

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV17-08509 JAK (Ex)  
Title Nike, Inc. v. Skechers U.S.A., Inc.

Date October 26, 2020

Present: The Honorable JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

V.R. Vallery for Andrea Keifer  
Deputy Clerk

Not Reported

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Not Present

Not Present

**Proceedings:**

**ORDER RE:**

- (i) **NIKE's Motion *in Limine* to Exclude Certain Testimony of Skechers' Expert Witnesses (Dkt. 307);**
- (ii) **Skechers' Motion for Partial Summary Judgment as to Article of Manufacture (Dkt. 308);**
- (iii) **NIKE's Motion for Partial Summary Judgment as to Patent Validity (Dkt. 312);**
- (iv) **Skechers' Motion for Judgment on the Pleadings as to No Willful Infringement and/or Motion for Partial Summary Judgment as to No Willful Infringement or Alternatively Motion to Bifurcate Willfulness (Dkt. 320); and**
- (v) **Skechers' Motion for Partial Summary Judgment as to Noninfringement (Dkt. 321)**
- (vi) **NIKE's Motion to Strike Supplement (Dkt. 360)**

**I. Introduction**

NIKE, Inc. ("Plaintiff" or "NIKE") contends that Skechers U.S.A., Inc. ("Defendant" or "Skechers") has infringed eight U.S. design patents. Complaint, Dkt. 1. This Order addresses the following motions: (i) "NIKE's Motion *in Limine* to Exclude Certain Testimony of Skechers' Expert Witnesses" (Dkt. 307); (ii) "Skechers' Motion for Partial Summary Judgment as to Article of Manufacture" (Dkt. 308); (iii) "NIKE's Motion for Partial Summary Judgment as to Patent Validity" (Dkt. 312); (iv) "Skechers' Motion for Judgment on the Pleadings as to No Willful Infringement and/or Motion for Partial Summary Judgment as to No Willful Infringement or Alternatively Motion to Bifurcate Willfulness" (Dkt. 320); and (v) "Skechers' Motion for Partial Summary Judgment as to Noninfringement" (Dkt. 321).

After the parties completed the briefing of these motions, Skechers filed a Supplement in Support of its Opposition to NIKE's Motion for Summary Judgment of Patent Validity. ("Supplement" (Dkt. 359).) In response, NIKE filed a Motion to Strike the Supplement. ("Motion to Strike" (Dkt. 360).) The Supplement was construed as an *ex parte* application for leave to file additional evidence in support of Skecher's opposition to NIKE's motion for summary judgment. Dkt. 362. The Motion to Strike was construed as an opposition to that *ex parte* application. *Id.*

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On February 18, 2020, a hearing was held on these disputed matters and it was determined that they would be taken under submission upon the submission of certain supplemental briefing. Dkt. 370. Thus, the parties were also directed to submit supplemental briefing on certain issues related to Skechers' motion as to willful infringement. *Id.* The parties timely filed those supplemental briefs. Dkts. 372, 373.

For the reasons stated herein, Skechers' Motion for Summary Judgment of Noninfringement (Dkt. 321) is **GRANTED** as to the D853, D423, and D032 Patents. It is **DENIED** as to the D781, D783, D772, D356, and D359 Patents. It is also **DENIED** as to Skechers' request for consideration on the merits of Skechers' design around products.

NIKE's Motion to Strike (Dkt. 360) is **DENIED**. Discovery is reopened for the limited purpose of having NIKE taking the deposition of Butler as to the statements in his affidavits, and such further discovery that may be warranted as a result of that testimony. That deposition shall be scheduled on a mutually convenient date, but no later than November 30, 2020. NIKE's Motion for Summary Judgment of Validity (Dkt. 312) is **DENIED** as to the D781, D783, D772, D356 and D359 Patents because NIKE has not satisfied its burden to show the absence of any genuine issue of material fact as to whether the proposed primary prior art references create "basically the same" visual impression as the claimed designs for purposes of an invalidity analysis. The other grounds raised in NIKE's motion are **MOOT**.

Skecher's Motion for Summary Judgment as to Article of Manufacture (Dkt. 308) is **DENIED**.

Skechers' Motion for Judgment on the Pleadings as to No Willful Infringement and/or Motion for Partial Summary Judgment as to No Willful Infringement or Alternatively Motion to Bifurcate Willfulness (Dkt. 320) is **GRANTED-IN-PART** and **DENIED-IN-PART**. If viable based on future proceedings, issues as to willful infringement will be considered in connection with a motion for an award of attorney's fees.

NIKE's *Daubert* Motion (Dkt. 307) is **GRANTED-IN-PART** and **DENIED-IN-PART**. Butler's opinions are excluded in their entirety. The opinions in Section 6 of Sullivan's report including Section 6.3 that are linked directly to his opinions in Section 7 of his report are not excluded. The other opinions in Section 6 that are not linked to opinions of Section 7, as well as the opinions in Section 8 of the report, are excluded. Stoner's challenged opinions are excluded.

## **II. Factual Background**

As noted, NIKE asserts rights with respect to eight design patents: U.S. Patent Nos. D723,781 ("the D781 Patent"); D723,783 ("the D783 Patent"); D723,772 ("the D772 Patent"); D725,356 ("the D356 Patent"); D725,359 ("the D359 Patent"); D696,853 ("the D853 Patent"); D700,423 ("the D423 Patent"); and D707,032 ("the D032 Patent") (collectively, "Asserted Patents"). Dkt. 1.

On March 28, 2019, a Claim Construction Order was issued. Dkt. 281. The Claim Construction Order did not construe the Asserted Patents, "provided, however in conformance with the pretrial schedule that is established, the parties may submit proposed jury instructions designed to convey design patent concepts that may be relevant to the review by the jury of the designs shown and described in the Asserted Patents." *Id.* at 1.

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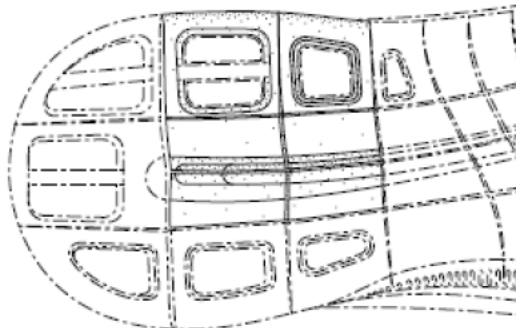
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The Claim Construction Order included a Factual Background section showing figures from the Asserted Patents. *Id.* at 2-10. The Factual Background section of the Claim Construction Order is incorporated here by this reference. *Id.* The Asserted Patents are briefly re-introduced in the Factual Background section of this Order. The Asserted Patents, as well as the accused products, are also detailed in the discussion of the specific disputed matters raised by the parties.

A. The D781 and D783 Patents

NIKE previously asserted that the D781 and D783 Patents relate to the design of the NIKE FREE 3.0 shoe. Dkt. 263 at 2. NIKE contends that the D781 Patent “shows the design in photographic images” and the D783 Patent “shows the design in line drawings.” *Id.*

The D781 Patent issued on March 10, 2015 and is titled “Shoe Sole.” It claims “the ornamental design for a shoe sole, as shown and described.” The D783 Patent also issued on March 10, 2015, and is also titled “Shoe Sole.” It includes a claim comprised of three figures. Both the D781 and D783 Patents state that, “[t]he broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design.” An exemplar figure from the D783 Patent is shown below:



D783 Patent, Figure 1 (cropped).

B. The D772, D356, and D359 Patents

NIKE previously asserted that the D772, D356, and D359 Patents “relate to the design of the NIKE FREE 4.0 shoe.” Dkt. 263 at 4. NIKE states that the D772 and D356 Patents use photographic images and line drawings, respectively, to “claim a design appearing around the side periphery of the shoe.” *Id.* The D359 Patent includes a claimed design around both the side periphery of the shoe and the bottom surface of the shoe, depicted in line drawings. Each of the D772, D356, and D359 Patents is also titled “Shoe Sole” and includes the disclaimer that “[t]he broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design.” The D772 Patent issued on March 10, 2015, the D356 Patent issued on March 31, 2015, and the D359 Patent issued on March 31, 2015. The following is an exemplar figure from the D356 Patent:

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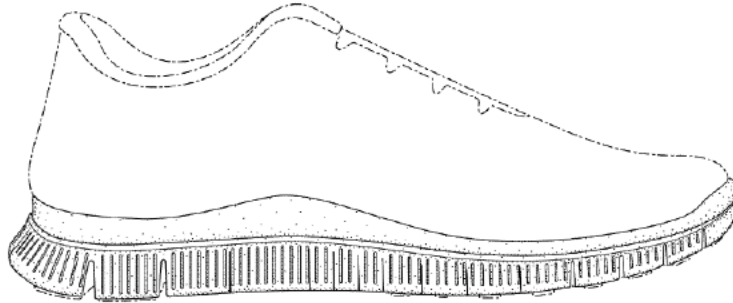


FIG. 3

D356 Patent, Figure 3 (“medial side view thereof”).

C. The D853, D423, and D032 Patents

NIKE previously asserted that the remaining three Asserted Patents, the D853, D423, and D032 Patents, “relate to the design of the NIKE FlyKnit Air Max shoe upper.” Dkt. 263 at 6. Each of the three patents is titled “Shoe Upper” and depicts the design differently. The D853 Patent issued on January 7, 2014, the D423 Patent issued on March 4, 2014, and the D032 Patent issued on June 17, 2014.

The D853 Patent also states,

[t]he three bold lines, including the curved upper loop segments and the interrupted lower segments, represent elements forming part of the claimed design. The uneven-length broken lines immediately adjacent to and fully surrounding the shaded area represent unclaimed boundaries of the design. The uneven-length broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design.

D853 Patent, Description.

The D423 Patent also states, “[t]he broken lines immediately adjacent to the photographed area represent unclaimed boundaries of the design. The broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design.” D423 Patent, Description.

The D032 Patent also states, “[t]he broken lines immediately adjacent to the shaded areas represent unclaimed boundaries of the design. The broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design.” D032 Patent, Description.

The following is an exemplar figure from the D853 Patent:

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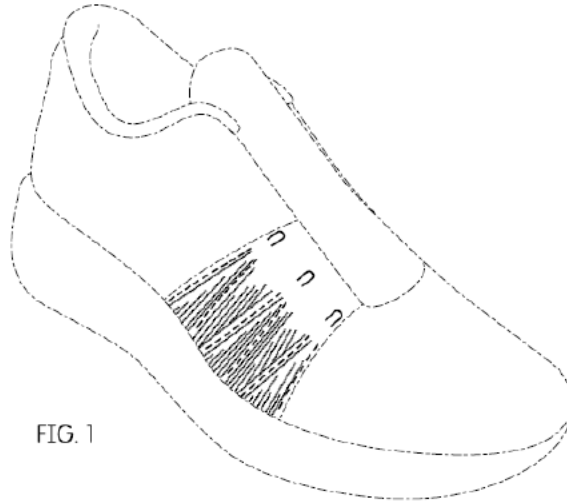


FIG. 1

D853 Patent, Figure 1.

