

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

NIKE, INC.

Plaintiff,

v.

PUMA NORTH AMERICA, INC.

Defendant.

C. A. No. 1:18-cv-10876-LTS

**PLAINTIFF NIKE, INC'S MEMORANDUM OF REASONS
IN OPPOSITION TO DEFENDANT'S MOTION TO DISMISS**

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I. INTRODUCTION

NIKE filed this lawsuit to stop Puma's willful infringement of seven patents related to footwear. Before filing suit, NIKE asked Puma to stop infringing the patents. Puma refused. Puma instead continued, and escalated, its infringements. NIKE, therefore, initiated this action to defend its investments in innovation and to protect its technologies.

Puma has employed several delay tactics since NIKE filed suit. Puma delayed responding to the Complaint for more than seventy days. (ECF Nos. 15, 17, 22.) Puma now files this baseless motion to dismiss, which relies on cherry-picked, irrelevant facts, and ignores binding precedent from the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit, and this Court.

In its motion, Puma asks this Court to dismiss NIKE's infringement claims for U.S. Patent Nos. 8,266,749 ("the '749 patent") and 9,078,488 ("the '488 patent"). Puma argues the claims of those patents constitute patent-ineligible subject matter. The claims, however, are presumed valid and Puma bears the burden of proving them patent-ineligible by clear and convincing evidence. Puma does not carry its burden at least because it fails both steps of the Supreme Court's *Alice/Mayo* test for patent eligibility.

Puma fails the first step of *Alice/Mayo* because the claims of the '749 and '488 patents are not directed to patent-ineligible concepts. Puma's argument that the claims are directed to "abstract ideas" strains credibility. The Supreme Court defines an "abstract idea" as, for example, a "fundamental truth; an original cause; [or] a motive." *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). Shoes are not abstract ideas. They are not fundamental truths, original causes, or motives. Shoes are tangible and concrete articles of manufacture, and the claims of the '749 and '488 patents are directed to that tangible, concrete subject matter. Indeed, Puma itself owns numerous patents directed to shoes, shoe components, and methods for manufacturing them.

Puma fails the second step of *Alice/Mayo* because the claims of the '749 and '488 patents do

not lack “inventive concepts.” Puma does not provide any support – let alone clear and convincing evidence – that the claims of NIKE’s patents lack an “inventive concept.” Moreover, NIKE provided detailed allegations in its Complaint that its patents are directed to novel improvements over the prior art. Those allegations, which must be accepted as true at this stage of the case, establish NIKE’s claims contain “inventive concepts.”

Puma also asks the Court to dismiss NIKE’s willful infringement claims. Puma incorrectly argues NIKE needed to allege more than Puma’s knowledge of the asserted patents and infringements. This Court has rejected that argument, holding “a plaintiff is not required to allege more than knowledge of the patent and of infringement” to plead a willful infringement claim. *Lexington Luminance LLC v. TCL Multimedia Tech. Holdings, Ltd.*, No. 16-cv-11458-DJC, 2017 WL 3795769, at *6 (D. Mass. Aug. 30, 2017). In any event, NIKE alleged more. NIKE alleged Puma had knowledge of NIKE’s asserted patents and its infringements, that Puma refused to stop infringing, and that Puma escalated its infringements.

NIKE requests that the Court deny Puma’s motion in its entirety. NIKE also asks the Court to set an Initial Scheduling Conference so that this lawsuit may proceed without further delay.

II. THE LEGAL STANDARD FOR A MOTIONS TO DISMISS

Under Rule 12(b)(6), Fed. R. Civ. P., a district court may dismiss an action that, as pled, fails “to state a claim upon which relief can be granted.” The “purpose of a motion to dismiss is to test the sufficiency of the complaint, not to decide the merits.” *Nalco Co. v. Chem-Mod, LLC*, 883 F.3d 1337, 1347 (Fed. Cir. 2018). Dismissal under Rule 12(b)(6) is reserved for “actions that are fatally flawed in their legal premises and destined to fail.” *Advanced Cardiovascular Sys. v. Scimed Life Sys., Inc.*, 988 F.2d 1157, 1160 (Fed. Cir. 1993). See *Cardigan Mountain School v. New Hampshire Insurance Co.*, 787 F.3d 82, 84 (1st Cir. 2015).

The Court must accept all well-pleaded factual allegations as true and construe all reasonable

inferences in favor of the plaintiff, when ruling on a motion to dismiss. *Nalco*, 883 F.3d at 1347-50; *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1262 (Fed. Cir. 2017) (on a motion to dismiss a patent infringement claim, “all factual inferences drawn from the [patent] specification must be weighed in favor of [the patentee], the non-moving party.”). The dismissal of a claim is only proper if, “after drawing all reasonable inference in [the plaintiff’s] favor, it is clear that the [plaintiff] can prove no set of facts consistent with her claim that would entitle her to relief.” *Chou v. University of Chicago*, 254 F.3d 1347, 1355 (Fed. Cir. 2001); *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

