “required to demonstrate” that the multiple, substitute claims were patentably distinct “from one another.”); Ex. 2010 ¶ 170.

Claims 48 and 49 are reproduced side-by-side below.

Claim 48 (First substitute for dependent claim 19)	Claim 49 (Second substitute for dependent claim 19)
The article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch configuration forms an aperture in the [weft-knitted] <u>flat knit textile element and the joined edges shape the flat knit textile element to form a lateral region, a medial region, an instep region and a heel region of the upper.</u>	The article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch configuration forms [an aperture] <u>a plurality of apertures in the [weft-knitted] flat knit textile element, the apertures formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.</u>

Thus, if *either* substitute claim 48 *or* 49 anticipates the other or renders the other obvious, the two claims are not patentably distinct and are not a reasonable number of substitute claims for original claim 19.

4. Claim Construction

As a first step in determining whether the substitute claims are patentably distinct, the substitute claims must be construed. *See Eli Lilly*, 251 F.3d at 968 (“[A]s a matter of law, a court construes the claim in the earlier patent *and* the claim in the later patent and determines the differences.” (emphasis added)); *see also id.* at 968 n.6 (“An absence of overlap between the later claim and the earlier claim does not preclude a

conclusion that the later claim is patentably indistinct from the earlier claim.”). Like the majority, I adopt here the constructions of the claim terms and phrases recited in substitute claims 47–50, as set forth in the Final Written Decision. Final Dec. 11–23; *see* Ex. 2010 ¶ 172; *see also Nike*, 812 F.3d at 1346–47 (“We therefore affirm the Board’s conclusion that the broadest reasonable interpretation of ‘flat knit edge’ is ‘an edge of a flat knit textile element, which is itself flat knit, e.g., which is not formed by cutting from a flat knit textile element.’”). Except as noted below, no other claim terms or phrases require express interpretation. *See, e.g., Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (“[W]e need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy.’” (quoting *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999))).

5. Patent Owner’s Arguments and Evidence of Patentable Distinctness

Petitioner does not challenge Patent Owner’s assertion that substitute claims 48 and 49 are patentably distinct from each other in its Opposition (Paper 37), and Patent Owner does not discuss whether substitute claims 48 and 49 are patentably distinct from each other in its Reply (Paper 44) to Petitioner’s Opposition. In their *Aqua Products* briefing, however, the Parties disagree as to whether the Patent Owner has shown that claims 48 and 49 are patentably distinct from each other. *AP* Brief 4; *AP* Resp. 3; *AP* Reply 2. Nevertheless, the burden of demonstrating that multiple, substitute claims are patentably distinct from each other rests with Patent Owner.

Aqua Prods., 872 F.3d at 1303–06 (O’Malley, J., plurality) (This required showing by the patent owner that it has submitted a reasonable number of substitute claims is not the same as the burden of persuasion on the question of patentability.); *Nike*, 812 F.3d. at 1340–41; *see Dynamic Drinkware, LLC v. Nat’l Graphics, Inc.*, 800 F.3d 1375, 1378–79 (Fed. Cir. 2015); *see also* 35 U.S.C. § 316(d)(1)(B) (“the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: . . . (B) For each challenged claim, propose a reasonable number of substitute claims.” (emphasis added)); 37 C.F.R. § 42.20(c) (“The moving party has the burden of proof to establish that it is entitled to the requested relief.”).

Patent Owner, however, makes only the most conclusory arguments concerning whether claims 48 and 49 are patentably distinct from each other. In particular, Patent Owner simply states that:

Finally, dependent claims 48 and 49 are patentably distinct from each other. ([Ex. 2010] ¶¶169-176). Claim 49 does not teach or suggest “joined edges [that] shape the flat knit textile element to form a lateral region, a medial region, an instep region and a heel region of the upper.” (*Id.* at ¶174). Claim 48 does not teach or suggest “apertures formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.” (*Id.* at ¶176).

Mot. to Amend 15. The Federal Circuit determined, however, that “[t]his [statement] was sufficient to put the Board on notice that Nike was asserting the ‘apertures formed by omitting stitches . . . and . . . for receiving laces’ limitation as a patentable distinction.” *Nike*, 812 F.3d at 1342.