### III. Analysis

#### A. Legal Standards

##### 1. Summary Judgment

Summary judgment is appropriate where the record, read in the light most favorable to the non-moving party, shows that “there is no genuine dispute as to any material fact and the movant is entitled to a judgment as a matter of law.” Fed. R. Civ. P. 56(a); see *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). Material facts are those necessary to the proof or defense of a claim, as determined by reference to substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A factual issue is genuine “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Id.*

In deciding a motion for summary judgment, “[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor.” *Id.* at 269. The initial burden is on the moving party to show an absence of a genuine issue of material fact or to show that the non-moving party cannot make a sufficient showing on an essential element of its case for which it has the burden of proof. *Celotex*, 477 U.S. at 323. If the moving party meets its burden, then the non-moving party must produce evidence to rebut the moving party’s claim and demonstrate a genuine issue of material fact. *Id.* at 322-23. If the non-moving party meets this burden, the motion must be denied. *Nissan Fire & Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099, 1103 (9th Cir. 2000).

##### 2. Design Patent Infringement

Determining patent infringement is a two-step process. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454 (Fed. Cir. 1998). “First, the court determines the scope and meaning of the patent claims asserted, and then the properly construed claims are compared to the allegedly infringing device.” *Id.* (citations omitted).

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Like patent infringement analysis for a utility patent, the comparison of a construed design patent to an accused product is a question of fact. *Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1295 (Fed. Cir. 2010). Design patent infringement is determined by applying the “ordinary observer” test. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008). That test requires a comparison of the claimed design and the accused design to determine whether an “an ordinary observer, familiar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design.” *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1303 (Fed. Cir. 2010) (citing *Egyptian Goddess, Inc.*, 543 F.3d at 678).

For design patents,

the concepts of literal infringement and equivalents infringement are intertwined. Unlike the provisions defining infringement of a utility patent, the statutory provision on design patent infringement does not require literal identity, imposing liability on anyone who “without license of the owner, (1) applies the patented design, *or any colorable imitation thereof*, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or *colorable imitation* has been applied . . . .” 35 U.S.C. § 289.

*Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 701 (Fed. Cir. 2014) (emphasis in original).

Because the ultimate burden of proving infringement rests with the patentee, an accused infringer may establish that summary judgment is proper “either by providing evidence that would preclude a finding of infringement, or by showing that the evidence on file fails to establish a material issue of fact essential to the patentee’s case.” *Novartis Corp. v. Ben Venue Labs., Inc.*, 271 F.3d 1043, 1046 (Fed. Cir. 2001). If the moving party meets this initial burden, the burden shifts to the party asserting infringement to set forth, by affidavit or as otherwise permitted under Rule 56, “specific facts showing that there is a genuine issue for trial.” *Anderson*, 477 U.S. at 248.

3. Design Patent Invalidity Under 35 U.S.C. § 103

A patent enjoys a presumption of validity. See 35 U.S.C. § 282. The burden of establishing invalidity is on the moving party and, to meet that burden, the moving party must present clear and convincing evidence. *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95 (2011); *State Contracting & Eng’g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1067 (Fed. Cir. 2003).

In the context of an obviousness inquiry for a design patent,

a finder of fact employs two distinct steps: first, “one must find a single reference, a something in existence, the design characteristics of which are basically the same as the claimed design”; second, “[o]nce this primary reference is found, other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.”

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*High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1311 (Fed. Cir. 2013) (quoting *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996)).

Identifying a primary reference under the first step requires that courts take two actions “(1) discern the correct visual impression created by the patented design as a whole; and (2) determine whether there is a single reference that creates ‘basically the same’ visual impression.” *Durling*, 101 F.3d at 103. “The ultimate inquiry in an obviousness analysis is whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.” *High Point*, 730 F.3d at 1311 (internal quotations omitted).

4. Daubert Standards

Fed. R. Evid. 702 provides:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

- (a) the expert’s scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert has reliably applied the principles and methods to the facts of the case.

Fed. R. Evid. 702.

“Rule 702’s ‘helpfulness’ standard requires a valid scientific connection to the pertinent inquiry as a precondition to admissibility.” *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 591-92 (1993). Trial courts must conduct a “preliminary assessment of whether the reasoning or methodology underlying the testimony is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue.” *Id.* at 592-93. *Daubert*’s gatekeeping obligation applies to all expert testimony, not just “scientific” testimony. *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137, 147 (1999). In making a reliability determination, courts “scrutinize not only the principles and methods used by the expert, but also whether those principles and methods have been properly applied to the facts of the case.” Fed. R. Evid. 702 Advisory Committee’s Note (2000 Amendment).

B. Application

1. Skechers’ Motion for Noninfringement

In its Motion for Noninfringement, Skechers argues that either prosecution history estoppel or prosecution history disclaimer supports a determination that, as a matter of law, the accused products do not infringe the Asserted Patents. See generally Dkt. 321. Specifically, Skechers argues that the manner in which NIKE characterized the Asserted Patents during *Inter Partes* Review (“IPR”) proceedings before the Patent Trial and Appeal Board (“PTAB”), precludes NIKE from arguing that the accused products infringe them.

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Skechers previously raised prosecution history disclaimer arguments in the context of the parties' claim construction disputes. These arguments were rejected by the Claim Construction Order. See Dkt. 281 at 15-19. Skechers has not shown a basis to reconsider these determinations.

Prosecution history estoppel is a "distinct" doctrine from prosecution history disclaimer. *Trading Techs. Int'l, Inc. v. Open E Cry, LLC*, 728 F.3d 1309, 1322 (Fed. Cir. 2013). It applies as part of an infringement analysis. In contrast, prosecution history disclaimer "affects claim construction and applies where an applicant's actions during prosecution prospectively narrow the literal scope of an otherwise more expansive claim limitation." *Id.* "The same principles of public notice that underlie prosecution history estoppel apply to design patents as well as utility patents." *Pac. Coast Marine*, 739 F.3d at 702 (in a matter of first impression finding that doctrine of prosecution history estoppel can apply to design patents).

"[W]hether prosecution history estoppel applies . . . presents a question of law." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. ("Festo I")*, 344 F.3d 1359, 1367-68 (Fed. Cir. 2003). "[T]he patentee . . . bear[s] the burden of showing that the amendment does not surrender the particular equivalent in question." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. ("Festo I")*, 535 U.S. 722, 740 (2002).

Prosecution history estoppel can be triggered "either (1) by making a narrowing amendment to the claim ('amendment-based estoppel') or (2) by surrendering claim scope through argument to the patent examiner ('argument-based estoppel')." *Conoco, Inc. v. Energy & Env'tl. Int'l, L.C.*, 460 F.3d 1349, 1363 (Fed. Cir. 2006). For argument-based estoppel, "the prosecution history must evince a clear and unmistakable surrender of subject matter." *Id.* at 1364 (quoting *Deering Precision Instruments, L.L.C. v. Vector Distribution Sys., Inc.*, 347 F.3d 1314, 1326 (Fed. Cir. 2003)). "Clear assertions made during prosecution in support of patentability, whether or not actually required to secure allowance of the claim, may also create an estoppel . . . because [t]he relevant inquiry is whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter." *PODS, Inc. v. Porta Stor, Inc.*, 484 F.3d 1359, 1368 (Fed. Cir. 2007) (alterations in original) (citations omitted).

The Federal Circuit considers three issues in determining whether prosecution history estoppel bars an infringement claim in a design patent case: "(1) whether there was a surrender; (2) whether it was for reasons of patentability; and (3) whether the accused design is within the scope of the surrender." *Pac. Coast Marine*, 739 F.3d at 702.

a) D853, D423, and D032 Patents

i. Whether there is Prosecution History Estoppel

In Patent Owner Preliminary Responses ("POPR"), which were presented as part of the IPR proceedings, NIKE argued that the PTAB should not institute IPR as to the D853, D423, and D032 Patents based on the prior art combinations proposed by Skechers. For example, Skechers had proposed "RCD0015" as a primary prior art reference with respect to the D853 Patent. NIKE's POPR for an IPR petition against that patent included the following side-by-side image of the RCD0015 reference and Figure 4 of the D853 Patent:


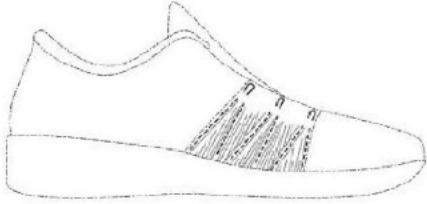

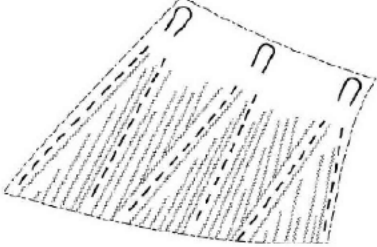


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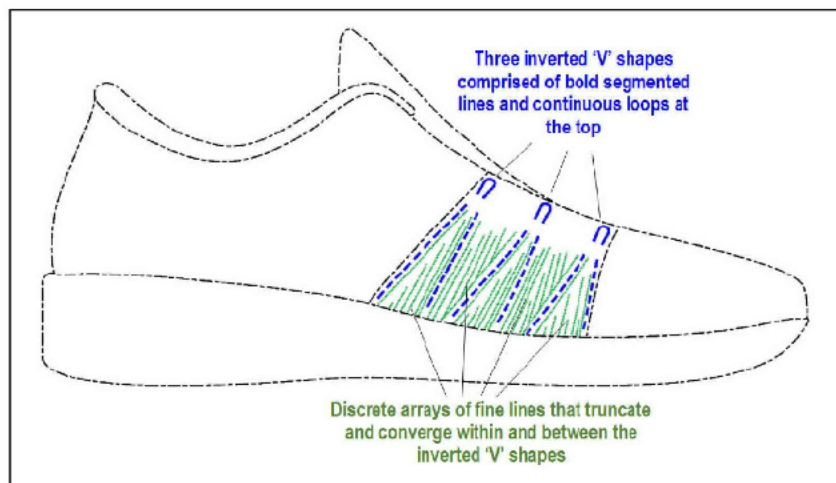
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RCD 0015	Claimed Design of '853 Patent
 <p data-bbox="521 772 646 800">RCD 0015</p>	 <p data-bbox="1008 758 1105 785">Figure 2</p>
 <p data-bbox="423 1094 743 1121">RCD 0015 (Enlarged View)</p>	 <p data-bbox="911 1104 1203 1131">Figure 4 (Enlarged View)</p>

NIKE's Patent Owner Preliminary Response, IPR2016-01043, August 18, 2016, Dkt. 322-12 at 25.

In a section of its POPR titled "Claim Construction . . . ," NIKE included the following illustration that includes "annotated features of the design claimed in the '853 Patent." *Id.* at 8.