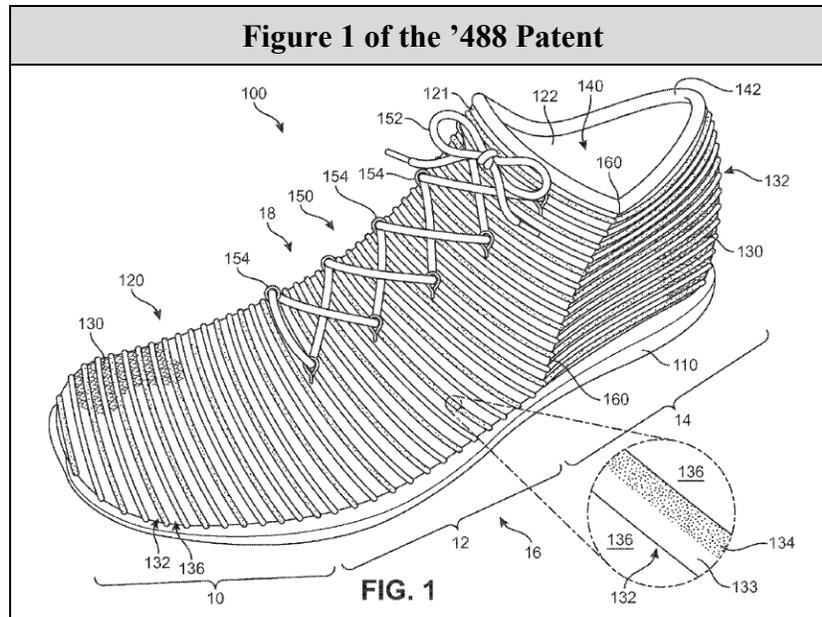
III. FACTUAL BACKGROUND

A. THE CLAIMS OF THE '488 PATENT ARE DIRECTED TO A SHOE, A COMPONENT OF A SHOE, AND A METHOD OF MANUFACTURING A COMPONENT OF A SHOE

Puma mischaracterizes the '488 patent as being directed to “generating a visual pattern on a textile which takes the form of a lenticular knit structure.” (ECF No. 24-1, Puma Memo. at 1-2.) In reality, the '488 patent “relates generally to articles of footwear, and, in particular, to articles of footwear incorporating knitted components.” (ECF No. 1-3, at 1:23–25.)

The '488 patent has twenty claims. (ECF No. 1-3, at 25:13–27:19.) Claims 1–9 recite an “article of footwear,” *i.e.*, a shoe. (*Id.* at 25:14–26:4.) Claims 10-15 recite “a knitted component for incorporating into an article,” such as a knitted upper for incorporating into a shoe. (*Id.* at 26:5–54.) Claims 16-20 recite a “method of manufacturing a knitted component for incorporating into an article,” such as a knitted upper for incorporating into a shoe. (*Id.* at 26:55–27:19.)

Figure 1 below shows an example of a shoe in claims 1–9. (*Id.*) It also shows an example of a knitted component – *i.e.*, a knitted upper – as recited in claims 10–15 and manufactured according to the method in claims 16-20. (*Id.*)



The shoe of independent claim 1 includes an upper and a sole structure attached to the upper. (*Id.* at 25:14–32.) The upper incorporates a knitted component formed of unitary knit construction. (*Id.*) The knitted component comprises “at least one lenticular knit structure including a first portion and a second portion disposed on opposite sides of the lenticular knit structure” and “a base portion disposed adjacent to the at least one lenticular knit structure.” (*Id.*) The “lenticular knit structure extends away from the base portion on an exterior surface of the upper.” (*Id.*) The “first portion” of the lenticular knit structure “is associated with a first visual effect when the upper is viewed from a first viewing angle,” and the “second portion” of the lenticular knit structure “is associated with a second visual effect when the upper is viewed from a second viewing angle that is different than the first viewing angle.” (*Id.*) Claims 2–9 are dependent claims that add limitations to the shoe of claim 1. (*Id.* at 25:33–26:4.)

The knitted component of independent claim 10 includes “a plurality of lenticular knit structures.” (*Id.* at 26:5–24.) Each of the lenticular knit structures includes “a first portion formed using a first yarn on one side of the lenticular knit structure and a second portion formed using a second yarn disposed on an opposite side of the lenticular knit structure.” (*Id.*) The first yarn and

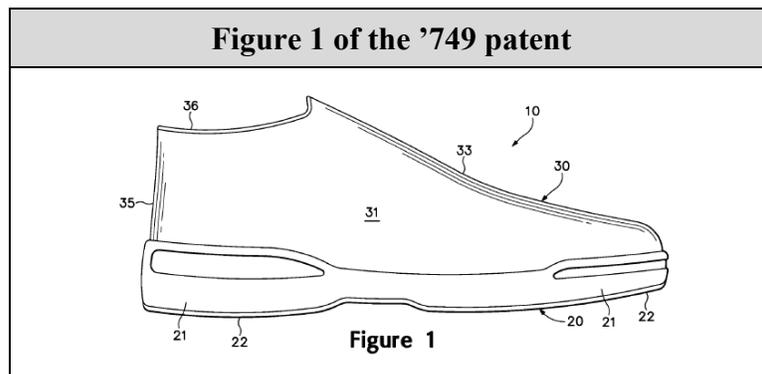
the second yarn are different. (*Id.*) A base portion is disposed between adjacent lenticular knit structures. (*Id.*) The “first portion, the second portion, and the base portion are formed of unitary knit construction with the knitted component.” (*Id.*) The “first portion of the lenticular knit structure is associated with a first visual effect when the knitted component is viewed from a first viewing angle and the second portion of the at least one lenticular knit structure is associated with a second visual effect when the knitted component is viewed from a second viewing angle that is different than the first viewing angle.” (*Id.*) Claims 11–15 are dependent claims that add limitations to the knitted component of claim 10. (*Id.* at 26:25–54.)

The method of independent claim 16 includes: (i) “knitting a base portion of the knitted component,” (ii) “knitting a first portion of a lenticular knit structure using a first yarn,” (iii) “knitting a second portion of the lenticular knit structure using a second yarn, the second yarn being different from the first yarn,” (iv) “the lenticular knit structure being formed so that the first portion and the second portion are disposed on opposite sides of the lenticular knit structure and the lenticular knit structure extends away from the base portion in a vertical direction,” and (iv) “wherein the first portion of the lenticular knit structure is associated with a first visual effect when the knitted component is viewed from a first viewing angle and the second portion of the at least one lenticular knit structure is associated with a second visual effect when the knitted component is viewed from a second viewing angle that is different than the first viewing angle.” (*Id.* at 26:55–27:7.) Claims 17–20 are dependent claims that add limitations to the method of claim 16. (*Id.* at 27:8–19.)

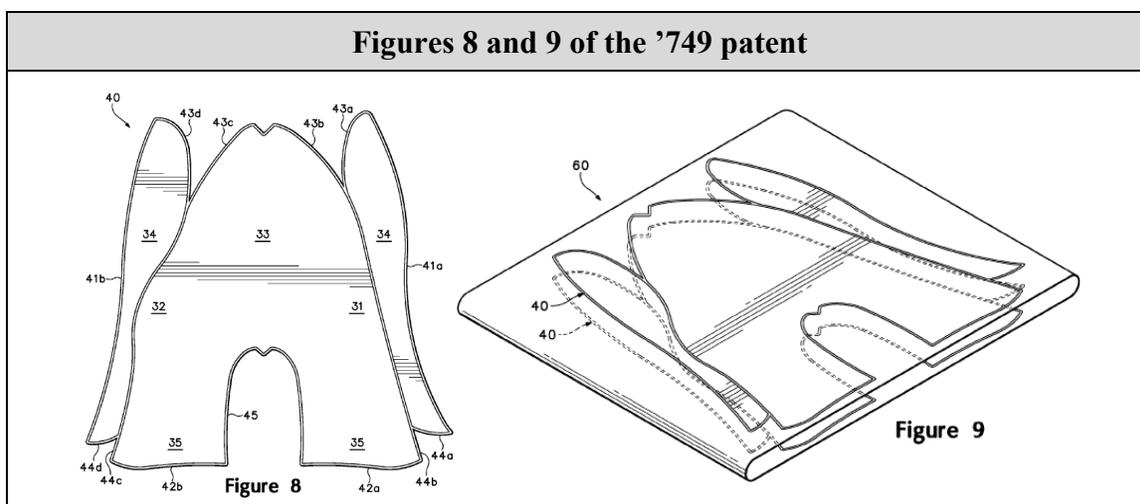
B. THE CLAIMS OF THE '749 PATENT ARE DIRECTED TO A METHOD OF MANUFACTURING A SHOE

Puma mischaracterizes the '749 patent as being directed to “forming an outline pattern on a textile.” (ECF No. 24-1, Puma Memo. at 1–2.) In reality, the '749 patent is directed to “an upper for an article of footwear, the upper incorporating a textile element formed with a knitting machine, for example.” (ECF No. 1-2, at 3:27–29.) Figure 1 of the patent, reproduced below, depicts “an

article of footwear having an upper in accordance with the present invention.” (*Id.* at 4:1–2.)



Figures 8 and 9 of the patent depict “a textile element that forms at least a portion of the upper” and “a textile structure that incorporates two of the textile elements,” respectively. (*Id.* at 4:11–14.) Those figures are reproduced below.



The '749 patent has twenty-one claims. (ECF No. 1-2, at 11:43–14:5.) All of the claims recite a “method of manufacturing an article of footwear.” (*Id.*) The '749 patent discloses several machines that may be used to practice its invention, including for example a “needle-bar raschel knitting machine,” a “jacquard double needle-bar raschel knitting machine,” and a “wide-tube circular knitting machine.” (*Id.* at 11:10–32; 12:4–13:4.)

The method of independent claim 1 includes (i) “simultaneously knitting a textile element with a surrounding textile structure, the knitted textile element having at least one knitted texture

that differs from a knitted texture in the surrounding knitted textile structure”; (ii) “removing the knitted textile element from the surrounding structure”; and (iii) “incorporating the knitted textile element into an article of footwear.” (*Id.* at 11:43–52.) Claims 2–12 are dependent claims that add limitations to the method of claim 1. (*Id.* at 11:53–12:26.)

The method of independent claim 13 includes (i) “knitting a first textile element and a second textile element simultaneously with knitting a surrounding textile structure, the first knitted textile element located within a first portion of the knitted textile structure, the second knitted textile element located within a second portion of the knitted textile structure,” (ii) “varying at least one of the types of stitches or the types of yarns in the knitted textile structure to impart a texture to the first and second knitted textile elements different from a texture of the knitted textile structure extending between the first and second portions,” (iii) “removing the first and second knitted textile elements from the knitted textile structure,” and (iv) “incorporating at least one of the first and second knitted textile elements into the article of footwear.” (*Id.* at 12:27–43.) Claims 14–21 are dependent claims that add limitations to the method of claim 13. (*Id.* at 12:44–14:5.)