This argument alone, however, is not sufficient to show patentable distinctness. In particular, when determining whether one claim would be rendered obvious over the other, we consider not only the language of the respective claims, but the teachings of other art of record. *In re Vogel*, 422 F.2d 438, 442 (CCPA 1970) (“The only limitation appearing in claim 10 which is not disclosed in the available portion of the patent disclosure is the permeability range of the packaging material; but this is merely an obvious variation as shown by Ellies[, U.S. Patent No. RE 24,992].”); *see* Ex. 2010 ¶ 171 (“It is also my understanding that, when evaluating the obviousness of substitute claim 48 relative to substitute claim 49, I should (solely for purposes of this analysis) treat substitute claim 49 as prior art and consider the teachings of substitute claim 49 *in view of the teachings of other prior art.*” (emphasis added)).

a. Anticipation by the Other Substitute Claim

Each of substitute claims 48 and 49 includes elements of original claim 19. Mot. to Amend 1–2; *see* AP Brief. 4–5. Further, in each of substitute claims 48 and 49, Patent Owner replaces “weft-knitted textile element” from original claim 19 with “flat knit textile element.” Mot. to Amend 2. This same replacement was made in substitute claim 47, the base claim for each of substitute claims 48 and 49. *Id.* at 1; *see* Ex. 2010 ¶ 170. Thus, in drafting substitute claim 47, Patent Owner proposed amending original claim 16 to recite one of two known sub-types of a *weft-knitted* textile element, namely, a *flat knit* textile element. Mot. to Amend 1. As

noted in the Final Written Decision, “we construe the term ‘flat knit textile element’ in substitute claim 47 to mean a ‘flat *weft* knit textile element.’” Final Dec. 27 (emphasis added); *see* Mot. to Amend 3 (citing Ex. 1003 ¶ 42 (“weft knitting . . . include[s] circular knitting and flat knitting”)); *see also id.* at 5 (“Substitute dependent claims 48-50 change ‘weft knitted textile element’ of issued dependent claims 19 to ‘flat knit textile element’ for consistency with claim 47.”).

Substitute claim 49 modifies original claim 19 to recite that “at least one of the first stitch configuration and the second stitch configuration forms *a plurality* of apertures in the flat knit textile element” and that “the apertures [are] formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.” *Id.* at 2 (emphasis added). Substitute claim 48 discloses “at least one of the first stitch configuration and the second stitch configuration forms *an aperture* in the flat knit textile element.” *Id.* (emphasis added). Moreover,

“[the Federal Circuit] has repeatedly emphasized that an indefinite article ‘a’ or ‘an’ in patent parlance carries the meaning of ‘one or more’ in open-ended claims containing the transitional phrase ‘comprising.’” . . . *That “a” or “an” can mean “one or more” is best described as a rule, rather than merely as a presumption or even a convention.* The exceptions to this rule are extremely limited: a patentee must “evinced [] a clear intent” to limit “a” or “an” to “one.” . . . The subsequent use of definite articles “the” or “said” in a claim to refer back to the same claim term does not change the general plural rule, but simply reinvoles that non-singular meaning. *An exception to the general rule that “a” or “an” means more than one only arises*

where the language of the claims themselves, the specification, or the prosecution history necessitate a departure from the rule.
Baldwin Graphic Sys., Inc. v. Siebert, Inc., 512 F.3d 1338, 1342–43 (Fed. Cir. 2008) (citations omitted); *but see Harari v. Lee*, 656 F.3d 1331, 1341 (Fed. Cir. 2011) (noting that *Baldwin Graphics* “does not set a hard and fast rule”).

The Specification of the '011 patent teaches *forming* of “apertures” by means of the stitch configuration, e.g., by omitting stitches, at least for receiving laces (Ex. 1002, 10:22–25) and for creating air permeability (*id.* at 9:53–60). Nevertheless, I do not find a suggestion in the claim language, the Specification, or in Patent Owner’s arguments or evidence with respect to the Motion to Amend, to deviate from the claim construction “rule” set forth in *Baldwin Graphics*. *See* Mot. to Amend 3 (“The proposed substitute claim language uses commonly understood terms that should be given their ordinary and customary meaning.”), 6; *see also* Ex. 2010 ¶ 83 (“For example, the term ‘aperture’ is a commonly understood word that means “an opening, as a hole, slit, crack, gap, etc.”). I do not find that Patent Owner has evinced a clear intent to limit “an” aperture in claim 48 to “one” aperture. On this record, the recitation of “an aperture” in substitute claim 48 means “*one* or more” apertures, and the recitation of “a plurality of apertures” in substitute claim 49 means “*two* or more” apertures. Therefore, these elements of substitute claims 48 and 49 differ in scope, but overlap,

and the “plurality of apertures” recited in substitute claim 49 does not patentably distinguish that claim over substitute claim 48.⁶

Substitute claim 49 further recites the method by which the plurality of apertures are formed and their location and purpose in the upper, namely, “*by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.*” Mot. to Amend 2 (emphases added). Generally, the patentability of a product is determined by its structure, rather than the process by which it is made. “If the process limitation connotes specific structure and may be considered a structural limitation, however, that structure should be considered.” *In re Nordt Dev. Co.*, 881 F.3d. 1371, 1374–75 (Fed. Cir. 2018). Patent Owner does not argue, however, that apertures formed by omitting stitches are *structurally* different from apertures formed by other known methods, such as punching (*see* Ex. 2010 ¶ 107) or English embroidery (*see* Ex. 1005, 4:33–38); *cf. Nordt Dev.*, 881 F.3d. at 1375 (“Although the application describes ‘injection molded’ as a process of manufacture, neither the Board nor the examiner *dispute Nordt’s* assertion that ‘there are clear structural differences’ between a knee brace made with fabric components and a knee brace made with injection-molded

⁶ Given the “rule” of claim construction cited above and the fact that substitute claim 49 modified original claim 19 to replace “an aperture” with “a plurality of apertures,” Patent Owner was or should have been aware of the significance of the modification to original claim 19 and had the opportunity to explain any distinction created by its amendment. *See Idle Free* 7; Ex. 2010 ¶ 83.

components.” (emphasis added, citation omitted)). Thus, this distinction appears to lie in the *process* of forming the apertures, not in their *structure*. See *AP* Resp. 6 (“Neither of those excerpts, however, explains *how* Nishida forms the holes. As the Federal Circuit noted, these portions of Nishida do not explain “*the manner in which* these holes were created, whether through knitting or some other way.” (emphases added, citations omitted,)). Because substitute claims 48 and 49 recite articles of manufacture, the method limitation of substitute claim 49 does not appear to be sufficient to patentably distinguish that claim over substitute claim 48.⁷ Similarly, the statement of the intended use for the apertures, namely, “for receiving laces,” in substitute claim 49 is given little weight for the purpose of patentably distinguishing that claim over substitute claim 48. The intended use also fails to recite a structural difference. See *In re Schreiber*, 128 F.3d 1473, 1477–78 (Fed. Cir. 1997) (“Although Schreiber is correct that Harz does not address the use of the disclosed structure to dispense popcorn, the absence of a disclosure relating to function does not defeat the Board’s finding of anticipation. It is well settled that the recitation of a new intended use for an old product does not make a claim to that old product patentable.”); *Ex parte Masham*, 2 USPQ2d 1647 (BPAI 1987) (non-

⁷ I do not determine here whether substitute claim 49 is a product-by-process claim. *Nike*, 812 F.3d at 1345 n.6; see *AP* Reply 2. Instead, my analysis goes to the patentable weight given the various limitations added by Patent Owner’s amendment when determining whether multiple substitute claims are patentably distinct.

precedential) (noting that a claim containing a “recitation with respect to the manner in which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus” if the prior art apparatus teaches all of the structural limitations of the claim).

Alternatively, “for receiving laces” may be deemed a functional limitation. Such a functional limitation may have patentable weight, but does not differentiate a claim if the limitation is expressly or inherently disclosed in the prior art, for example, as an express or inherent component of the “upper” of the article of footwear of claim 48. *See, e.g., Schreiber*, 128 F.3d at 1478 (“The examiner and the Board both addressed the question whether the functional limitations of Schreiber’s claim gave it patentable weight and concluded that they did not, because those limitations were found to be inherent in the Harz prior art reference.”); *cf.* Ex. 2004, 15 (Shoelaces came into common use by the early twentieth century.); Ex. 1002, 1:36–40 (describing “lacing systems” in the Description of the Background Art); *see also AP Resp.* 5 (“[Nishida’s] Figure 3 depicts a completed shoe with holes in a lacing area.”); Ex. 1005, Fig. 3 (depicting apertures for receiving laces in Nishida).

