

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

KOKI HOLDINGS CO., LTD.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 18-313-CFC-CJB
)	
KYOCERA SENCO INDUSTRIAL)	
TOOLS, INC.,)	
)	
Defendant.)	

MEMORANDUM ORDER

At Wilmington, Delaware this **30th day of March, 2020**.

WHEREAS, Plaintiff Koki Holdings Co., Ltd., (“Plaintiff”) has moved (“Motion”) for relief against Defendant Kyocera Senco Industrial Tools, Inc. (“Defendant”) by asking the Court to strike portions of the initial invalidity expert report of Defendant’s expert, Keven Miller (the “Miller Report”) that relate to Defendant’s SN325+ Nailer product (“SN325+”), (D.I. 102), and the Court¹ has considered the parties’ letter briefs, (D.I. 105; D.I. 109), and heard argument on March 25, 2020, (D.I. 121, (hereinafter “Tr.”)),

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

Plaintiff seeks to strike the above-referenced portions of the Miller Report primarily on the ground that Defendant, in putting forward its invalidity contentions during fact discovery as to two asserted patents, did not timely disclose that it intended to rely upon *the physical SN325+ product* (as opposed to relying, for invalidity purposes, solely on certain *documents that describe*

¹ This case has been referred to the Court to hear and resolve all disputes relating to discovery and the protective order. (D.I. 97)

the SN325+ product).² (D.I. 105 at 1) The threshold determination here is whether there has been a violation of Federal Rules of Civil Procedure 26 and 37. And that is a close call.

On the one hand, in Defendant's invalidity contentions and related discovery responses, it did at times state that the "SN325 Nailer" met certain claim limitations of the two patents. (*See, e.g.*, D.I. 105, ex. 2 at 206, 233, 243 ("[T]he SN325 Nailer, which also includes all of the standard components in claim 1, meets the claimed ratio.)) Moreover, Defendant even included images of the actual product when explaining why certain limitations were met. (*Id.* at 211-12) And perhaps Plaintiff (if it really did have a question as to whether the physical product itself was meant to be a part of Defendant's invalidity case) could have been a bit more aggressive in sussing out exactly what Defendant intended to rely on here.

Yet on the other hand, until it served the Miller Report, Defendant's counsel had never specifically told Plaintiff's counsel that Defendant had an actual physical model of the product in its possession. (D.I. 105, ex. 13) Nor had counsel ever before offered that model up for inspection. (*Id.*; Tr. at 18, 38) It really should have done both earlier. And during fact discovery, Plaintiff had been pointing out purported flaws in Defendant's invalidity position with regard to these asserted patents—flaws that Defendant could have attempted to address by more

² As it turns out, Defendant's invalidity contentions were wanting in another way, in that the contentions had stated that Defendant was relying on the SN325 Nailer product for invalidity purposes, when in fact, the product that Defendant actually meant to be putting at issue was the SN325+ (a subsequent, updated version of the SN325 Nailer product). (D.I. 109 at 1) Just prior to the service of the Miller Report, Defendant realized it had been using the wrong product name, and it updated the name to the SN325+ in the Miller Report. (*Id.*; Tr. at 34) During oral argument, Plaintiff confirmed that the key reason it is moving to strike portions of the Miller Report is not this "they had the wrong name" issue, but instead the above-referenced issue of Defendant's purported failure to timely notify Plaintiff that Defendant intended to rely for invalidity purposes on the physical product itself (whatever its correct name was). (*See* Tr. at 22-24, 49) As such, the Court will focus on that latter issue in its opinion here and, for the most part, will refer to the product at issue as the "SN325+."

clearly pointing to the physical product at issue. (D.I. 105 at 2-3 (citing *id.*, ex. 6 at 30, 33-34, 36))

Yet even if Defendant was guilty of a violation of Rules 26 and 37, the Court would nonetheless find it inappropriate to exclude the portions of the Miller Report at issue. In considering whether to exclude an untimely or otherwise improper expert disclosure, the United States Court of Appeals for the Third Circuit has directed district courts to weigh certain factors, known as “the *Pennypack* factors”: (1) the surprise or prejudice to the moving party; (2) the ability of the moving party to cure any such prejudice; (3) the extent to which allowing the testimony would disrupt the order and efficiency of trial; (4) bad faith or willfulness in failing to comply with the court’s order; and (5) the importance of the testimony sought to be excluded. *See Meyers v. Pennypack Woods Home Ownership Ass’n*, 559 F.2d 894, 904-05 (3d Cir. 1977), *overruled on other grounds*, *Goodman v. Lukens Steel Co.*, 777 F.2d 113 (3d Cir. 1985); *Lambda Optical Sols., LLC v. Alcatel-Lucent USA Inc.*, Civil Action No. 10-487-RGA-CJB, 2013 WL 1776104, at *2 & n.3 (D. Del. Apr. 17, 2013) (citing cases). Here, the factors all weigh against striking the evidence (or are at least neutral).

As to the first “surprise or prejudice” factor, as noted above, the Court does not think that Plaintiff should necessarily have been blindsided by the Miller Report, in light of Defendant’s discovery responses referring (albeit obliquely) to reliance on the “SN325[+] Nailer” product. With regard to factors two and three—the ability to cure prejudice and the disruption of the trial schedule—the Court notes that trial is scheduled for November 2020, eight months from now. It would certainly be equitable to permit Plaintiff to take discovery on this (newly-clarified) invalidity theory; yet while that discovery may be made more difficult by our world’s current health crisis, in light of the time to trial, the Court is not persuaded that it cannot be

accomplished in sufficient time. As to the fourth “bad faith” factor, the Court discerns no willful bad faith on Defendant’s part. (*See* Tr. at 43, 45) And as to the fifth factor regarding the importance of the evidence, the SN325+ makes up Defendant’s entire invalidity position as to the two patents at issue. (D.I. 109 at 4) “Courts favor the resolution of disputes on their merits[.]” *Abbott Labs. v. Lupin Ltd.*, Civil Action No. 09-152-LPS, 2011 WL 1897322, at *5 (D. Del. May 19, 2011), and that “is particularly true with respect to the validity of patents[.]” *id.* (citing *United States v. Glaxo Grp. Ltd.*, 410 U.S. 52, 69 (1973)).

On these facts, then, the Court cannot find that the “extreme sanction” of exclusion is warranted. *In re Paoli R.R. Yard PCB Litig.*, 35 F.3d 717, 791-92 (3d Cir. 1994) (internal quotation marks omitted). Therefore, Plaintiff’s Motion is DENIED. The Court further ORDERS the parties to meet and confer by no later than **April 3, 2020**, to discuss a plan for supplemental discovery concerning this issue.

Because this Memorandum Order may contain confidential information, it has been released under seal, pending review by the parties to allow them to submit a single, jointly proposed, redacted version (if necessary) of the document. Any such redacted version shall be submitted by no later than **April 2, 2020** for review by the Court, along with a motion for redaction that includes a clear, factually detailed explanation as to why disclosure of any proposed redacted material would “work a clearly defined and serious injury to the party seeking closure.” *Pansy v. Borough of Stroudsburg*, 23 F.3d 772, 786 (3d Cir. 1994) (internal quotation marks and citation omitted). The Court will subsequently issue a publicly-available version of its Memorandum Order.



Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE