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

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| SHURE INCORPORATED and SHURE ACQUISITION HOLDINGS, INC., | ) | |
| Plaintiffs, | ) | |
| v. | ) | Civil Action No. 19-1343-RGA-CJB |
| CLEARONE, INC., | ) | |
| Defendant. | ) | |

**REPORT AND RECOMMENDATION**

Presently pending before the Court in this case is Plaintiffs Shure, Inc. and Shure Acquisition Holdings, Inc.'s (collectively "Plaintiffs" or "Shure") motion seeking a limited temporary restraining order, or "TRO" ("Motion"). (D.I. 153) With the Motion, Plaintiffs seek, *inter alia*, to enjoin Defendant ClearOne, Inc. ("Defendant" or "ClearOne") from making any commercial shipments to the public of Defendant's BMA CTH product for 14 days from the date of this Court's order to that effect, or until a preliminary injunction is issued, whichever is sooner. (*Id.*, ex. 2 at 1)[1] Defendant opposes the Motion. For the reasons set forth below, the Court recommends that Plaintiffs' Motion be DENIED.

## I. BACKGROUND

The Court writes primarily for the parties here, as both sides wish for a quick

[1] Plaintiffs also seek a preliminary injunction as to the BMA CTH product (as well as another of Defendant's products, the BMA CT). (D.I. 153 & ex. 1) At the request of the parties, the Court has addressed the TRO Motion first. (D.I. 159; D.I. 160) The Court has set a schedule for discovery on the preliminary injunction motion ("PI Motion") and a hearing on that PI Motion is scheduled for September 2, 2020. (D.I. 161)

resolution to the Motion. Thus, the Court will dispense with a lengthy recitation of the relevant factual background, and instead will reference any relevant facts or portions of the record in Section III below.

On July 18, 2019, Plaintiffs filed the instant action against Defendant in this Court. (D.I. 1)[2] On November 19, 2019, Plaintiffs filed the operative Second Amended Complaint ("SAC"), in which they first asserted the patent implicated by the Motion, United States Design Patent No. D865,723 (the "'723 patent"). (D.I. 64) The '723 patent issued on November 5, 2019. (*Id.* at ¶ 16)

The instant Motion was filed on April 14, 2020.[3] (D.I. 153) Briefing was completed on the Motion on April 22, 2020, (D.I. 169), and a hearing on the Motion was held via videoconference on April 28, 2020.

## II. LEGAL STANDARD

"A request for a TRO is governed by the same general standards that govern the issuance of a preliminary injunction." *Abbott Cardiovascular Sys., Inc. v. Edwards Lifesci. Corp.*, C.A. No. 19-149 (MN), 2019 WL 3855015, at *1 (D. Del. Mar. 5, 2019) (internal quotation marks and citations omitted). "[A] preliminary injunction is a drastic and extraordinary remedy that is not to be routinely granted." *Intel Corp. v. ULSI Sys. Tech., Inc.*, 995 F.2d 1566, 1568 (Fed. Cir. 1993); *accord Cordis Corp. v. Medtronic, Inc.*, 780 F.2d 991, 996 (Fed. Cir. 1985) ("Only a viable threat of serious harm which cannot be undone authorizes exercise of a court's equitable power to enjoin before the merits are fully determined.") (internal quotation marks and citations

[2] The parties have also been involved in litigation against each other in the United States District Court for the Northern District of Illinois since April 2017. (*See* D.I. 155 at 2-3)

[3] The Court has been referred the instant case for all purposes, up through the case dispositive motions deadline, by United States District Judge Richard G. Andrews. (D.I. 9)

omitted). However, the Patent Act provides that injunctions "may" issue "in accordance with the principles of equity[.]" 35 U.S.C. § 283.