In addition, although substitute claim 49 recites the particular location of the plurality of apertures, substitute claim 48 recites no limitations on the location of its one or more apertures. Mot. To Amend 2; *see* Ex. 2010 ¶ 176. As noted above, both claims 48 and 49 are directed to an “article of footwear.” Consequently, the recitation of substitute claim 48 regarding its one or more apertures is sufficiently broad to encompass the recitation of

claim 49 that the plurality of apertures are “positioned in the upper for receiving laces.” *See In re Preda*, 401 F.2d 825, 826 (CCPA 1968) (In the context of anticipation, “it is proper to take into account not only specific teachings of the reference but also the inferences which one skilled in the art would reasonably be expected to draw therefrom.”). Considering the added limitations of claim 49, *as a whole*; these limitations do not add a distinguishing recitation with respect to substitute claim 48, not already added by the *individual* limitations. Therefore, the “plurality of apertures” recited in substitute claim 49 do not patentably distinguish that claim over substitute claim 48.

In view of the foregoing analysis, substitute claim 48 appears to anticipate substitute claim 49.

b. Obviousness Over the Other Substitute Claim

The assessment of substitute claims 48 and 49 could end with the determination that substitute claim 48 anticipates substitute claim 49. Nevertheless, I now consider whether claim 48 alternatively would render claim 49 obvious in view of the art of record in this proceeding. 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); *see General Foods Corp. v. Studiengesellschaft Kohle mbH*, 972 F.2d 1272, 1279 (Fed. Cir.

1992) (“The phrases actually used in the opinion include ‘patentably distinguishable,’ ‘patentable distinctions,’ and ‘whether such differences would have been obvious to one of ordinary skill in the art.’ They are all equivalent.”). In a context similar to that of determining whether multiple substitute claims are patentably distinct from each other, the Federal Circuit “has endorsed an obviousness determination similar to, but not necessarily the same as, that undertaken under 35 U.S.C. § 103 in determining the propriety of a rejection for double patenting.”⁸ *In re Basell Poliolefine Italia S.P.A.*, 547 F.3d 1371, 1379 (Fed. Cir. 2008) (quoting *Braat*, 937 F.2d at 592–93).

I now consider whether substitute claim 49 is rendered obvious in view of the teachings of substitute claim 48 and the art of record.⁹ *See Nike*, 812 F.3d at 1344–45. Claim 49 recites that

[t]he article of footwear recited in claim [16] 47, wherein at least one of the first stitch configuration and the second stitch

⁸ Although the analysis here is similar to a traditional obviousness analysis, we do not consider Patent Owner’s arguments or evidence of secondary considerations in our patentable distinctness analysis because any “long-felt need” would seem to be met equally by each substitute claim.

⁹ Although I do not determine whether claim 48 is rendered obvious over claim 49, the “aperture” recitations of claims 49 and 48 overlap and the additional limitations of claim 48 are recited in original claims 1–4 and 19. By choosing not to file a Patent Owner Response, Patent Owner waived any arguments that Nishida fails to disclose each and every element of claims 1–4 and 19. Inst. Dec. 37; Paper 19, 2–3; *but see* Ex. 2010 ¶¶ 173, 174. Therefore, the limitations of claim 48 also appear to be taught or suggested by claim 49 in view of the teachings of Nishida.

configuration forms [an aperture] a plurality of apertures in the [weft-knitted] flat knit textile element, the apertures formed by omitting stitches in the flat knit textile element and positioned in the upper for receiving laces.

Mot. to Amend 2. Initially, the limitations of original claim 19 that appear in substitute claim 49 are necessarily taught by substitute claim 48. *Id.*; *see* Ex. 2010 ¶ 170. Moreover, claim 19 did not limit “an aperture” to one produced by any particular method disclosed in the Specification of the ’011 patent. *See AP* Brief 4–5; *AP* Reply 1–2; *but see AP* Resp. 4. Further, as noted above, the recitation of “an aperture” in substitute claim 48 encompasses the recitation of “a plurality of apertures” in substitute claim 49. Thus, the recitation of substitute claim 48 with respect to the number of apertures is broader than the recitations of substitute claim 49. Because the scope of the recitations of claims 48 and 49 overlap and because Patent Owner did not challenge our determination that original claim 19 was anticipated by Nishida (Final Dec. 36–37; *see* Pet. 49 (citing Ex. 1005, 3:43–52, 6:25–31; Ex. 1001 ¶ 72)), I am persuaded that the “plurality of apertures” of claim 49 is taught or suggested by the “aperture” of claim 48, alone or in view of the teachings of Nishida.