C. NIKE ALLEGED PUMA HAD PRE-SUIT KNOWLEDGE OF THE ASSERTED PATENTS AND ITS INFRINGEMENTS, THAT PUMA REFUSED TO STOP INFRINGING, AND THAT PUMA ESCALATED ITS INFRINGEMENTS

NIKE alleged in its Complaint that over a fifteen-month period from December 9, 2016 to March 8, 2018, it wrote to Puma on several occasions, notifying Puma that it infringes NIKE’s Asserted Patents by making, using, selling, offering to sell, and/or importing certain of its footwear products into the United States. (ECF No. 1 at ¶¶ 42–46, 65–69, 84–88; ECF No. 1-12; ECF No. 1-13; ECF No. 1-14; ECF No. 1-15.) NIKE included each of the Asserted Patents in at least one of NIKE’s notice letters. (*Id.*) In each letter, NIKE also provided descriptions, images, and/or copies of NIKE’s patents; the identity and/or images of Puma’s infringing products; and an explanation of how Puma’s infringing products satisfied the claim limitations of NIKE’s patents. (*Id.*) In each

instance, NIKE asked Puma to stop infringing its patents. (*Id.*)

NIKE alleged in its Complaint that Puma did not stop infringing NIKE's Asserted Patents. (*Id.*) NIKE also alleged Puma continued to infringe NIKE's patents by making, using, selling, offering to sell, and/or importing certain of its footwear products into the United States. (*Id.*) Moreover, NIKE alleged Puma expanded its infringing product offerings, introducing at least one new line of products after receiving NIKE's pre-suit infringement letters. (ECF No. 1 at ¶ 86.)

IV. ARGUMENT

A. PUMA FAILS TO PROVE BY CLEAR AND CONVINCING EVIDENCE THAT THE CLAIMS OF NIKE'S PATENTS ARE INVALID

1. NIKE's patent claims are presumed valid

The U.S. Patent Office granted NIKE's patents and, in doing so, determined the claims of the patents constitute patent eligible subject matter. (ECF Nos. 1-2 and 1-3.) That determination affords the claims a presumption of validity. 35 U.S.C. § 282; *Microsoft Corp. v. I4I Ltd. P'ship*, 564 U.S. 91, 95 (2011) ("We consider whether § 282 requires an invalidity defense to be proved by clear and convincing evidence. We hold that it does."); *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1570 (Fed. Cir. 1987) ("The presumption mandated by § 282 is applicable to all of the many bases for challenging a patent's validity"); *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1375 (Fed. Cir. 1986) ("[T]he presumption of validity goes to validity of the patent in relation to the patent statute as a whole").

Puma incorrectly contends the presumption does not apply when evaluating patent-eligibility. (ECF No. 24-1, Puma Memo. at 6.) For support, Puma cites only Judge Mayer's concurring opinion in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 721 (Fed. Cir. 2014). This District has rejected Judge Mayer's concurrence.

In *DataTern, Inc. v. Microstrategy, Inc.*, 2015 WL 5190715, *7-*8 (D. Mass. 2015), this District addressed the "threshold question" of whether the presumption of validity applies to patent-

eligibility challenges. Citing the Supreme Court’s unanimous opinion in *i4i*, this District answered that question in the affirmative: applying the presumption of validity and the clear-and-convincing standard to the defendant’s patent-eligibility challenge. *Id.* In response to the defendant’s reliance on Judge Mayer’s concurrence, this District explained it “could not ignore the holding of *i4i*,” and regardless of whether Judge Mayer is “correct that an exception should apply in the area of subject-matter eligibility,” the Supreme Court has not so directed. *Id.*

Puma, therefore, is incorrect that NIKE’s patents are not presumed valid for purposes of its motion. In this District, the presumption of validity and the clear-and-convincing standard apply.

2. Puma fails to prove by clear and convincing evidence that the claims of the ’488 patent are invalid under 35 U.S.C. § 101

A patent eligibility analysis begins by “identifying whether an invention fits within one of the four statutorily provided categories of patent-eligible subject matter: . . . processes, machines, manufactures, [and] compositions of matter.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1125 (Fed. Cir. 2018). Section 101 of the Patent Act “emphasizes that ‘any’ subject matter in the four independent categories and ‘any’ improvement in that subject matter qualify for protection.” *Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 867 (Fed. Cir. 2010). The Supreme Court has articulated only three exceptions to the Patent Act’s broad patent-eligibility principles: “[l]aws of nature, natural phenomena, and abstract ideas.” *Alice*, 134 S. Ct. at 2354. Courts must construe those exceptions narrowly, because over-application would “eviscerate patent law . . . [f]or all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012); *Oxford Immunotec Ltd. v. Qiagen, Inc.*, No. 15-cv-13124-NMG, 2016 WL 5746639, at *3 (D. Mass. Aug. 31, 2016). *See also Alice*, 134 S. Ct. at 2354 (“[A]n invention is not rendered ineligible for patent simply because it involves an abstract concept.”).

