

NIKE, INC. v. ADIDAS AG, Appeal No. 2014-1719 (Fed. Cir. February 11, 2016). Before Chen, Mayer, and Stoll. Appealed from P.T.A.B.

Background:

Adidas petitioned for inter partes review of one of Nike's patents. The Patent Trial and Appeal Board ("Board") granted Adidas' petition and thus instituted inter partes review for claims 1-46 of Nike's patent. Nike subsequently filed a motion to amend, in which Nike requested cancellation of claims 1-46 and proposed substitute claims 47-50. Of claims 47-50, both claims 48 and 49 were replacements for claim 19. The Board granted Nike's motion to cancel claims 1-46, but it denied entry of proposed substitute claims 47-50 because Nike failed to meet its burden of establishing the patentability of the substitute claims. Nike appealed.

Issue/Holding:

Did the Board err in its grounds for denying entry of Nike's proposed substitute claims 47-50? Yes. Affirmed-in-part, vacated-in-part, and remanded.

Discussion:

The Federal Circuit grouped Nike's contentions into three categories: (i) that the Board erroneously shifted to Nike (the patent owner) the burden of proving patentability of its proposed substitute claims 47-50; (ii) that the Board's finding on the merits that the proposed substitute claims are unpatentable as obvious is incorrect; and (iii) that the Board misapplied the requirement for a patent owner to establish patentability of substitute claims over all prior art known to the patent owner, including art not of record.

Addressing the first of these categories, the Federal Circuit distinguished between claims in an issued patent and substitute claims proposed by a patent owner in a motion to amend. Although 35 U.S.C. §316(e) places the burden on the petitioner to prove unpatentability of any issued claim for which the Board institutes review, the Federal Circuit concluded that the Board did not err by shifting this burden to the patent owner for proposed substitute claims.

The Federal Circuit then turned to Nike's non-obviousness contentions, and it held that the Board's combination of three prior art references was supported by substantial evidence. However, the Federal Circuit then noted that the Board had erroneously failed to consider Nike's evidence of secondary considerations of non-obvious. Indeed, the Board's written decision did not even acknowledge Nike's secondary considerations evidence. The Federal Circuit also held that the Board had erred by grouping together Nike's proposed claims 48 and 49. Although the Board properly acknowledged that multiple substitute claims are admissible if they are patentably distinct from each other, the Board engaged in no analysis actually comparing these two claims to each other.

Finally, the Federal Circuit opined that, absent an allegation of conduct violating its duty of candor, Nike's statement that its proposed substitute claims were patentable over prior art known to Nike, but not part of the record of the proceedings, was sufficient. The Federal Circuit thus held that requiring more was an improper ground for the Board to deny Nike's motion.