*Id.* at 8.

Consistent with this annotated image, in similar sections of its POPRs for the D853, D423, and D032 Patents, NIKE referred to the "arrays of fine lines" and their appearance. See *id.*; see also Dkt. 322-10,

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322-11. For example, NIKE described them as “generally the same width and spaced apart from one another, with variations in spacing between lines.” Dkt. 322-11 at 6-7; see also Dkts. 322-10 at 6, 322-12 at 7. NIKE added that, “[t]hey run generally parallel to the inverted Vs formed by the ten bold lines, however, because the sides of the inverted Vs converge, the fine lines between the inverted Vs converge and truncate each other and in relation to the inverted Vs.” Dkt. 322-11 at 7; see also Dkts. 322-10 at 6, 322-12 at 7.

The POPRs rely on these differences in distinguishing both RCD0015 and some of the secondary references identified in the petition. For example, with respect to RCD0015, NIKE’s POPR states:

RCD 0015 does not disclose the alleged “space-dye pattern” (*i.e.* the fine lines) that appear[ ] outside and between each of the five inverted Vs formed by the ten bold lines of the claimed ’423 Patent. Instead, as shown below, RCD 0015 discloses a mesh design outside of each of four inverted Vs, and substantially parallel lines between the two inverted Vs closed to the toe of the shoe.

See NIKE Patent Owner Preliminary Response, IPR2016-01044, August 18, 2016, Dkt. 322-11 at 24; see also *id.* at 38, 41.

Another POPR states:

while the design claimed in the ’032 Patent discloses discrete arrays of converging and truncated lines of substantially the same width spaced apart from one another and that generally follow the angles of—but do not make contact with—the distinct, encompassing inverted Vs; the manipulated, excerpted design shown in the Petition from *Close-up Runway 2* shows substantially parallel stripes of differing widths, thickness, and coloration  
. . . .

NIKE Patent Owner Preliminary Response, IPR2016-01045, August 18, 2016, Dkt. 322-10 at 36.

A third POPR states:

Even the manipulated design depicted in the Petition does not disclose the ’853 Patented design. For instance, while the design claimed in the ’853 Patent discloses discrete arrays of fine lines converging at various angles and truncating within a specific sub-section of the shoe upper delineated by emboldened, inverted Vs; the manipulated, excerpted design shown in the Petition from *Close-up Knitwear Man 9* shows, at most, only parallel, adjacent stripes that spread contiguously across a seemingly randomly-defined, unbounded area.

NIKE Patent Owner Preliminary Response, IPR2016-01043, August 18, 2016, Dkt. 322-12 at 34-35; see also *id.* at 37.

In a later group of POPRs, NIKE presented similar arguments about the scope of the claims. See, *e.g.*, NIKE Patent Owner Preliminary Response, IPR2017-00607, April 12, 2017, Dkt. 322-14 at 33.

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NIKE argues that prosecution history estoppel should not apply because the POPRs distinguish the prior art references based on many differences, not simply the one about parallel and converging lines. See Dkt. 342 at 24-27. This argument is unpersuasive. *Tech. Props. Ltd. LLC v. Huawei Techs. Co.*, 849 F.3d 1349, 1359 (Fed. Cir. 2017) (in the context of prosecution history disclaimer, “the scope of surrender is not limited to what is absolutely necessary to avoid a prior art reference; patentees may surrender more than necessary. When this happens, we hold patentees to the actual arguments made, not the arguments that could have been made. The question is what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of ordinary skill would think the patentee needed to disclaim during prosecution.” (internal citations omitted).).

At the hearing, NIKE contested a prosecution history estoppel determination with respect to the D853, D423, and D032 Patents. NIKE emphasized the design patent law canon that the focus of design patent claims must be on their “overall appearance.” NIKE emphasized that its POPRs “distinguished the overall visual similarity of the [RCD0015] design for a number of reasons, including [that] the inlaid strands were in a different position, RCD0015 has a space-dyed pattern that appears outside and between the inverted Vs[,] RCD0015 discloses a mesh design of each of the four inverted Vs.” Tr. at 21:23-22:3.

In light of the record in this action, NIKE’s position is unpersuasive. In distinguishing the prior art, NIKE consistently repeated its characterization of the claimed designs as including “discrete arrays of converging and truncated lines of substantially the same width spaced apart from one another.” This was central not only to NIKE’s arguments about RCD0015, but to those addressing Skechers’ secondary prior art references. That it was repeated as to Skechers’ secondary prior art references is significant. NIKE did not offer an adequate explanation for this conduct at the hearing.

NIKE repeatedly emphasized the “converging” and “truncated” nature of the arrays of fine lines in the Asserted Patents. This is apparent both in its “claim construction” description of the patent claims themselves, and in its comparison to the “parallel” and “adjacent” stripes of the distinguished prior art. NIKE made clear that the style and appearance of the fine lines in the claimed designs was a critical element of their overall appearance. NIKE’s POPR statements are clear and unmistakable, and they were made during prosecution in support of patentability over the cited prior art.

For the foregoing reasons, prosecution history estoppel applies.

ii. Whether there is Noninfringement

The parties do not dispute that the accused products (Skechers Burst model numbers 12437, 12438, 12732, 52107, 52107EWW, 81908L, 81909L, and 97303L (Dkt. 321 at 7)) have fine lines that are uniformly parallel and do not truncate or converge. For example, NIKE’s opposition includes the following image of Skechers’ 12437 shoe:

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Dkt. 342 at 29.

At the hearing, NIKE also suggested that, even if prosecution history estoppel applied, the scope of estoppel does not extend to the accused designs. Citing *Pacific Coast Marine*, NIKE argued that the accused designs create a different overall visual impression than the prior art.

In *Pacific Coast Marine*, the Federal Circuit found that the doctrine of prosecution history estoppel may be applied to design patents. *Pac. Coast Marine*, 739 F.3d at 702. However, it reversed the district court's determination that prosecution history estoppel precluded an infringement determination as to the accused design. *Id.* at 704-05. During patent prosecution, the examiner had issued a restriction requirement, asking the patent applicant to identify only one claimed design out of the many submitted in the patent application. *Id.* at 698. Specifically, the proposed designs for a patent depicted the front of a windshield. *Id.* Some of the designs included vent holes which, depending on the particular figure, varied in shape and number. *Id.* The patent applicant responded to the restriction requirement by electing figures that showed an embodiment with four circular holes and canceling the figures that showed either no holes or two of them. *Id.* The district court concluded that prosecution history estoppel applied, and that the accused product, which included three vent holes, fell within the scope of that estoppel. *Id.* at 699. In reversing this determination, the Federal Circuit stated, "[t]he applicant surrendered the claimed design with two holes on the windshield corner post, but neither submitted nor surrendered any three-hole design. The record only reflects the surrender of the two-hole embodiment." *Id.* at 704-05.

The facts here are different than those in *Pacific Coast Marine*. NIKE stated a critical aspect of its claimed design as a basis to distinguish it from many prior art references. NIKE did not simply state that its claims do not extend to a particular design, as might happen in connection with a restriction requirement. Instead, it specifically distinguishing the prior art from the claimed design on the basis of an absence of converging, truncated fine lines. Therefore, estoppel applies to designs that lack that important visual feature.

Because NIKE is estopped from arguing that non-converging, parallel lines are covered by the Asserted Patents, Skechers' accused products do not infringe the D853, D423, and D032 Patents as a matter of law.

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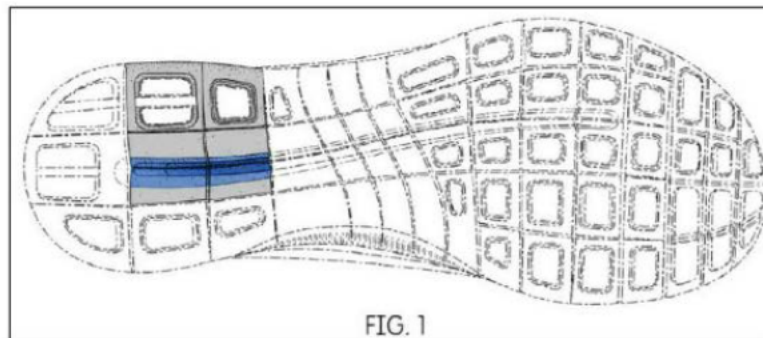
b) D781 and D783 Patents

In its POPRs in response to IPR petitions for the D781 and D783 Patents, NIKE distinguished certain prior art patents on various bases, including that they lacked a “wide, rounded channel” etched into some of the grid-like pads. See NIKE Patent Owner Preliminary Response, IPR2017-00620, October 26, 2017, Dkt. 322-18 at 30; see *also generally* Dkt. 322-19. For example, in distinguishing prior art reference “RCD0007,” NIKE stated:

The absence of a wide, rounded channel from RCD0007 distinguishes its overall visual appearance from the '783 Patent. First, the visually evident feature of the claimed design is simply not found in RCD0007. Second, the wide, rounded channel affects the appearance of the grid-like pattern of pads in the claimed design because it carves into and between claimed outsole pads with prominent depth, width, and rounding.

Dkt. 322-18 at 30.

Earlier in the same POPR, NIKE presented the following annotated figure of the D783 Patent, highlighting the claimed “wide, rounded channel” in blue:



*Id.* at 16.

Even assuming that prosecution history estoppel does apply to this feature, Skechers does not dispute that its accused products also include a wide, rounded channel. For example, in its opposition, NIKE included the following image of the sole of Skecher’s accused 12064 shoe:



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Dkt. 342 at 21.

Instead, Skechers argues that during IPR proceedings, NIKE distinguished the prior art on the basis that the claimed wide, rounded channel also includes a sipe running through it. Dkt. 354 at 15-16. Further, Skechers argues that NIKE emphasized the “relative shapes, sizes, and placements of the parts of the grid-like pattern” due to the presence of the channel/sipe feature. *Id.* at 16, 17; *see also* Dkt. 322-18 at 18, 31 (“because [RCD0007] has a different pattern of latitudinal and longitudinal sipes, and because it lacks the wide, rounded channel as discussed above, the shape, number, and placement of pads in RCD0007 are qualitatively and quantitatively different from the claimed design”). Skechers also argued that, in its POPRs, NIKE emphasized that the wide, rounded channel extended all the way to the rearmost latitudinal sipe. Dkt. 322-18 at 15 (“The wide channel has rounded edges that terminate mostly within the claimed area before reaching the rearmost latitudinal sipe of the claimed portion.”).