The Supreme Court in *Alice* set forth a two-step “framework for distinguishing patents that

claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355; *Egenera, Inc. v. Cisco Sys., Inc.*, 234 F. Supp. 3d 331, 339 (D. Mass. 2017). First, the court determines “whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* A claim must be considered in its entirety. *Id.* The court does not consider individual limitations divorced from the remainder of the claim; it must determine whether the claim as a whole is directed to a patent-ineligible concept. *Id.* If the claim is not directed to a patent-ineligible concept, the claims are patent eligible under § 101, and the analysis ends. *Id.* But if the claims are directed to one of the patent-ineligible concepts, the court must, as a second step, determine whether the claims contain an “inventive concept”—*i.e.*, “an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Id.*

Because the presumption of validity attaches to all granted patents, Puma must present clear and convincing evidence of ineligibility. *DataTern*, 2015 WL 5190715, at *7–8. At the motion to dismiss stage, therefore, “a patent claim can be found directed towards patent-ineligible subject matter if the *only* plausible reading of the patent must be that there is clear and convincing evidence of ineligibility.” *JSDQ Mesh Techs. LLC v. Fluidmesh Networks, LLC*, No. 16-cv-212-GMS, 2016 WL 4639140, at *1 (D. Del. Sept. 6, 2016) (emphasis in original). *See also Oxford Immunotec Ltd.*, 2016 WL 5746639, at *3.

a. The claims of the ‘488 patent are not directed to an “abstract idea”

None of the claims of the ’488 patent are directed to an abstract idea. The “article of footwear” in claims 1–9, and the “knitted component for incorporating into an article” in claims 10–15, fall squarely within the scope of patent-eligible “manufactures.” *See, e.g., Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980)) (“the production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by

hand-labor or by machinery”). Shoes and components of shoes are not abstract ideas.

The “method of manufacturing a knitted component” of claims 16–20 is also a patent-eligible process. When determining if a claimed process is patent-eligible, the Supreme Court provides that courts may look to the “machine-or-transformation test” as an indicator of whether a method claim claims patentable subject matter. *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010). The “machine-or-transformation test” is “a useful and important clue” and an “investigative tool” for determining patent eligibility, especially when evaluating claimed processes “grounded in a physical or other tangible form.” *Id.* Under the “machine-or-transformation test,” a claimed process is patent-eligible if: (1) it is tied to a particular machine or apparatus, *or* (2) it transforms a particular article into a different state or thing. *Id.* at 603. Here, the method of claims 16–20 satisfies the test at least because it transforms a particular article into a different state or thing. For example, the method of claims 16–20 transforms yarns into a knitted component with a base portion and lenticular structures. (ECF No. 1-3, at 26:55-27:19.)

The method of claims 16–20 also satisfies others tests courts use for evaluating patent eligibility. For example, the method constitutes patent-eligible subject matter because it is drawn “to a concrete task . . . [and] requires specific physical tasks to be performed using specific tangible items in a specific order.” *Borehead, LLC v. Ellingson Drainage, Inc.*, No. 17-cv-5269, 2018 WL 2338806, *1 (D. Minn. May 23, 2018); *Green Mountain Glass, LLC v. Saint-Gobain Containers, Inc.*, No. CV 14-392-GMS, 2016 WL 7510247, at *1 n.1 (D. Del. Oct. 11, 2016) (manufacturing method patent eligible where the “steps [are] grounded in physical action” and the claims “describe a manufacturing process for recycling batches of mixed colored cutlet glass into glass bottles with desired properties . . . [requiring] steps that the glass-maker must physically carry out—he cannot simply use his mind or a pen and paper to perform them.”) More specifically, the method here requires specific physical tasks to be performed using specific tangible items as detailed above in

Section III.A.

Puma fails to prove by clear and convincing evidence that the claims of the '488 patent are directed to patent ineligible "abstract ideas." (ECF No. 24-1, Puma Memo. at 9–11.) Puma argues the claims are directed to the "idea of generating a visual pattern on a textile," but its argument is divorced from, and ignores, the claims themselves. (*Id.* at 9.) The claims are not directed to "generating a visual pattern on a textile," but rather the claims are directed to a shoe, a component of a shoe, and a method of manufacturing a component of a shoe. (*See* Section III.A above.)

Puma never analyzes or addresses the full scope of the actual claims themselves. (ECF No. 24-1, Puma Memo. at 9–11.) Puma instead relies on excerpts from the specification that it cherry-picks out of context. (*Id.*) For example, Puma incorrectly argues the claims achieve generating a "visual pattern" on a textile by using a "printing technique." (*Id.* at 9–10.) Puma does not cite the claims for that proposition, but instead cites a single sentence in the specification that relates to an example embodiment. (*Id.* (citing ECF No. 1-3 at 8:48–50).) In the context of that example, the inventors explained that an "article of footwear" "may be provided with an upper incorporating a knitted component with color-shifting properties." (ECF No. 1-3 at 8:38–50.) The inventors continued that "in an exemplary embodiment, color-shifting properties may be provided to an article of footwear using a visual effect similar to or inspired by lenticular printing techniques." (*Id.*) The inventors did not state that its claims are directed to a lenticular printing technique. (*Id.*)

Puma also cites to the specification to incorrectly argue the claims of the '488 patent are not bound to "concrete structures or methods." (ECF No. 24-1, Puma Memo. at 10.) The portion of the specification Puma cites, however, contradicts Puma's argument. (*Id.* (citing ECF No. 1-3 at 4:42–53).) It lists a number of articles into which a knitted component of the '488 patent may be incorporated. (ECF No. 1-3 at 4:42–53.) All of them are "concrete structures." (*Id.*) The list includes shoes, apparel, athletic equipment, containers, furniture upholstery, bed coverings, table

coverings, towels, flags, tents, sails, and parachutes. (*Id.*) None of those examples are “abstract ideas.” (*Id.*)

