

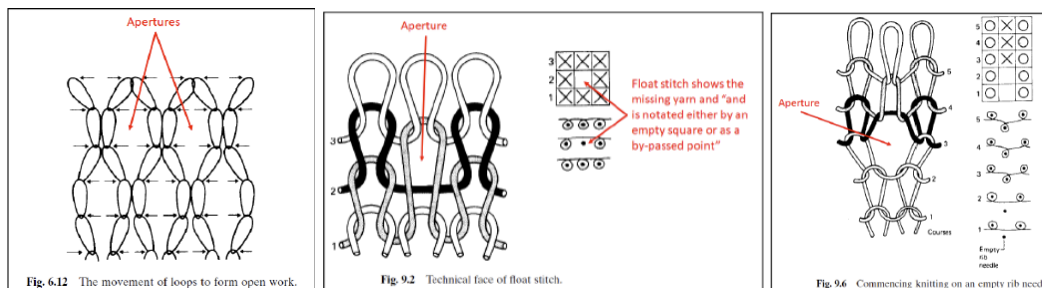
Trumped Up Kicks: Nike Patent Claim Once Again Invalidated by PTAB Despite CAFC Remand

Adidas AG v. Nike, inc., IPR2013-00067 (PTAB, Mar. 1, 2021)

By: Adam Reis & Andy Himebaugh | March 14, 2020

In invalidating a claim as obvious on remand, the Patent Trial and Appeal Board (the “PTAB”) recently held that the PTAB bears the burden of persuasion regarding prior art raised *sua sponte*, despite precedent that the petitioner must bear the burden.

Adidas petitioned for *inter partes* review (IPR) of Nike’s U.S. Patent No. 7,347,011 (directed to articles of footwear having a knitted textile “upper” portion). The PTAB’s first decision was remanded by the CAFC due to error by the PTAB in failing to fully consider one of Nike’s substitute claims as well as Nike’s *Graham* factor evidence. On remand the PTAB issued a decision which relied *sua sponte* on a knitting manual known as “Spencer” (shown below with Petitioner’s annotations) that was introduced by Petitioner on the evidentiary record for informing its expert’s declaration (and also relied upon by Nike’s expert), but never cited by the Petitioner as grounds for unpatentability of the claim in question. On a second appeal, the CAFC held that this violated the Administrative Procedure Act—the PTAB may identify an issue of patentability on its own based on the evidentiary record, but it must notify the parties of this issue and provide adequate notice and opportunity for response through supplemental briefing or oral argument.



Now able to respond to Spencer, Nike argued that the manual taught different techniques to create apertures. The PTAB found this unconvincing, finding that Nike seemingly argued that the reference would need to disclose this limitation *in haec verba* without taking into account the reasonable inferences of an ordinarily skilled artisan.¹

Interestingly, the PTAB also determined that the Board itself bears the burden of persuasion on *sua sponte* grounds for unpatentability, rejecting Nike’s application of precedent that Adidas should bear the burden notwithstanding not having raised the issue.² The most valuable takeaways from this case for litigants in post grant proceedings are that of the invaluable flexibility of a robust evidentiary record. The PTAB’s administrative discretion is extremely broad, and a well-developed field of prior art on the record renders the challenged patent as vulnerable as possible.

¹ See *In re Preda*, 401 F.2d 825, 826 (CCPA 1968).

² See, *Bosch Auto. Serv. Sols., LLC v. Matal*, 878 F.3d 1027, 1040 (Fed. Cir. 2017) (holding generally that Petitioner bears the baseline burden of showing that even substitute claims are unpatentable in a post grant proceeding).