In its briefing during IPR proceedings, NIKE did not argue that the sipe within the wide, rounded channel distinguished the claims from the prior art. This argument was presented in a declaration by Ball, NIKE’s expert. It was submitted in connection with NIKE’s Patent Owner Response after IPR was instituted. *See, e.g.* IPR2017-00620, Declaration of Alan Ball in Support of Patent Owner Response, Exhibit 2039 ¶ 41 (submitted October 27, 2017)<sup>1</sup>; *see also id.* at NIKE’s Patent Owner Preliminary Response, Paper 57 (public version submitted February 15, 2018, but first submitted October 27, 2017). At the IPR hearing, it was referenced in a demonstrative exhibit presented by NIKE (*see* Dkt. 321 at 12), but was first raised on the record by Skechers’ counsel. *See, e.g.,* Record of Oral Hearing, IPR2017-00620 and IPR2017-00621, April 12, 2018, Dkt. 322-21 at 19:8-10, 31:11-20. Although NIKE’s counsel agreed with Skechers’ counsel that “there are two distinct features” claimed as part of the channel/sipe structure (*id.* at 31:11-20), the record is not as clear and unequivocal as it was with respect to the D853, D423, and D032 Patents. Similarly, NIKE’s generalized statements about the “relative shapes, sizes, and placements of the parts of the grid-like pattern” are insufficient to create particularized prosecution history estoppel. Instead, they are consistent with the general requirements for a visual review of the claimed design itself, and for performing an overall design patent infringement analysis. Nor did NIKE necessarily and clearly rely on the length of the sipe, including that it “reach[es] the rearmost latitudinal sipe,” in distinguishing the prior art.

Ultimately, there is insufficient basis to conclude that NIKE distinguished the prior art for purposes of patentability by relying on both of the “channel/sipe” features in such a manner that supports the scope of prosecution history estoppel asserted by Skechers. *See also* Final Written Decision, IPR2017-00620, June 28, 2018, Dkt. 312-6 (at ECF130-158), at 14-27 (discussing channel in the claimed design, but not the sipe feature, in comparing the design to the prior art).

For the foregoing reasons, there are material questions of fact regarding whether an “an ordinary observer, familiar with the prior art designs, would be deceived into believing that the accused product is the same as the patented design.” *Crocs*, 598 F.3d at 1303 (citing *Egyptian Goddess, Inc.*, 543 F.3d at 678).

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<sup>1</sup> The parties only submitted excerpts of the PTAB documents for these and the other asserted patents. Additional filings are available on the PTAB’s “End to End” website: <https://ptab.uspto.gov/#/login>.

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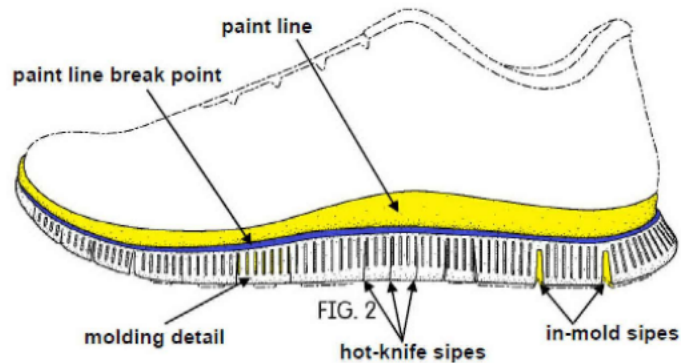
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c) D772, D356, and D359 Patents

NIKE's POPRs for the D772, D356, and D359 Patents also included a "Claim Construction" section with annotated figures from the asserted patents. For example, in describing the D356 Patent, NIKE's POPR included the following image:



NIKE's Patent Owner Preliminary Response, IPR2016-00870, July 14, 2016, Dkt. 322-24 at 18.

The POPRs specifically emphasize the combination of "in-mold sipes" ("[s]egmentation of the midsole formed by a mold") and "hot-knifed sipes" ("[s]egmentation of the midsole formed by a hot-knife after the midsole is molded"), among other features. *Id.* at 17.

In its first round of IPR petitions for the D772, D356, and D359 Patents, Skechers advanced only one ground for patent invalidity. It claimed that the patents were invalid over another patent application owned by NIKE. To support this argument, Skechers had to establish that the D772, D356, and D359 Patents were not entitled to claim priority to a certain parent patent application, U.S. Patent Application No. 29/414,576 ("the '576 Application"). Skechers made two primary arguments about the '576 Application. First, that the '576 Application was an improper "omnibus" application because it included 140 photographs of up to ten different shoes. Second, to the extent the '576 Application was not improper, the D772, D356, and D359 Patents still could not claim priority to it. Skechers argued that the D772, D356, and D359 Patents failed to claim the same design as to one of the ten shoes shown in the '576 Application.

In its POPRs, NIKE observed that in granting the D772, D356, and D359 Patents, the Patent and Trademark Office had agreed that NIKE had a proper priority claim to the '576 Application. NIKE also cited legal authority to support its position that the "omnibus" '576 Application was proper. NIKE also argued that the D772, D356, and D359 Patents properly claimed priority to the '576 Application because they sufficiently claimed the same design as one of the ten shoes shown in the '576 Application. NIKE argued that Skechers improperly performed a "microanalysis" of certain features of one of the shoes shown in the '576 Application as compared to the claimed designs in the D772, D356, and D359 Patents. For example, Skechers had totaled the number of molding detail lines in certain portions of the claimed

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designs and compared it to the number of molding detail lines visible in zoomed-in portions of the photographs of a shoe in the '576 Application. As noted, NIKE included a section in its POPRs titled "Claim Construction." However, NIKE did not rely on its "Claim Construction" section or its statements about the appearance of the D772, D356, and D359 Patents in the other portions of its POPRs. Instead, its focus was that the applicable legal authority did not support Skechers' position regarding the '576 Application and NIKE's priority claim to it.

In its briefing, Skechers argued that, because the D772, D356, and D359 Patents are only drawn to one of the ten embodiments of the shoes that appeared in their parent application, NIKE surrendered claim scope relating to the other nine embodiments. *Id.* at Dkt. 354 at 12 ("Nike's 'CLAIM CONSTRUCTION' helped distinguish the specific embodiment identified by Nike from other embodiments. But by the same token, Nike's 'CLAIM CONSTRUCTION' provided the public with clear and unmistakable notice of what Nike considered to be the 'features found in the design[s] claimed.'"). Skechers otherwise noted that in later rounds of POPRs, NIKE allegedly relied on similar "claim constructions" for its patents. See Dkt. 354 at 13. For example, in a later round of POPRs, NIKE stated, "[t]ellingly, Skechers states that one would need to modify at least 'the number, width, and placement' of the 'sipes' to create sipes like those in the claimed design." NIKE's Patent Owner Preliminary Response, IPR2017-00621, April 12, 2017, Dkt. 354-5 at ECF5.

Skechers' arguments apply prosecution history disclaimer concepts rather than those that apply to prosecution history estoppel. See *id.* As previously noted, Skechers has not shown a basis to undertake another prosecution history disclaimer analysis when one was already conducted in the context of claim construction. Even if Skechers' arguments about prosecution history disclaimer were considered, Skechers has not shown a basis for an outcome that is different from the one in the claim construction proceedings. NIKE's position is persuasive that "Skechers identifies statements regarding the [D772, D356, and D359 Patents] that merely describe the designs claimed therein." Dkt. 342 at 9.

With respect to prosecution history estoppel, Skechers has not cited legal authority that supports the proposition that prosecution history estoppel would attach in the circumstances presented. In this action, general statements were made that were not expressly tethered to a particular argument in support of patentability.

At the hearing, Skechers argued that the statements made in POPRs, which were in response to IPR petitions challenging the validity of the patent, necessarily related to the patentability of the claims. Skechers further argued that NIKE's identification of features in the POPRs was for the purpose of showing patentability. Thus, NIKE relied on that identification to "link definitively the design that was in the patent[s] with one of the early disclosed embodiments" in the parent patent application. See Transcript of Summary Judgment Hearing, February 18, 2020, Docket No. 374 at 7:11-12; see also *id.* at 11:17-25 (Skechers asserting NIKE relied on its POPR descriptions of the asserted patents to distinguish the patented designs from designs depicted in the parent application with "wide, toothy sipes."). Finally, Skechers repeated its argument that NIKE "doubled down" on its "claim constructions" in a later, second round of IPRs. *Id.* at 9:19-22.

Based on a review of the POPRs, Skechers' arguments seeking a finding that prosecution history estoppel extends to the accused designs remain unpersuasive. As noted, in the POPRs, NIKE did not clearly tie its "claim construction" statements about the appearance of claimed designs to its arguments



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for patentability. As to NIKE's statements in the second round of IPRs, the broad assertion that the claimed design shows a certain "number, width, and placement" of sipes is insufficient to create a precise scope of estoppel.

Independent of the PTAB proceedings, that the D772, D356, and D359 Patents claim only one of the ten designs shown in the '576 Application does support a claim that the other nine designs are not covered by the D772, D356, and D359 Patents. *Pac. Coast Marine*, 739 F.3d at 702. However, as in *Pacific Coast Marine*, Skechers has not shown that the accused designs are within the scope of surrender. *Id.* at 704-05 (Fed. Cir. 2014) ("The applicant surrendered the claimed design with two holes on the windshield corner post, but neither submitted nor surrendered any three-hole design. The record only reflects the surrender of the two-hole embodiment."). Skechers' primary argument for noninfringement is that the accused products employ "wide-notched sipes" that are different from the sipes shown in the patent figures that NIKE referred to in its POPRs as "hot-knifed sipes":



See Dkt. 321 at 53 (image of Skechers' "Men's Flex Advantage"), 59 ("the Men's Flex Advantage and Women's Flex Appeal employ all wide-notched sipes, which contribute to the overall appearance of an "aggressive, toothy shoe," as opposed to the streamlined, free flowing design of the '772, '356, and '359 Patents.").

Skechers has not otherwise shown that its accused design has the same overall appearance as any of the other nine designs in the '576 Application. This showing is required to support the claim that the scope of NIKE's surrender extends to Skechers' accused designs. Thus, Skechers has not shown that any estoppel would be sufficiently broad to warrant a finding of noninfringement. Whether and/or how the appearance of the sipes in Skechers' accused shoes is relevant to infringement, when considered as part of the overall appearance of the accused design compared to the claimed design, presents questions of fact for trial.

d) Skechers' Design-Arounds

Skechers seeks a determination that certain redesigned versions of the accused products do not infringe the asserted patents. Dkt. 321 at 63-68. Skechers' affirmative defenses and counterclaims for patent noninfringement are related to the products that NIKE has accused of infringement. See Dkt. 225 at "Relief Sought." Although NIKE has been unwilling to offer an express assurance that Skechers' design arounds are non-infringing (see Dkt. 321 at 64), Skechers has not shown that there is a live case or

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controversy regarding its proffered design arounds. Therefore, it would not be appropriate to conduct an independent patent noninfringement analysis for those products.

e) Conclusion

For the foregoing reasons, Skechers' Motion for Summary Judgment of Noninfringement is **GRANTED** as to the D853, D423, and D032 Patents. It is **DENIED** as to the D781, D783, D772, D356, and D359 Patents. It is also **DENIED** as to Skechers' request for consideration on the merits of Skechers' design around products.