Puma also incorrectly argues—in two conclusory sentences—that claim 1 of the ’488 patent is directed to a “natural phenomenon,” specifically the “color-shifting” perceived by a person looking at the footwear. (ECF No. 24-1, Puma Memo. at 10.) To make this argument, Puma ignores nearly all of limitations of claim 1, and instead focuses only on the last limitation out of context. That limitation provides that the “first portion” of the lenticular knit structure “is associated with a first visual effect when the upper is viewed from a first viewing angle,” and the “second portion” of the lenticular knit structure “is associated with a second visual effect when the upper is viewed from a second viewing angle that is different than the first viewing angle.” (ECF No. 1-3 at 25:26–32.) Puma contends, without any explanation or support, that the claim is therefore “nothing more than a work of art.” (ECF No. 24-1, Puma Memo at 10.) But, when that limitation is read in context with the rest of the claim, as it must be, the claim is not directed to a mere “work of art,” but rather is directed to a shoe that includes an upper and a sole structure attached to the upper; an upper that incorporates a knitted component formed of unitary knit construction; the knitted component comprising “at least one lenticular knit structure including a first portion and a second portion disposed on opposite sides of the lenticular knit structure” and “a base portion disposed adjacent to the at least one lenticular knit structure;” and the “lenticular knit structure extends away from the base portion on an exterior surface of the upper.” (ECF No. 1-3 at 25:14–32)

Puma’s reliance on dicta from a single, district court decision from the Seventh Circuit is also misplaced. (*Id.* (citing *Kimberly-Clark, Inc. v. First Quality Baby Prods., LLC*, 900 F. Supp. 2d 919, 925 (E.D. Wis. 2012)).) That case involved anticipation under 35 U.S.C. § 102, not patent eligibility under 35 U.S.C. § 101. (*Id.*)

Finally, Puma’s argument that the claims of the ’488 patent constitute patent-ineligible

subject matter is belied by the fact that Puma itself has obtained patents directed to shoes, components of shoes, and methods of manufacturing them. Puma, for example, owns or has owned at least the following patents and applications directed to shoes and methods of manufacturing shoes:

- **U.S. Pat. No. 4,920,664** – Athletic Shoe, Particularly a Tennis Shoe, and Process for Producing Such a Shoe
- **U.S. Pat. No. 5,345,638** – Process for Producing a Shoe-Shaped Part from a Web of Material and Resulting Shoe-Shaped Part
- **U.S. Pat. No. 6,032,388** – Thin, Flexible Shoe Outsole with Injected-Through Thread Elements, a Method of Producing Such an Outsole and a Shoe Provided with Such an Outsole
- **U.S. Pat. No. 8,172,970** – Method for the Production of an Upper Shoe Part
- **U.S. Pat. No. 8,206,630** – Method for Producing a Cleat Sole
- **U.S. Pat. No. 8,757,038** – Method for Producing an Upper Part of a Shoe, In Particular a Sports Shoe
- **U.S. Pat. No. 8,800,085** – Method for Producing a Shoe and Shoe
- **U.S. Pat. No. 9,155,356** – Shoe Sole, Shoe with Such a Shoe Sole and Method for the Production of Such a Shoe Sole
- **U.S. Pat. Appl. No. 2014/0130238** – Golf Footwear Traction Elements
- **U.S. Pat. Appl. No. 2013/0269217** – Shoe, in Particular a Sports Shoe, and Method for Producing a Shoe
- **U.S. Pat. Appl. No. 2014/0151918** – Method for Producing a Sole or a Sole Part of a Shoe

To obtain these patents, Puma represented to the Patent Office that its claims constitute patent eligible subject matter. But now Puma argues to this Court that NIKE's claims directed to shoes and methods of manufacturing shoes do not constitute patent eligible subject matter. Puma is talking out of both sides of its mouth.

For all of these reasons, Puma failed to carry its burden of proving by clear and convincing

evidence that the claims of the '488 patent are directed to patent-ineligible abstract ideas. Puma's motion fails for this reason alone.

b. The claims of the '488 patent contain an "inventive concept"

Puma's motion fails for the additional reason that the claims of the '488 patent do not lack an "inventive concept." Claims contain an "inventive concept" when the limitations involve more than "well-understood, routine, conventional activity, previously engaged in by those in the field." *Mayo Collaborative Servs.*, 566 U.S. at 82; *Oxford Immunotec*, 2016 WL 5746639 at *6. An invention that "improve[s] an existing technological practice," or "solve[s] some technological problem in conventional industry practice" fits this definition. *Alice Corp.*, 134 S. Ct. at 2358; *Oxford Immunotec*, 2016 WL 5746639 at *6.