Although substitute claim 49 recites both the manner in which the plurality of apertures are formed, namely, “by omitting stitches,” and the intended use or function of the plurality of apertures, namely, “for receiving laces,” as discussed above; the recitation of substitute claim 49 is encompassed within the scope of substitute claim 48. Moreover, Nishida teaches a plurality of apertures for the intended use or function of receiving

laces, but does not specify or exclude any manner by which those apertures may be formed. *See* Mot. to Amend 8 (citing Ex. 1005, Fig. 3). Patent Owner’s declarant acknowledges that Nishida teaches openings or apertures for receiving laces, but then speculates that those openings were created by an additional manufacturing step, rather than by the omission of stitches. In particular, Dr. Tonkel testifies that “[w]hile figure 3 of Nishida indicates the upper includes openings for laces, Nishida contains no description or suggestion of forming such openings by omitting stitches in the layout. Thus, *it appears* such openings were created by an additional manufacturing step, e.g., punching out the openings.” Ex. 2010 ¶ 107 (emphasis added); *see also* Ex. 1005, 4:33–38 (The knit upper “*can be* provided with an embroidery, *especially with an English embroidery* (i.e., the type of embroidery by which a hole pattern is welded and which is commonly used for the sewing of button holes).” (emphases added)). Thus, Dr. Tonkel relies on the *absence of disclosure* in Nishida to support his conclusions, and I do not credit Dr. Tonkel’s testimony on this point. *See* Majority Op. 18.

As noted in the majority Decision, Nishida teaches, however, that portions of the upper may be knit so as to be “permeable to air.” Ex. 1005, 3:43–45. Nishida explains that this “type of production can, additionally, [ensure] that the toe area 14 has a good air exchange capability. For example, this can be achieved by *a net-like woven or knitted structure.*” *Id.* at 3:49–52 (emphasis added). Petitioner’s Exhibit 1012 teaches that “[i]n weft knitting only, open-work structures may be produced *by the introduction of empty needles*

and/or by using special elements to produce loop displacement.”¹⁰ Ex. 1012, 85 (emphasis added); *see id.* at 184, 19 (Figure 9.2 depicting a float stitch produced by an empty needle.); *see also* Ex. 2009, 167:21–23 (“Correct, but the knit article, you know, as I described, has apertures in it as a consequence of the open knitting structure.”). Further, such open-work structures may be used to form *nets* for use in, among other things, sportswear. *Id.* at 85; *see* Dec. to Inst. 27. Thus, based on the evidence of record, a person of ordinary skill in the art would have understood that the introduction of empty needles, as taught in Exhibit 1012, causes the omission of stitches, and that the creation of apertures in this manner was a known technique as of the earliest effective filing date of the ’011 patent. *See Genzyme Therapeutic Prods Ltd, P’ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1369 (Fed. Cir. 2016).

Because Nishida teaches an article of footwear having a plurality of apertures formed in an indeterminate manner, but for the same purpose as that recited in substitute claim 49 (*see* Ex. 1005, Fig. 3; Ex. 2010 ¶ 107), and because the omission of stitches was a known technique of forming such apertures (*see* Ex. 1012, 84–85), a person of ordinary skill in the art would have had reason to use a known technique for forming apertures to form the one or more apertures taught by substitute claim 48 to achieve the apertures,

¹⁰ Exhibit 1012 was placed in the record by Petitioner, but each Party’s declarant relies on teachings of Exhibit 1012. *See* Ex. 1001 ¶¶ 7, 39, 56; Ex. 2010 ¶¶ 51, 105. Thus, each Party was on notice as to the content of Exhibit 1012 and its potential relevance.

as recited by substitute claim 49. *KSR*, 550 U.S. at 421 (“When there is a design need . . . and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.”); *see* Ex. 2010 ¶ 107 (identifying known alternatives for forming apertures); *see also Nike*, 812 F.3d at 1344–45:

It may well be that the Board intended to convey that claim 49 was obvious in light of *Nishida* because skipping stitches to form apertures, even though not expressly disclosed in *Nishida*, was a well-known technique in the art and that understanding perhaps would be a basis to conclude that one of skill in the art would utilize this technique to create holes for accepting shoe laces.