2. NIKE's Motion for Patent Validity

NIKE has moved for summary judgment with respect to the patent invalidity claim advanced by Skechers. It contends that Skechers cannot prove by clear and convincing evidence that the Asserted Patents are invalid as obvious. See Dkt. 312. Because summary judgment of noninfringement has been granted as to the D853, D423, and D032 Patents, NIKE's motion is **MOOT** as to those three patents. The motion is considered on the merits as to the five other asserted patents.

a) Qualifying Prior Art

NIKE argues that summary judgment should be granted as to validity on the D781, D783, D772, D356 and D359 Patents (collectively, the "FREE Patents"). NIKE argues that Skechers cannot establish public use or sale for certain of the NIKE shoes that Skechers asserts are prior art to the FREE Patents. Dkt. 312 at 21. Nike asserts five NIKE products have not been shown to be qualifying prior art: Nike Free Walk+, Nike Free Everyday+, Nike Free 3.0 V2, Nike Free N7 5.0 and Nike Free 5.0 V1 sneakers. Dkt. 346-1 (Skechers Statement of Genuine Disputes of Material Fact) at 27.

Skechers identifies the following evidence that it asserts preclude entry of summary judgment of validity. *First*, each exemplar bears a NIKE manufacturer's tag identifying a NIKE style number that corresponds to a NIKE design. Dkt. 346 at 33. *Second*, NIKE produced documents relevant to the date of availability of the NIKE products. *E.g.*, Dkt. 346-13 at 14 (Nike Flyknit One+ features and benefits, created on August 6, 2012 (Dkt. 346-12 at ¶ 7)); *id.* at 16 (Nike Flyknit Lunar1+ features and benefits, created on January 11, 2013 (Dkt. 346-12 at ¶ 8)); Dkt. 346-14 at 13 (Nike Free 3.0 V2 stating "SEASON Summer 2011," created on March 23, 2011 (Dkt. 346-12 at ¶ 22)); *id.* at 15 (Nike Free 3.0 v2 stating "SEASON Spring 2011," created on January 4, 2011 (Dkt. 346-12 at ¶ 23)); Dkt. 346-15 at 14, 17 (Nike Free 5.0 in brochure bearing label "©NIKE, INC. 2004."); Dkt. 346-18 at 14 (Nike Free Walk+, created February 17, 2011 (Dkt. 346-12 at ¶ 47)); *id.* at 17 (Nike Free Walk+, created November 7, 2011 (Dkt. 346-12 at ¶ 48)). *Third*, Skechers included an excerpt from the certified file history of United States Patent No. D799,805. Dkt. 346-13 at 92. The Information Disclosure Statement in the excerpt states "NIKE FLYKNIT LUNAR1+ RELEASE DATE, OFFICIAL INFO [online] ... Dated January 28, 2013." *Id.*

Based on this factual record, summary judgment of validity is not warranted. Skechers has presented sufficient evidence to demonstrate a triable issue of material fact as to whether the NIKE products qualify as prior art. NIKE's discovery responses confirm this determination. For example, when asked to admit that the NIKE prior art products were "an example of an authentic, genuine" NIKE products, NIKE responded that it "can only determine whether NIKE shoes that Skechers made available for inspection

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are genuine or counterfeit by conducting **destructive testing** at NIKE's Beaverton headquarters." *E.g.*, Dkt. 346-9 at 279-80 (emphasis added). Because Skechers would no longer be able to rely on the art if destructive testing were performed, no testing was done. Thus, NIKE's discovery response also weighs in favor of a determination that there is a genuine issue of fact. Finally, NIKE argues that the shoes "**could** ... be counterfeits." Dkt. 350 at 2. NIKE's arguments that the shoes **could** be counterfeit, rather than that no issue of fact exists as to whether they are counterfeit, also warrants the denial of NIKE's motion.

Skechers also proffered website printouts that it asserts it obtained from Archive.org. Skechers asserts these archived versions of websites show the availability of certain NIKE shoes as of a certain date. Skechers asserts that it submitted requests for affidavits from a representative at the website Archive.org between November 6 and 14, 2019. Dkt. 359-2 at ¶ 4. Skechers did not receive a response prior to the filing deadline for its opposition on November 25, 2019. *Id.* On January 3, 2020, Skechers received a response. *Id.* at ¶ 5. On January 14, 2020, Skechers supplemented its opposition with the affidavits of Christopher Butler. Dkt. 359.

NIKE moves to strike the Butler affidavits. Dkt. 360. NIKE argues that the affidavits should be excluded because Skechers failed previously to identify Butler as an individual with information relevant to this action, and its failure was neither substantially justified nor harmless. Dkt. 360-1 at 1 (citing Fed. R. Civ. P. 37(c)(1)). Skechers' supplement to its opposition does not present facts showing sufficient justification for its late supplementation. Skechers did not seek to obtain an affidavit from a representative at Archive.org until after NIKE filed its motion for summary judgment. Nor did Skechers present any justification for not anticipating a need to authenticate websites that it contends support its invalidity position.

Fed. R. Civ. P. 37(c)(1) permits late-disclosed evidence to be used at trial if the failure was "harmless." Fed. R. Civ. P. 37(c)(1). NIKE argues that Skechers' failure to disclose harms NIKE because "re-opening discovery to permit such a deposition [of Butler] would substantially delay resolution of the parties' motions and the trial of this action ...." Dkt. 360-1 at 1. For the reasons stated above, this aspect of NIKE's motion can be resolved without any delay due to Butler's affidavits. A trial date is uncertain at this time due to the global pandemic Covid-19. For these reasons, NIKE has not established any harm resulting from Skechers' late disclosure. NIKE's motion to strike (Dkt. 360) is **DENIED**. Discovery is reopened for the limited purpose of NIKE deposing Butler on the contents set forth in Butler's affidavits. That deposition shall take place no later than November 30, 2020. This is without prejudice to a request by Nike to conduct additional discovery to address new matters raised through the testimony of Butler.

b) D772, D356, and D359 Patents

As previously stated, the D772 and D356 Patents use photographic images and line drawings, respectively, to claim a design appearing on the periphery of a shoe. The D359 Patent includes a claimed design around both the side periphery and the bottom surface of the shoe, each depicted in line drawings. Common features that contribute to the overall visual impression of these patents include patterns of vertical sipes, patterns of the vertical molding detail between sipes, and the pattern of the "rand stripes" (the stripes shown on the sides of the shoes above the molded sole portion of the shoe).

As an initial matter, it is noted that there are some differences between the claimed designs and the purported prior art. For example, exemplary Figure 5 of the D356 Patent shows two sipes:

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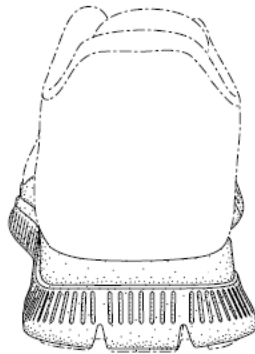


FIG. 5

D356 Patent. With the exception of the Nike Free 3.0v2 design, all of the designs of the NIKE prior art products include either a single sipe or no sipes at the back of the shoe:

Nike Free Walk+	Nike Free Everyday+	Nike Free 3.0v2	Nike Free 5.0v1
Asics Gel-Neo33	Asics Gel-Blur33	Skechers ToneUps Fitness	Skechers ToneUps Run

The sipe patterns along the sides of the shoes also differ with respect to the pattern of vertical molding detail, and the angle of the sipes. *E.g.*, D356 Patent, Fig. 3. A comparison of the vertical depth and spacing of the sipes in the proposed references and the claimed designs also show differences. The rand stripes along the sides of the shoes in the proffered references also differ in curvature, style, shape, and

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size.

Skechers argues that, although the references are different, Delgatty, whom it has designated as an expert, “explains why the DOSITA would not regard the difference as impacting the overall visual impression of the design as a whole.” Dkt. 346 at 55. For example, Delgatty states that “[i]n my opinion, absent some contrast in sipe appearance, the DOSITA would not find the exact number of sipes in the rear view (or consider the rear view in isolation) to be a significant feature to the **overall** appearance of the Sole Patents.” Dkt. 346-4 at ¶ 28. Delgatty also opines that “based on my experience in the industry, designers generally consider rand stripes to be a relatively generic feature of athletic shoes . . . .” *Id.* at ¶ 29. Delgatty adds that “the DOSITA would find the texture of all vertical grooves to be relatively generic, at least as applied in the claimed designs.” *Id.* at ¶ 30. Delgatty then provides an analysis specific to each of the asserted prior art products. Delgatty’s opinion with respect to the D772, D356 and D359 Patents presents sufficient evidence that “a reasonable jury *could* find in favor of the non-moving party.” *Spigen Korea Co Ltd. v. Ultraproof Inc.*, 955 F.3d 1379, 1384 (Fed. Cir. 2020) (emphasis in original). When there is such evidence, “a trial court must stay its hand and deny summary judgment of obviousness.” *Id.* (reversing district court determination that asserted primary reference was “basically the same” as the asserted patent).<sup>2</sup>

Issues of fact exist as to whether the asserted prior art to the D772, D356 and D359 Patents are primary references. Therefore, summary judgment of validity is denied.

c) The D781 and D783 Patents

The same determination is appropriate with respect to the D781 and D783 Patents. Each shows a portion of a shoe sole. The D783 Patent also claims features located on the side surface of a shoe sole. Common features that contribute to the overall visual impression of these patents include a “channel element,” as well as the grid pattern of the claimed design.

Delgatty opines that the visual elements of the D781 and D783 Patents include vertical sipes, texture of vertical grooves running through sidewall pads, grid-like pattern of pads with protrusions on the bottom of the shoe, and a channel feature. Dkt. 346-4 at ¶ 85. Delgatty adds that the asserted prior art references are primary references to the D781 and D783 Patents. For example, with respect to the NIKE Free Walk+, Delgatty depicts the key elements and notes “that the Nike Free Walk+ has a consistent texture of horizontal grooves along the length of the midsole rather than the texture of the vertical groove texture of the Sole Patents.” *Id.* at ¶ 90. Delgatty also provides an analysis for the remaining asserted references. As with the D772, D356 and D359 Patents, Delgatty’s opinion provides sufficient evidence to show that there is a triable issue of fact.

NIKE further argues that Skechers is estopped from relying on three NIKE products. Dkt. 312 at 49. Specifically, NIKE argues that the NIKE Free N7 5.0, NIKE Free 5.0 V1 and NIKE FREE 3.0 V2 are “identical in material respects” to prior art asserted before the PTAB, that estoppel applies. *Id.*

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<sup>2</sup> In its initial decision denying institution of IPR, the PTAB identified the same features as contributing to the overall visual impression of these patents. PTAB Decision Denying Institution of IPR, July 6, 2017, IPR2017-00617, IPR2017-00619, and IPR2017-00623, Dkt. 312-8 (at ECF101-121), at 3-9. As NIKE notes, the PTAB’s findings are “not binding.” Dkt. 350 at 8. Moreover, they do not warrant a different determination in light of Delgatty’s opinions.