At the motion to dismiss stage, this step of the *Alice/Mayo* test requires only a "plausible reading of the patents by which one could find that the plaintiff's [claim] involves an inventive concept." *Oxford Immunotec*, 2016 WL 5746639 at *6. In making that determination, the Court must accept as true allegations in NIKE's complaint that the asserted patent is directed to improvements over the prior art. *Id.* In *Oxford Immunotec*, this Court explained:

The plaintiff's complaint alleges that Oxford's patented inventions provide [an improvement to] the conventional means available at the time of the invention . . . [and] [t]he patents-in-suit state that the only TB tests in "general use" before the plaintiff's invention were the TST and sputum culture. Accepting these allegations as true, the Court finds that the patented invention improves on existing methods for diagnosing TB by making diagnosis more convenient, less dependent on a physician's subjective interpretation of results, and more accurate. There is thus a plausible reading of the patents by which one could find that the plaintiff's in vitro tuberculosis test involves an inventive concept.

2016 WL 5746639, at *6.

NIKE alleges in its Complaint that the '488 patent "improve[s] an existing technological process," or "solve[s] some technological problem in conventional industry practice." *Alice Corp.*,

134 S. Ct. at 2358. NIKE alleged that, before its invention, “footwear manufacturers typically made uppers by piecing together multiple different materials to impart different properties to different areas of the upper.” (ECF No. 1, Complaint at ¶ 13.) NIKE alleged the conventional way of making footwear uppers had certain inefficiencies, often requiring “sourcing materials from multiple suppliers, operating multiple machines, and coordinating multiple assembly line techniques, manufacturing steps, and individuals.” (*Id.* at ¶ 14.) NIKE also alleged its invention provided “novel and non-obvious ways to form uppers from a single knitted material while still providing different textures or properties to different areas of the uppers.” (*Id.* at ¶ 16.)

NIKE alleged its invention “combines high strength fiber technology with advanced manufacturing techniques, allowing designers to precisely micro-engineer every stitch of a footwear upper.” (*Id.* at ¶ 17.) NIKE also alleged its invention “results in a featherweight, form-fitting, and virtually seamless sock-like upper, scientifically tuned to provide areas of support, flexibility, and breathability where athletes need them most.” (*Id.*) NIKE alleged that industry commentators lauded NIKE’s inventions as a “quantum leap” in technology that “revolutionized the age-old craft of shoemaking.” (*Id.* at ¶ 20.)

Accepting those allegations as true, which the Court must do at this motion to dismiss stage, there is at least a plausible reading of the patents by which one could find that the claims of the ’488 patent involve an inventive concept. *See Oxford Immunotec*, 2016 WL 5746639 at *6–7.

In response, Puma offers only conclusory statements about what constitutes “traditional-knowledge.” (ECF No. 24-1, Puma Memo. at 10–11.) Puma argues that, because the specification discloses certain known knitting machines, the process claimed in the ’488 is “well-understood, routine, conventional activity.” Puma offers no legal support to support this proposition, and Puma falls far short of presenting clear and convincing evidence. (*Id.*)

For all of these reasons, Puma failed to carry its burden of proving by clear and convincing

evidence that the claims of the '488 patent lack an “inventive concept.” Puma’s motion fails for this additional reason.

3. Puma fails to prove by clear and convincing evidence that the claims of the '749 Patent are invalid under 35 U.S.C. § 101

a. The claims of the '749 patent are not directed to an “abstract idea”

None of the claims of the '749 patent are directed to an abstract idea. The “method of manufacturing an article of footwear” recited in claims 1–21 is a patent-eligible process. The claims satisfy the “machine-or-transformation test” in two ways. *Bilski*, 561 U.S. at 604. First, the claimed method transforms yarns into a three-dimensional article of footwear with one or more knitted textile elements having different knitted textures. (*Supra* III.B.) Second, several of the claims are tied to specific knitting machines to practice the method. (*Id.*)

The method of claims 1–21 also satisfies others tests courts use for evaluating patent eligibility. *See, e.g., Borehead*, 2018 WL 2338806, *1 (claimed method is patent eligible if it is drawn “to a concrete task . . . [and] the claim requires specific physical tasks to be performed using specific tangible items in a specific order”); *Green Mountain Glass*, 2016 WL 7510247, at *1 n.1 (manufacturing method patent eligible where the “steps [are] grounded in physical action” and the claims require “steps that the glass-maker must physically carry out—he cannot simply use his mind or a pen and paper to perform them.”)

The single case Puma cites for support, *In re Brown*, 645 F. App’x 1014, 1016–17 (Fed. Cir. 2016) (unpublished), is inapposite. In *Brown*, the Federal Circuit held a five-step process patent-ineligible because the first four steps were performed only visually, “entirely in one’s mind.” *Id.* The steps involved: (i) “defining a head shape”; (ii) “designating the head into at least three partial zones”; (iii) “identifying at least three hair patterns”; and (iv) “assigning at least one of said at least three hair patterns to each of the said partial zones.” *Id.* Those steps, the Court held, were directed to abstract ideas. *Id.* The fifth step of “using scissors to cut hair” was insignificant post-solution

activity that merely applied the abstract ideas of the first four steps. *Id.*

Unlike *Brown*, none of the steps in the method of claims 1–21 can be performed only visually, “entirely in one’s mind.” *See Brown*, F. App’x at 1016–17. Instead, they are directed “to a concrete task . . . [and] require[] specific physical tasks to be performed using specific tangible items in a specific order.” *Borehead*, 2018 WL 2338806, *1.

Thus, Puma fails to carry its burden of proving by clear and convincing evidence that the claims of the ’749 patent are directed to patent-ineligible abstract ideas.

b. The claims of the ’749 patent contain an “inventive concept”

Puma’s argument that the ’749 patent lacks an “inventive concept” fails for the same reasons as Puma’s argument for the ’488 patent.