Therefore, substitute claim 49 appears to be rendered obvious over substitute claim 48 in view of the teachings of *Nishida* and techniques for forming apertures well-known in the art.

Consequently, under the standard set forth in *Idle Free*, I would find that Patent Owner has not met its burden of showing that substitute claims 48 and 49 are patentably distinct *from each other*, and, therefore, these claims are not proper substitutes for original claim 19.

c. Reasonableness of Substituting Claims 48 and 49 for Claim 19

As noted above, *Idle Free* provides that:

If the patent owner shows no such patentable distinction or any other special circumstance, *then at the Board’s discretion, the proposed additional claim may be denied entry, or it may be grouped with, or deemed as standing and falling with, another substitute claim for the same challenged claim, e.g., the first*

substitute claim, for purposes of considering patentability over prior art.

Idle Free 8–9 (emphasis added); see *AP Reply 2* (citing *Nike*, 812 F.3d at 1341–42). In the earlier Final Written Decision, the panel grouped substitute claims 48 and 49 together for purposes of determining their patentability. Final Dec. 25–26; see *Nike*, 812 F.3d at 1341 (“The Board then concluded that Nike had not demonstrated ‘that claims 48 and 49 are patentably distinct from each other.’ Rather than deny entry of claims 48 and 49 on this basis, the Board decided to follow the alternate option provided in *Idle Free* and ‘group[ed] claim 49 with claim 48, for patentability purposes.’” (citations omitted)); but see *Riverbed Tech., Inc. v. Silver Peak Sys., Inc.*, Case IPR2013-00402, slip op. at 31 (PTAB Dec. 30, 2014) (Paper 35) (denying entry of the additional substitute claim not found to be patentably distinct). Because, after proper consideration of Patent Owner’s arguments regarding secondary considerations, the majority found claim 48 unpatentable; if we again group claims 48 and 49 together for consideration, *both* claims 48 and 49 would be found unpatentable.

B. Conclusion

The majority states that “a strict reading of *Idle Free* erects procedural hurdles where they serve no purpose. In some cases, an analysis of the patentable distinction between multiple substitute claims may involve more effort than simply addressing the merits of each substitute claim.” Majority Op. 14. However, expediency does not justify changing theories midstream. Further, my assessment of claims 48 and 49 may be longer than necessary,

but an assessment of the reasonableness of the number of substitute claims ideally would be performed by a patent owner before filing a motion to amend. *See* Paper 29, 2 (Patent Owner originally considered filing four or five substitute claims for one cancelled claim, but ultimately settled on two.).

If, contrary to the presumption in our rules that “only one substitute claim would be needed to replace each challenged claim” (37 C.F.R. § 42.121(a)(3)), a patent owner wishes to file a motion to amend including multiple, substitute claims for a single challenged claim, the patent owner necessarily accepts the responsibility of demonstrating that it is presenting a reasonable number of substitute claims. I believe that that demonstration is more predictable under the standard of *Idle Free* than under the nebulous standard announced by the majority today.

For the reasons set forth above and following the Federal Circuit’s clear instructions, I determine that, (1) on this record, Patent Owner fails to demonstrate that substitute claims 48 and 49 are patentably distinct from each other and, therefore, claims 48 and 49 are improper substitutes for claim 19, and (2) for the reasons set forth in the majority opinion, Patent Owner’s arguments and evidence of secondary considerations fail to demonstrate long-felt, but unmet, need, and, therefore, the substitute claims are rendered obvious by the combined teachings of Nishida and Schuessler I and II. Consequently, although I concur in the majority’s judgment denying Patent Owner’s Motion to Amend as it relates to substitute claims 47–50, I reach this judgment by another path.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

adidas AG,
Petitioner,

v.

NIKE, Inc.,
Patent Owner.

Case IPR2013-00067
Patent 7,347,011 B2

Before JOSIAH C. COCKS, JAMES B. ARPIN, and
SCOTT A. DANIELS, *Administrative Patent Judges*.

DANIELS, *Administrative Patent Judge*, concurring.

I concur in the majority's judgment denying Patent Owner's Motion to Amend as it relates to substitute claims 47–50, but I write separately to express my belief that there is no need to show patentable distinction in order to demonstrate the reasonableness of multiple substitute claims.