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“Where there is evidence that a petitioner had reasonable access to printed publications corresponding to or describing a product that it could have proffered during the IPR process, it cannot avoid estoppel simply by pointing to its finished product (rather than the printed materials) during litigation.” *Oil-Dri Corp. of Am. v. Nestlé Purina Petcare Co.*, No. 15 C 1067, 2019 WL 861394, at \*10 (N.D. Ill. Feb. 22, 2019). “[T]he estoppel proponent must present some evidence that a printed publication sufficiently describing the relevant product existed and was available upon a reasonable search.” *Id.*

NIKE argues that “[t]here can be no doubt Skechers had access to printed publications that depict the same sole designs it now relies on, for Skechers actually submitted those printed publications in IPR.” Dkt. 312 at 52. However, NIKE’s argument does not address whether the printed publications sufficiently disclosed that the relevant products existed. *Oil-Dri Corp.*, 2019 WL 861394, at \*10 (estoppel proponent did not satisfy burden of showing printed publication for later asserted product art existed). Moreover, courts have recognized estoppel does not preclude later assertion of a product where the product “is ... a superior and separate reference.” *Star Envirotech, Inc. v. Redline Detection, LLC*, No. SACV 12-01861 JGB (DFMx), 2015 WL 4744394, at \*4 (C.D. Cal. Jan. 29, 2015).

Here, Skechers argues that the products are superior references. For example, Delgatty opines that his

inspection of physical samples clarified the appearance of a certain product[s] features, making it look more or less like the accused design than the prior art appeared in two-dimensions. For example, inspection of the Free 3.0 V2 showed immense similarity in the surface treatment, shape, and appearance of the design of the pads on the bottom surface and the sidewall. The depth and appearance of the texture on the bottom surface was also unclear prior to inspection of the physical sample. In particular, inspecting the physical shoe clarified how similar the vertical groove texture on the bottom of the shoes appeared to other vertical groove sidewall textures.

Dkt. 346-4 at ¶ 16; see also Dkt. 346-1 at 79-81.

There are genuine issues of fact as to whether the asserted prior art to the D781 and D783 Patents are primary references. Further, NIKE has not satisfied its burden of showing estoppel should apply. Therefore, summary judgment of invalidity is denied.

d) Conclusion

NIKE’s Motion to Strike (Dkt. 360) is **DENIED**. Discovery is reopened for the limited purpose of having NIKE taking the deposition of Butler as to the statements in his affidavits, and such further discovery that may be warranted as a result of that testimony. That deposition shall be scheduled on a mutually convenient date, but no later than November 30, 2020. NIKE’s Motion for Summary Judgment of Validity is **DENIED** as to the D781, D783, D772, D356 and D359 Patents because NIKE has not satisfied its burden to show the absence of any genuine issue of material fact as to whether the proposed primary prior art references create “basically the same” visual impression as the claimed designs for purposes of an invalidity analysis. The other grounds raised in NIKE’s motion are **MOOT**.

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3. Skechers' Motion Regarding Article of Manufacture Dispute

Skechers moves for judgment as a matter of law, or in the alternative, partial summary judgment, limiting Factor 1 (“scope of the design claimed”) of the Solicitor General’s test to “uppers” and “soles,” rather than the entire shoe. Dkt. 308.

a) The Solicitor General’s Proposed Test for Articles of Manufacture

The Patent Act provides that an infringer who manufactures or sells “any article of manufacture to which [a patented] design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit.” 35 U.S.C. § 289. The threshold question in determining damages caused by the infringement of a design patent is what constitutes the article of manufacture (“AoM”). When a design is applied to a single-component product, the AoM is the product. But where a product has many components, identifying the AoM is “a more difficult task.” *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 432 (2016) (“the term ‘article of manufacture’ is broad enough to encompass both a **product** sold to a consumer as well as a **component of that product**” (emphasis added)). Neither the Supreme Court nor the Federal Circuit has adopted a test for determining the proper AoM with respect to calculating design patent damages.

Skechers proposes a set of considerations that other district courts have adopted. In *Samsung Electronics Co., Ltd., et al. v. Apple Inc.*, the Solicitor General (“SG”) filed an amicus brief providing “[s]everal considerations . . . relevant to the inquiry” of an AoM. No. 15-777, 2016 WL 3194218, at \*27-\*29 (N.D. Cal. 2016). They included: (1) “the scope of the design claimed in the plaintiff[']s patent, including the drawing and written description, provides insight into which portions of the underlying product the design is intended to cover, and how the design relates to the product as a whole” (“Factor 1”); (2) “the factfinder should examine the relative prominence of the design within the product as a whole;” (3) “the factfinder should consider whether the design is conceptually distinct from the product as a whole;” and (4) “the physical relationship between the patented design and the rest of the product may reveal that the design adheres only to a component of the product.” *Id.*

NIKE argues that the SG’s considerations are not a statement of the law, and that neither the Supreme Court nor the Federal Circuit nor the Supreme Court has adopted any of them. Dkt. 340 at 1.

The reasoning of other district courts that have adopted the SG’s considerations is persuasive. *Apple Inc. v. Samsung Elecs. Co. Ltd.* considered competing proposals from the parties, as well as the SG’s test, and then adopted it. The basis for this decision was that applying these factors was “the most likely to help the factfinder perform its task of identifying the article of manufacture to which the patented design was applied, without unnecessarily sweeping in aspects of the product that are unrelated to that design.” No. 11-cv-1846, 2017 WL 4776443, at \*11 (N.D. Cal. Oct. 22, 2017) (citations omitted); *see also Nordock, Inc. v. Sys., Inc.*, No. 11-cv-118, 2017 WL 5633114, at \*6-\*7 (E.D. Wisc. Nov. 21, 2017) (“The court finds that the four-factor test proposed by the United States as amicus in *Samsung* is appropriate, consistent with the relevant statutory law, and supported by the case law.”). Moreover, NIKE did not present any substantive reasons why the SG’s factors should not be adopted. Instead, it stated only that they are not binding. In light of the reasoning set forth by district courts following the SG’s test, which is confirmed by NIKE’s failure to offer an alternative proposal, the SG’s test is adopted.

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b) Factor 1 of the Solicitor General's Test

Skechers argues that Factor 1 is an issue of claim construction and properly resolved as a matter of law. Dkt. 308 at 1. Skechers then contends that the titles, claims, written descriptions, and drawings in the asserted patents all reference uppers and soles. *Id.* at 7. Skechers adds that, because no intrinsic evidence contradicts the scope of the design, no extrinsic expert testimony to the contrary is proper. Thus, it contends that Factor 1 must be limited to the uppers and soles, rather than the entire shoe. *Id.* at 7-8. Skechers also argues that, even if this were not an issue of law, summary judgment is appropriate because there is no disputed issue of material fact regarding the scope of the claimed design. *Id.*

NIKE responds that even if the SG's proposed factors are adopted, Skechers mischaracterizes Factor 1. Dkt. 340 at 1. NIKE argues that "product as a whole" includes "claimed and unclaimed subject matter," and that any evaluation of Factor 1 may include a consideration of the relationship between the two. *Id.* at 2 (citing *Apple Inc.*, 2018 WL 1586276, at \*5). NIKE argues that under Factor 1, the claimed subject matter, portions of a shoe, are "applied to" the article, *i.e.*, a shoe. Dkt. 340 at 4 (citing MPEP § 1503.02). Alan D. Ball, who is an expert retained by NIKE, offers opinions as to the relationship between the claimed subject matter and the article of manufacture. Dkt. 340 at 4.

Skechers replies that NIKE conflates Factor 1 with the ultimate question of the AoM. Dkt. 353 at 1. Skechers argues that this case is distinguishable from *Apple*, because the Court has not yet decided the scope of the claimed design. *Id.* at 2.

Although issues of claim construction are legal matters that courts decide, Skechers' proposed constructions merely reiterate what is already stated in the patents. The figures in the asserted patents show certain features using solid lines, and outline the remainder of a shoe with broken lines. Skechers seeks constructions stating that "[t]he broken lines . . . constitute unclaimed subject matter" and "[t]he broken line . . . forms no part of the claimed design." Dkt. 353 at 1-2. However, the asserted patents already state this. See, *e.g.*, Dkt. 308-1 ('853 Patent) at Description ("The uneven-length broken lines immediately adjacent to and fully surrounding the shaded area represent unclaimed boundaries of the design. The uneven-length broken lines showing the remainder of the shoe are for environmental purposes only and form no part of the claimed design."). Therefore, no such construction is necessary. See *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 679 (Fed. Cir. 2008) ("[T]he preferable course ordinarily will be for a district court not to attempt to 'construe' a design patent claim by providing a detailed verbal description of the claimed design."); see also Dkt. 281 (declining to construe asserted patents following claim construction hearing).

Moreover, although the scope of the claims can be an issue of law, the analysis in Factor 1 presents a fact question. Factor 1 considers the scope of the claimed design in the context of the entire product. *Samsung Elecs.*, 2016 WL 3194218, at \*27 (examining "how the design relates to the product **as a whole**" (emphasis added)); see also *Apple Inc.*, 2018 WL 1586276, at \*5 ("Moreover, interpreting the first factor . . . to preclude discussion of the relationship between the claimed design **and unclaimed subject matter** would be inconsistent with the other three factors, all of which consider the relationship between the design and the rest of the defendant's infringing product." (emphasis added)). This comparison presents an issue of fact. See *Apple Inc.*, 2017 WL 4776443, at \*12 ("With regard to the first factor, the Court concludes that the **factfinder** must consider the scope of the claimed design to determine to which article of manufacture the design was applied, but the scope of the claimed design is not alone dispositive."



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(emphasis added)). Skechers' argument that "the fact that the accused products are shoes is entirely irrelevant to Factor 1" is inconsistent with the express language adopted by the SG, as well as the application of the SG's test. Dkt. 353 at 1.

At the hearing, Skechers argued for the issuance of a claim construction so that, as in *Apple Inc.*, the scope of the claimed subject matter would be clear. 2018 WL 1586276, at \*5. However, as noted above, Skechers' proposed constructions simply repeat the statements in the asserted patents and the requirements for making claims in design patents.

Skechers also argues that a claim construction is necessary because NIKE's expert has offered opinions regarding the scope of the claim that deviate from the claim language. However, Ball's opinions regarding the scope of the claims are consistent with his opinions that were admitted in *Apple Inc. Compare, e.g.*, Dkt. 340-3 at ¶ 632 ("The claimed portion is shown in solid black lines with the rest of the shoe shown in broken lines."), with *Apple Inc.*, 2018 WL 1586276, at \*5 (quoting Ball's opinion that "the top surface . . . is shown in black lines to indicate that it is being claimed. The back and portions of the sides are shown in broken lines to indicate that it is unclaimed"). Furthermore, Ball's opinion that the asserted patents "clearly show designs applied to an entire shoe[]" appears to be consistent with the inquiry under Factor 1. Dkt. 340-3 at ¶ 638; *Apple Inc.*, 2018 WL 1586276, at \*5 ("evaluation of the first factor could include discussion of the relationship between the claimed design and the unclaimed subject matter described in the patent and depicted in the patent's figures").