At the motion to dismiss stage, this step of the *Alice/Mayo* test requires only a “plausible reading of the patents by which one could find that the plaintiff’s [claim] involves an inventive concept.” *Oxford Immunotec*, 2016 WL 5746639 at *6. In making that determination, the Court must accept as true allegations in NIKE’s Complaint that the asserted patent is directed to improvements over the prior art. *See id.* NIKE alleges in its Complaint that the ’749 patent “improve[s] an existing technological practice,” or “solve[s] some technological problem in conventional industry practice.” *Alice Corp.*, 134 S. Ct. at 2358. (ECF No. 1 – Complaint at ¶¶ 13–14, 16–18, 20.) The Court must accept those allegations as true in evaluating Puma’s motion. *Oxford Immunotec*, 2016 WL 5746639 at *6. There is thus “a plausible reading of the patents by which one could find” that the claims of the ’749 patent involve an inventive concept. *See id.*

In response, Puma offers only conclusory statements about what constitute “well-known” or “conventional” steps and techniques. (ECF No. 24-1, Puma Memo. at 8–9.) Puma falls far short of presenting clear and convincing evidence that the process claimed in the ’749 patent is “well-understood, routine, conventional activity.” (*Id.*)

For all of these reasons, Puma failed to carry its burden of proving by clear and convincing evidence that the claims of the '749 patent lack an “inventive concept.” Puma’s motion fails for this additional reason.

B. NIKE PROPERLY PLED ITS WILLFUL INFRINGEMENT CLAIMS

1. Puma ignores this District’s precedent relating to pleading willful infringement claims

To plead a willful infringement claim, this District requires a plaintiff to allege the defendant (1) knew of the asserted patents and (2) knew of its alleged infringements. *See, e.g., Lexington*, 2017 WL 3795769 at *6. In *Lexington*, a defendant moved to dismiss the plaintiff’s willful infringement claims for failure to allege “egregious infringement behavior.” *Id.* The Court explained the defendant’s error, which Puma now repeats:

To state a claim for willful infringement, a claimant must plausibly allege that defendant (1) knew of the patent and (2) knew of its alleged infringement. Defendants argue that [plaintiff’s] only allegation to support its claim of willful infringement is that “[defendant] knew of the ’851 patent as of June 6, 2016, five weeks before this lawsuit commenced, and that [defendant] subsequently continued to sell and distribute its products and instruction manuals.” . . . ***Whether [plaintiff] can ultimately show that it is entitled to enhanced damages for Defendants’ “egregious infringement behavior” is not relevant to the Court’s consideration of a motion to dismiss. At this juncture, a plaintiff is not required to allege more than knowledge of the patent and of infringement.*** Accordingly, Defendants’ motion to dismiss [plaintiff’s] willful infringement claim is denied.

Id. (emphasis added). Applying that law here, the only inquiry at the pleading stage is whether NIKE “plausibly alleged [Puma’s] knowledge.” *Id.* Whether NIKE “can ultimately show that it is entitled to enhanced damages for [Puma’s] ‘egregious infringement behavior’ is not relevant to the Court’s consideration of a motion to dismiss.” *Id.*

2. NIKE’s willful infringement claims satisfy this District’s precedent

Puma does not dispute NIKE alleged Puma (1) knew of NIKE’s asserted patents and (2) knew of its alleged infringements before NIKE filed suit. (ECF No. 24-1, Puma Memo. at 14–15.)

Indeed, Puma admits NIKE notified it, on multiple occasions, of the asserted patents and NIKE's allegations of infringement. (*Id.*) Puma also admits NIKE asked Puma to stop infringing. (*Id.*) Thus, NIKE properly pled its willful infringement claims. *Lexington*, 2017 WL 3795769 at *6.

Puma, nonetheless, disregards this District's precedent and argues NIKE needed to allege more egregious misconduct. (ECF No. 24-1, Puma Memo. at 12–15.) Puma relies on five unpublished cases from district courts in the Ninth Circuit and a mischaracterization of dicta in a concurrence—none of which are controlling authority here. (*Id.*) In any event, NIKE alleged more. NIKE alleged Puma escalated its infringements after NIKE put it on notice. (ECF No. 1 at ¶ 86.) Thus, even under Puma's incorrect pleading standard, Puma's motion still fails.

Puma's responses to NIKE's pre-suit letters do not help Puma. Puma's subjective belief that it does not infringe NIKE's patents, and its conclusory letters denying infringement, are not relevant to the question before the Court for this motion. *See, e.g., Lexington*, 2017 WL 3795769 at *6 (whether plaintiff “can ultimately show that it is entitled to enhanced damages for [defendant's] ‘egregious infringement behavior’ is not relevant to the Court's consideration of a motion to dismiss”). Nor does Puma cite any authority that suggests Puma's responses to NIKE's pre-suit letters renders NIKE's willful infringement claims insufficient.

Consequently, for all the above reasons, NIKE properly pled its willful infringement claims. *Lexington*, 2017 WL 3795769 at *6. Puma's motion to dismiss fails.

V. CONCLUSION

NIKE requests that the Court deny Puma's motion to dismiss and set an Initial Scheduling Conference so that this lawsuit may move forward without further delay.

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