The majority opinion interprets *Idle Free Systems, Inc. v. Bergstrom*, No. IPR2012-00027 (PTAB June 11, 2013) (Paper 26) (“*Idle Free*”) differently from what the parties were told earlier in this *inter partes* review, but in a manner that accords, appropriately, certain breadth to the test. To the extent, however, that the majority Decision preserves the patentable distinction test to be applied in future cases, I would not find retention of that test appropriate in any circumstance.

*I Would Not Apply Idle Free in Deciding Whether
a Reasonable Number of Substitute Claims Have
Been Proposed*

In its Motion to Amend, Patent Owner proposed two substitute claims (i.e., claims 48 and 49) for issued claim 19. Pursuant to statute, during an *inter partes* review, a patent owner may, “[f]or each challenged claim, propose a reasonable number of substitute claims.” 35 U.S.C. § 316(d)(1)(B). By Rule, there is a rebuttable presumption that more than one substitute claim per challenged claim is unreasonable. 37 C.F.R. § 42.121(a)(3).

In *Idle Free*, an expanded panel of the Board interpreted this Rule. *Idle Free* then was designated by the Board as “informative,” ostensibly as guidance to the public, explaining how the Board would apply the reasonableness requirements of 35 U.S.C. § 316(d)(1)(B) and 37 C.F.R. § 42.121(a)(3). In the interval during which this remand has been pending before the Board, *Idle Free* was de-designated as an informative opinion. USPTO BULLETIN, June 1, 2018,

<https://content.govdelivery.com/accounts/USPTO/bulletins/1f442f5> (last visited Aug. 8, 2018). However, *Idle Free*'s interpretation arguably should be applied to Patent Owner's Motion to Amend because—as Administrative Patent Judge Arpin's concurrence correctly points out—that is what we told Patent Owner that we would do before it filed its Motion to Amend (*see* Paper 29, 3–4), what the Final Written Decision said we were doing (*see* Paper 60, 23–26), and, more importantly, what the Federal Circuit has instructed us to do on remand. *See Nike*, 812 F.3d at 1342 (“We must therefore remand for a proper determination of how these claims should be treated per the standard set forth in *Idle Free*.”).

Idle Free was written, and designated as informative, for all the right reasons—to provide patent owners a discernable route for successfully amending their claims during the *inter partes* review proceeding and, enabling the Board to maintain a consistent approach to determining validity of appropriately amended claims. I have considered *Idle Free*'s approach and do not believe, now, that it remains a sound framework for analyzing whether the number of substitute claims is reasonable. *Idle Free*'s test that a substitute claim should be patentably distinct from another substitute claim is, for example in this case, an impediment to determining reasonableness under 37 C.F.R. § 42.121(a)(3) and is not linked in a meaningful way to a “demonstration of need” by which patent owners may rebut the presumption.

A strategic goal of the reasonableness requirement in both the statute and our rules is to facilitate the goals of keeping the review process within the statutorily directed time limits (*see* 35 U.S.C. § 316(a)(11)) and

“secur[ing] the just, speedy, and inexpensive resolution of every proceeding” (37 C.F.R. § 42.1(b)). A tactical goal is to maintain the scope of the claims within bounds which maintain *inter partes* review as an adjudicatory, rather than a prosecutorial, process. *Abbot Labs v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013). *Idle Free*’s test does not help achieve those goals. Instead, it unnecessarily adds a second patentability analysis to motions to amend and to our decisions resolving such motions. Although the majority Decision effectively waives the test *in this case*, it preserves the test to be applied in future cases. See Majority Op. 12 (“[W]e do not read *Idle Free* as requiring Patent Owner to show in every instance a patentable distinction of each proposed substitute claim over all other proposed substitute claims for the same challenged claim to overcome that regulatory presumption.”).

Whether multiple substitute claims are patentably distinct from one another does not bear on whether their number is reasonable, but only serves as a limit on the scope of the substitute claims. It would be better never to impose *Idle Free*’s patentable distinctness test and, instead, to simply determine whether a proposed number of substitute claims is reasonable based on the circumstances of the particular case. Here, Patent Owner consented to, and even requested, cancellation of all forty-six of its issued claims. Patent Owner sought only four substitute claims in total, with two of them offered to replace the same issued claim. That is, as set forth in our Decision, reasonable.

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Conclusion

Consequently, while I concur in the majority's judgment, I do not believe correct any reasoning and procedures by which *Idle Free's* patentable distinctness test for reasonableness survives.

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