To the extent Skechers argues that Ball's opinion regarding Factor 1 creates confusion as to the scope of the asserted claims, as stated during the hearing, Skechers may seek a jury instruction regarding the application of the test. Skecher's request to limit the scope of Factor 1 as a matter of law is denied.

c) Conclusion

For the foregoing reasons, Skecher's Motion for Summary Judgment as to Article of Manufacture is **DENIED**.

4. Skechers' Motion Regarding Willful Infringement

a) Judgment on the Pleadings

Skechers argues that the Complaint fails to allege that Skechers had knowledge of the asserted patents before this action was filed. Dkt. 320 at 2-3. Skechers contends that NIKE's failure to allege such facts warrants a judgment of no willful infringement. *Id.* at 3.

NIKE responds that Skechers' request is procedurally improper because it is not alleging willful infringement as an independent claim, that is subject to the requirements of Fed. R. Civ. P. 8(a)(2). Dkt. 337 at 2. NIKE asserts that its only claim is one of infringement, and that it seeks a finding of willful infringement only with respect to its request for an award of attorneys' fees pursuant to 35 U.S.C. § 285. It claims that this is analogous to a request for damages, and is subject to Fed. R. Civ. P. 8(a)(3)). *Id.* at 2-3. Nike also argues that, even if willful infringement were an independent claim, Skechers' post-suit misconduct establishes willful infringement. *Id.* at 3.

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Skechers replies that NIKE pleaded only pre-suit willfulness, and NIKE concedes that Skechers had no pre-suit knowledge of the asserted patents. Dkt. 352 at 1. Skechers argues that *Halo* abrogated any authority suggesting willfulness can be found without knowledge of an asserted patent. *Id.*

No claim for willful infringement is alleged in the Complaint pursuant to 35 U.S.C. § 284. Instead, NIKE appears to seek a finding of willful infringement to support its claim for damages on the ground that the case is “exceptional,” pursuant to 35 U.S.C. § 285. Construing the Complaint in this manner, *i.e.*, that NIKE is seeking a willful infringement finding solely as a factor in support of its request for attorney’s fees under § 285, the allegations as to willful infringement are not subject to the pleading requirements on which Skechers relies because willful infringement is not pleaded as a separate claim.

For these reasons, Skechers’ motion for judgment on the pleadings is denied.

b) Summary Judgment

Skechers argues in the alternative that summary judgment should be granted on this issue because it is undisputed that Skechers first learned of the asserted patents after the Complaint was filed. Dkt. 320 at 4. Skechers adds that any evidence of pre-suit or post-suit copying does not preclude summary adjudication, because willful infringement requires egregious misconduct as well as contemporaneous knowledge of the patents. *Id.*

NIKE responds that the relevant post-suit egregious conduct arises from Skechers’ continued infringement after being served with the Complaint, and that it knew or should have known that its invalidity defenses lacked force. Dkt. 337 at 4. NIKE argues that Skechers’ pattern of copying shoe designs also supports a finding of willfulness, and that this bars the entry of partial summary judgment. *Id.* at 4-5.

Skechers replies that NIKE has presented no evidence as to the claim of post-suit willfulness. It contends that the only evidence that Nike has proffered concerns post-suit manufacturing and sales. Skechers argues that, as a matter of law, this is insufficient to support a claim of willfulness. Dkt. 352 at 2. Skechers argues that NIKE cannot rely on its allegations of pre-suit copying to support its assertion of post-suit willful infringement. Skechers restates its position that NIKE has failed adequately to plead willful infringement. *Id.* at 1.

NIKE represents that there is no separate claim for willful infringement, and that is only seeking a finding of willful infringement in conjunction with claims under 35 U.S.C § 285. However, a motion under § 285 is not proper until the “prevailing party” is determined. 35 U.S.C. § 285. Even if it were appropriate to decide the issue of a § 285 motion before or during trial, other material issues, *e.g.*, the strength of Skechers’ defenses, are also unresolved. For these reasons, the request for partial summary judgment fails.

c) Request for “Bifurcation”

Skechers recognizes that willfulness would be relevant to NIKE’s claim for attorney’s fees under 35 U.S.C. § 285, which would be litigated after an adjudication of the merits of the claims. Dkt. 320 at 5. Skechers argues that permitting arguments to the jury as to willfulness would waste judicial resources

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and present the danger of jury confusion. *Id.* at 5-6. For these reasons, Skechers requests “bifurcation” of any determination of willful infringement from the substantive issues presented at trial.

NIKE responds that Skechers has not met its burden to show bifurcation is warranted. Dkt. 337 at 5. NIKE argues that evidence of Skechers copying NIKE’s designs is relevant to non-obviousness, and “reflects the relative prominence of the upper and sole within the shoe, which may be pertinent to determining the article of manufacture.” *Id.* at 5.

Skechers replies that willfulness is relevant only to a future request for an award of attorney’s fees. Accordingly, the issue should be bifurcated from the trial on the merits. Dkt. 352 at 3.

Because willful infringement has not been independently pleaded and NIKE has conceded that it is only relevant to a potential motion under § 285 for an award of attorney’s fees, it is unnecessary to have evidence on this issue presented to the jury.<sup>3</sup> The Federal Circuit has held that the Seventh Amendment right to a jury trial does not apply to a decision on attorney’s fees, even where it “involves considerations of a party’s state of mind, intent, and culpability.” *AIA Am., Inc. v. Avid Radiopharmaceuticals*, 866 F.3d 1369 (Fed. Cir. 2017) (district court’s post-verdict factual findings regarding attorney’s fees under § 285 did not violate plaintiff’s due process rights). As in *AIA America*, the factual determinations relating to Skechers’ state of mind, intent, and culpability relevant to a finding of willful infringement can be determined if a verdict favorable to Nike is delivered. See Dkt. 372 at 3 (NIKE stating it “seeks a jury trial on the **factual question** of whether Skechers’ infringement was willful” (emphasis added)). Further, presenting such evidence at trial would present issues of prejudice. Fed. R. Evid. 403.

NIKE relies on *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226 (Fed. Cir. 1989) for the proposition that “patentees have a jury-trial right on willfulness whether they seek relief under Section 284, Section 285, or both.” Dkt. 372 at 1-2. However, *Richardson* addressed whether the plaintiff presented sufficient evidence to warrant having a jury decide the issue of willful infringement. 868 F.2d at 1250. *Richardson* did not address whether a plaintiff is entitled to a jury trial on willful infringement when it is relevant only to a § 285 claim.<sup>4</sup> Moreover, after the Federal Circuit remanded for a jury determination on willfulness, it then declined to address plaintiff’s appeal of the district court’s §§ 284 and 285 determinations, noting that the jury’s finding on willfulness would be “pertinent” to these issues. *Id.* This is consistent with Federal Circuit authority holding that willfulness (and a party’s corresponding state of mind, intent, and culpability) is relevant to, but not determinative of, whether a fee award is appropriate under § 285. *AIA Am.*, 866 F.3d at 1372-74. Thus, NIKE has not demonstrated a patentee has the right to a jury trial on willfulness when it seeks relief under § 285.

For these reasons, no determination regarding willful infringement shall be made during the trial of this

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<sup>3</sup> In general, there is a distinction between a willfulness determination pursuant to 35 U.S.C. § 284 and an exceptional case determination under 35 U.S.C. § 285. Although some courts have treated willful infringement as a factor in the exceptional case determination, it is not necessarily a requirement. See, e.g., *Stryker Corp. v. Zimmer, Inc.*, 837 F.3d 1268, 1279 (Fed. Cir. 2016) (“Though we uphold the district court’s willfulness determination, it does not necessarily follow that the case is exceptional.”).

<sup>4</sup> Willful infringement was separately asserted in *Richardson*. Brief for Cross Appellants, 1988 WL 1045326, at \*15 n.22 (referring to plaintiff’s “charge of willful infringement”).

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action.<sup>5</sup> If relevant in post-trial proceedings, the issue of willful infringement can be presented in connection with a request for an award of attorney's fees, if one is warranted by the jury's verdict.

d) Conclusion

For the foregoing reasons, Skechers' Motion for Judgment on the Pleadings as to No Willful Infringement and/or Motion for Partial Summary Judgment as to No Willful Infringement or Alternatively Motion to Bifurcate Willfulness is **GRANTED-IN-PART** and **DENIED-IN-PART**. Willful infringement shall be evaluated in connection with a request for an award of attorney's fees if that is warranted by the jury's verdict.

5. NIKE's Daubert Motion

a) Butler

NIKE moves for exclusion of all opinions offered by Sarah Butler, whom Skechers has designated as an expert witness. Butler is offered as a survey expert. She conducted a consumer survey as to consumer "preference" for Skechers' infringing shoes. See Dkt. 307-1 at 1. In the survey process, respondents were divided between a "Test Group" and a "Control Group." See Expert Report of Sarah Butler, Dkt. 309-1 (at ECF4-ECF61) ¶ 40. Each group was shown a set of ten shoes:

Test Group respondents saw the five Common sneakers and five sneakers with specific uppers and the accused sole design ("Test sneakers"). In the Control Group, respondents were shown the five Common sneakers and five sneakers with the same uppers as the Test sneakers, but with a non-accused sole design ("Control sneakers").

*Id.* ¶ 42.

For example, a respondent in the Control Group was shown the following Control sneaker:



*Id.* ¶ 51.

<sup>5</sup> Because willful infringement will not be presented to a jury, it is unnecessary to address whether Skechers was prejudiced by the timing of when NIKE first raised the issue.

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A respondent in the Test Group was shown the following sneaker:



*Id.* ¶ 49.

The “Common sneakers” “were selected to represent a range of different colors, upper styles, and sole designs” and were assumed not to infringe the asserted patents. *Id.* ¶¶ 52, 53 (“The sneakers also represent a range of other possible design elements including, for example, traditional or elastic laces, mesh or cloth uppers, and the shape of the foot well.”). According to Butler, “[t]he inclusion of a range of real, accused sneakers with the accused sole design and additional (real), non-accused sneakers with a non-accused sole design ensures that, to the extent the sole is a prominent feature, expressions of preference for the sole design are not obscured by the selection of a popular or appealing upper.” *Id.* ¶ 53.

Respondents were then presented with randomly selected sets of three sneakers from a set of ten, and asked to rank them from “most preferred” to “least preferred.” *Id.* ¶ 43.

After analyzing the data generated by her survey, Butler found no change in preference from a control shoe when compared to a shoe with the accused design. *See, e.g., id.* ¶ 57. Based on a review of the data, Butler concluded that “the accused sole is not prominent enough to affect the aggregate distribution of consumer preferences.” *Id.* ¶ 61 (emphasis added).

Skechers argues that Butler’s survey can be used to infer the “prominence” of a claimed design compared to a product as a whole, *i.e.*, to provide evidence relevant to the second factor of the SG’s test for determining an AoM. *See supra*, Section III.B.3. NIKE argues that “consumer ‘preference’ for a design is not the same as, nor a proxy for, the design’s ‘relative prominence’ within the product as a whole.” Dkt. 307-1 at 3.

Skechers’ argument that preference for a particular design can be linked to the design’s prominence is not persuasive. Skechers suggests the concepts are related because “for a consumer to prefer a feature, she must notice it.” Dkt. 341 at 5. However, this assertion does not adequately show the nature of a relationship, if any, between prominence and preference. Simply because a design is prominent does not mean that a user will prefer it. Further, whether a design is prominent or simply “eye-catching” involves different inquiries. A small design can be eye-catching even when it does not take up a prominent portion

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of a product. Similarly, just because there is a lack of observed change in preference for one design compared to another does not necessarily show that certain aspects of one design are more prominent than the other design.

Although Skechers suggests that Butler’s survey was appropriate because it did not “prime” respondents (Dkt. 341 at 6), this does not support the admissibility of the particular survey that Skechers and Butler designed. There is an insufficient analytical link between prominence and the difference in preference measured by Butler’s study. Therefore, admitting the study could cause jury confusion and prejudice.

b) Sullivan

NIKE has moved to exclude certain of the opinions offered by Ryan Sullivan, whom Skechers engaged as an expert on damages. Specifically, NIKE seeks to preclude testimony related to Sections 6 and 8 of Sullivan’s report on the basis that Sullivan is offering irrelevant opinions for purposes of a design patent infringement analysis under § 289. See amended expert report of Ryan Sullivan (“Sullivan Report”), Dkt. 310-1 (at ECF94-ECF231) at ¶¶ 81-125, 337-88.

Section 6 of Sullivan’s amended report is titled “Background Relating to Articles of Manufacture and Deductibility of Costs.” *Id.* at ¶ 81. There, Sullivan states his assumptions regarding the relevant articles of manufacture of the asserted patents. *Id.* at ¶¶ 82-85. He then discusses “factors that form the basis of deductibility of costs.” *Id.* at ¶ 86. Skechers argues that these opinions provide inputs into Sullivan’s analysis in Section 7 of his report, where he performs a cost allocation and deduction analysis. *Id.* at ¶¶ 126-336. Sullivan states that as part of this Section 7 analysis, he presents “costs attributable [to] the AOMs,” which are further discussed in Section 10 of his report. *Id.* at ¶ 130.

One example of where Sullivan applies the discussion in Section 6 as an input into Section 7 is where he describes Advertising and Promotion costs. See *id.* at ¶¶ 304-314; see also *id.* at ¶¶ 89-99. In its opposition to NIKE’s motion, Skechers also attached a declaration by Sullivan that describes how the other paragraphs in Section 6 of his report serve as inputs for his analysis in Section 7. See Declaration of Ryan Sullivan in Support of Opposition to *Daubert* Motion, Dkt. 341-1. To the extent Sullivan has shown that the challenged opinions in Section 6 of his report are directly relevant to his opinions in Section 7 of his report (a section that NIKE does not challenge) and clearly links those opinions in any testimony before the jury, those opinions are not excluded at this time. Sullivan, however, will not be permitted to present opinions contrary to Federal Circuit authority regarding § 289, e.g., opinions about factors “contributing to demand” for Skechers’ accused shoes that are not covered by the accused products. See *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 434 (2016) (profits analysis under § 289 requires calculating the infringer’s total profit made on the defined article of manufacture); *Nike, Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1442-43 (Fed. Cir. 1998).

Section 8 of Sullivan’s report describes “other costs that support sales of accused products for which I have not quantified a deduction.” Sullivan Report ¶ 337. Skechers suggests that these portions of Sullivan’s opinions provide context to support the reliability of the costs Sullivan did deduct. Dkt. 341 at 8-9. NIKE’s argument that discussing these costs at length “is irrelevant, confusing, and likely to mislead the jury” (Dkt. 349 at 4) is persuasive. Permitting such testimony could invite the jury to deduct additional costs, notwithstanding that Sullivan opted not to do so in his analysis. Although Sullivan will be permitted to state that there were some costs that he did not deduct, he will not be permitted to present the detailed

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opinions regarding those non-deducted costs that are currently reflected in Section 8 of his report.<sup>6</sup>

c) Stoner

NIKE has moved to exclude certain opinions offered by Bruce Stoner, whom Skechers has retained as an expert. Skechers states that Stoner is an attorney and a former USPTO Chief Administrative Patent Judge. Dkt. 341 at 9. The parties seem to agree that Stoner may present opinions regarding “Patent Office practices and procedures.” *Id.* NIKE argues that Stoner intends to offer additional testimony regarding “claim construction, the scope of NIKE’s patents, prosecution history estoppel, prosecution history disclaimer, obviousness, and the doctrine of equivalents.” Dkt. 307 at 5. NIKE argues that such opinions must be excluded because they relate to matters of law for which expert testimony is improper.

Skechers does not dispute that the majority of these topics are not ones for which expert testimony is permitted; they are issues of law. However, Skechers argues that the motion is “too broad as it seeks to exclude testimony regarding IPRs.” Dkt. 341 at 9. Skechers argues that “[t]he IPRs, including Nike’s statements therein as well as their context and import before the PTAB, is admissible.” *Id.* (emphasis omitted). Skechers suggests that it would seek to introduce through Stoner opinions regarding NIKE’s representations to the PTAB and the PTAB’s reliance on those statements. *Id.* at 10. Skechers states that the testimony will not intrude into the Court’s role in determining the law, “but will provide necessary context consistent with the Court’s instructions.” *Id.* Skechers also argues that Stoner should be permitted to testify regarding the duty of candor before the PTO. *Id.*

Based on a review of Stoner’s report (see expert report of Bruce Stoner, Dkt. 310-1 at ECF240-ECF380, ¶¶ 57-59, 167-73, 327-329, 331), the opinions in the paragraphs challenged by NIKE would improperly invade the Court’s role regarding the determination of the law and the scope of the claims. Because Stoner is an attorney, presenting detailed and extensive opinions regarding his understanding of the law (see *id.* ¶¶ 57-59, 167-173) would cause jury confusion. This includes as to prosecution history estoppel and similar topics (*id.* ¶¶ 168-173, 327-329, 331), which are reserved for determination by the Court. Stoner will not be permitted to provide opinions interpreting the statements made by NIKE in the context of *inter partes* review proceedings. *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1342 (Fed. Cir. 2015) (“Teva cannot transform legal analysis about the meaning or significance of the intrinsic evidence into a factual question simply by having an expert testify on it . . . . Determining the significance of disclosures in the specification or prosecution history is also part of the legal analysis. Understandings that lie outside the patent documents about the meaning of terms to one of skill in the art or the science or state of the knowledge of one of skill in the art are factual issues.”). Similarly, Skechers’ argument that Stoner’s opinions should be permitted because they provide an understanding of how the PTAB viewed certain statements made by NIKE is unpersuasive. Skechers has not shown how the PTAB’s understanding is relevant to any jury issues. Skechers’ argument that Stoner is simply providing “context” on topics specifically reserved for a legal determination is not persuasive.

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<sup>6</sup> At the hearing, NIKE suggested that Sullivan should not be permitted to refer to non-deducted costs at all, because doing so would still lead to jury confusion. Dkt. 374 at 53:23-54:1. NIKE has not shown that the prejudice of such a general statement would outweigh its probative value. However, this issue will be re-evaluated during the trial based on the evidence that is admitted and proffered.

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d) Conclusion

NIKE's motion is **GRANTED-IN-PART** and **DENIED-IN-PART**. Butler's opinions are excluded in their entirety. Sullivan's challenged opinions in Section 6 of his report, including Section 6.3, that Sullivan has shown are directly relevant to his opinions in Section 7 of his report are not excluded. The other opinions in Section 6 that are not tied to opinions of Section 7 of his report, as well as the opinions in Section 8 of his report, are excluded. Stoner's challenged opinions are excluded.

**IV. Conclusion**

For the reasons stated herein, Skechers' Motion for Summary Judgment of Noninfringement (Dkt. 321) is **GRANTED** as to the D853, D423, and D032 Patents. It is **DENIED** as to the D781, D783, D772, D356, and D359 Patents. It is also **DENIED** as to Skechers' request for consideration on the merits of Skechers' design around products.

NIKE's Motion to Strike (Dkt. 360) is **DENIED**. Discovery is reopened for the limited purpose of having NIKE taking the deposition of Butler as to the statements in his affidavits, and such further discovery that may be warranted as a result of that testimony. That deposition shall be scheduled on a mutually convenient date, but no later than November 30, 2020. NIKE's Motion for Summary Judgment of Validity (Dkt. 312) is **DENIED** as to the D781, D783, D772, D356 and D359 Patents because NIKE has not satisfied its burden to show the absence of any genuine issue of material fact as to whether the proposed primary prior art references create "basically the same" visual impression as the claimed designs for purposes of an invalidity analysis. The other grounds raised in NIKE's motion are **MOOT**.

Skecher's Motion for Summary Judgment as to Article of Manufacture (Dkt. 308) is **DENIED**.

Skechers' Motion for Judgment on the Pleadings as to No Willful Infringement and/or Motion for Partial Summary Judgment as to No Willful Infringement or Alternatively Motion to Bifurcate Willfulness (Dkt. 320) is **GRANTED-IN-PART** and **DENIED-IN-PART**. If applicable, willful infringement shall be evaluated at the time any request for attorneys' fees is decided.

NIKE's *Daubert* Motion (Dkt. 307) is **GRANTED-IN-PART** and **DENIED-IN-PART**. Butler's opinions are excluded in their entirety. Sullivan's challenged opinions in Section 6 of his report, including Section 6.3, that Sullivan has shown are directly relevant to his opinions in Section 7 of his report are not excluded. The other opinions in Section 6 that are not tied to opinions of Section 7 of his report, as well as the opinions in Section 8 of his report, are excluded. Stoner's challenged opinions are excluded.

In light of the determinations in this Order, within 14 days after its issuance, and following a meet and confer process, the parties shall file a joint report stating their collective and/or respective views as to potential trial dates of March 16, 2021 or March 30, 2021. The joint report shall include an estimate for the length of trial based on a list of expected witnesses and the time needed for the direct, cross and re-direct examination of each of them. Upon receiving the joint report, the Court will set a trial date, with a Final Pretrial Conference scheduled 15 days earlier. Trial documents shall be filed pursuant to the Standing Order. The order setting a trial date will also set a status conference for a date in January 2021, which will proceed if necessary to discuss a potential modification of the trial date in light of any ongoing issues related to COVID 19.