A movant for injunctive relief must establish: "(1) a reasonable likelihood of success on the merits; (2) irreparable harm if an injunction is not granted; (3) a balance of hardships tipping in its favor; and (4) the injunction's favorable impact on the public interest." *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001).[4] No one of these factors is dispositive; "rather, the district court must weigh and measure each factor against the other factors and against the form and magnitude of the relief requested." *Id.* (quoting *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1451 (Fed. Cir. 1988)). However, "a movant cannot be granted a preliminary injunction unless it establishes *both* of the first two factors, *i.e.*, likelihood of success on the merits and irreparable harm." *Id.* (emphasis in original). Moreover, "[w]hile granting a preliminary injunction requires analysis of all four factors, [ ] a trial court may . . . deny a motion based on a patentee's failure to show *any* one of the four factors—especially either of the first two—without analyzing the others[.]" *Jack Guttman, Inc. v. Kopykake Enters., Inc.*, 302 F.3d 1352, 1356 (Fed. Cir. 2002) (emphasis added); *see also Chrysler Motors Corp. v. Auto Body Panels of Ohio, Inc.*, 908 F.2d 951, 953 (Fed. Cir. 1990) ("If the injunction is denied, the absence of an adequate showing with regard to any one factor may be sufficient, given the weight or lack of it assigned the other factors, to justify the denial.").

## III. DISCUSSION

[4] The law of the United States Court of Appeals for the Federal Circuit provides the standard for assessing a request for injunctive relief with respect to patent infringement. *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1451 n.12 (Fed. Cir. 1988); *Citrix Sys., Inc. v. Workspot, Inc.*, C.A. No. 18-588-LPS, 2019 WL 3858602, at *1 (D. Del. Aug. 16, 2019).

Plaintiffs have failed to demonstrate that they will suffer irreparable harm if a TRO/injunction does not issue at this time. This failure dooms Plaintiffs' Motion. *See, e.g.*, *Integra Lifescis. Corp. v. HyperBranch Med. Tech., Inc.*, Civil Action No. 15-819-LPS-CJB, 2016 WL 4770244, at *7 (D. Del. Aug. 12, 2016) ("In light of the Court's conclusion below that Plaintiffs have not sufficiently demonstrated that irreparable harm will befall them in the absence of the requested relief, no injunction could issue.") (citing cases); *see also Genentech, Inc. v. Amgen Inc.*, Civ. No. 18-924-CFC, 2019 WL 3290167, at *3 (D. Del. July 18, 2019), *aff'd*, 796 F. App'x 726 (Fed. Cir. 2020).

Below, the Court will first set out the legal standard for establishing irreparable harm and will outline relevant facts relating to Defendant's products. Then it will explain the various reasons why Plaintiffs' showing on irreparable harm is insufficient.

It is well established that a party seeking a preliminary injunction "must make a clear showing that it is at risk of irreparable harm, which entails showing a likelihood of *substantial and immediate* irreparable injury." *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012) (internal quotation marks and citations omitted) (emphasis added); *see also Chestnut Hill Sound Inc. v. Apple Inc.*, Civil Action No. 15-261-RGA, 2015 WL 6870037, at *3 (D. Del. Nov. 6, 2015). To demonstrate irreparable harm, a plaintiff must establish that it is subject to harm that cannot be adequately compensated though monetary damages. *See Celsis In Vitro, Inc. v. CellzDirect, Inc.*, 664 F.3d 922, 930 (Fed. Cir. 2012) ("[T]he irreparable harm inquiry seeks to measure harms that no damages payment, however great, could address."). A plaintiff satisfying the irreparable harm factor must also demonstrate a causal nexus relating the alleged harm to the alleged infringement. *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 678 F.3d 1314, 1324 (Fed. Cir. 2012); *Chestnut Hill Sound Inc.*, 2015 WL 6870037, at *3.

In this case, Plaintiffs accuse Defendant's BMA CT and BMA CTH microphone arrays of infringing the '723 patent. (*See, e.g.*, D.I. 154, ex. D at ¶ 19)[5] Defendant began selling the BMA CT product in February 2019. (D.I. 163, ex. D at ¶ 13) On November 4, 2019, Defendant introduced an updated version of the BMA CT, the BMA CTH. (*Id.* at ¶ 14)

From a design perspective, the BMA CT and BMA CTH products are "exactly the same[;]" these products differ with respect to firmware and their labels. (*Id.* at ¶ 15) The BMA CTH is part of Defendant's COLLABORATE® Versa Pro CT product bundle ("Versa Pro bundle"), which has been available for worldwide shipping since November 21, 2019, and which first shipped on December 12, 2019. (*Id.* at ¶ 16) In addition to the BMA CTH, the Versa Pro bundle includes Defendant's CONVERGE® Huddle DSP audio mixer which provides a "solution for BYOD collaboration using any cloud-based service[.]" (D.I. 154, ex. C at ¶ 45 (internal quotation marks and citation omitted); *id.*, ex. H; D.I. 163, ex. D at ¶ 14) On February 5, 2020, Defendant introduced two additional bundles that would include the BMA CTH (as well as a USB Expander): the COLLABORATE® Versa Room CT ("Versa Room bundle") and COLLABORATE® Versa Lite CT bundles ("Versa Lite bundle"). (D.I. 154, ex. D at ¶ 101; *id.*, ex. N; D.I. 163, ex. D at ¶ 17) Defendant showcased these two new bundles at the Integrated Systems Europe conference in mid-February 2020, and announced in a press release on February 26, 2020 that the bundles would begin shipping in May 2020. (D.I. 163, ex. D at ¶¶ 20-21)[6] Although pre-orders were opened in February 2020 for the Versa Room bundle and the Versa

[5] Since February 2016, Shure has sold a microphone array product called the MXA910 that it claims embodies the design recited in the '723 patent. (D.I. 154, ex. D at ¶ 77; *id.*, ex. F at ¶ 15)

[6] While Defendant had announced that the bundles would begin shipping during the first week of May 2020, due to government stay-at-home orders and directives relating to the current COVID-19 pandemic, it currently anticipates beginning to make such shipments [redacted] (D.I. 163, ex. D at ¶¶ 21, 23)

Lite bundle, as of the date of Defendant's answering brief (April 17, 2020), it had received [redacted] (*Id.* at ¶ 17)

While Plaintiffs' PI Motion targets both the BMA CT and BMA CTH products ("Accused Products"), (*see* D.I. 154 at 1), their TRO Motion seeks to prevent "ClearOne's shipping of the BMA CTH to the public, ongoing since November 2019 bundled with COLLABORATE Versa Pro CT, and planned for May 2020 in bundles with COLLABORATE Versa Room CT/COLLABORATE Versa Lite CT[,]" (*id.* at 2; *see also* D.I. 164 at 1). Shure explains that injunctive relief is now necessary with respect to the BMA CTH because "ClearOne has recently changed the connectivity of and the way it sells its BMA CT products" in bundling the BMA CTH with a Huddle DSP unit, which enables for the first time "open interoperability with a broader range of devices[.]" (D.I. 154 at 2; *see also id.* at 20; D.I. 164 at 1; D.I. 154, ex. D at ¶¶ 104-05, 107) Shure asserts that without an injunction, it will suffer "irreversible and irreparable harms" including reputational harm, missed opportunities for years to come, lost sales, market share and lost pricing power, and loss of brand distinctiveness and market allure. (D.I. 154 at 13-17; *id.*, ex. E at ¶¶ 14-16, 18-19)

For the following four reasons, however, the Court concludes that Plaintiffs have not made the requisite showing of irreparable harm.

First, it is clear that as of the date of the '723 patent's issuance in November 2019 and for months after, Plaintiffs did not believe they could credibly claim that irreparable harm had or was about to befall them. The BMA CT—which has an identical design to the BMA CTH—had been on the market for over a year by the time of the Motion's filing. And the BMA CTH had been on the market for months by then. (*See* D.I. 163 at 17) Yet in the current record, there is no evidence that—even to this day—Plaintiffs have: (1) lost even one sale of their MXA910

product to these Accused Products; (2) suffered any type of harm to their products' reputation, distinctiveness or allure due to the sale of the Accused Products; or (3) been forced in any way to reduce the price of their product to keep pace with Defendant's (lower-priced) products. (*Id.* at 20-21); *see also, e.g., Waters Corp. v. Agilent Techs. Inc.*, 410 F. Supp. 3d 702, 716 (D. Del. 2019) (deeming patentee's price erosion argument to be speculative where, *inter alia*, the patentee offered no evidence that "there has been any change in pricing since [defendant's] acquisition of [predecessor] four months ago"); *Integra*, 2016 WL 4770244, at *14-15. Thus, this is not a case where, up until the filing of the instant Motion, the movant can claim it has already suffered great harm due to the sale of the Accused Products. Instead, Plaintiffs' argument is that *after May 2020*, when shipments of the Versa Room bundle and the Versa Lite bundle start to make their way into commerce, *then* Defendant's sales of the BMA CTH product will take off—due to the allure of the bundles' inclusion of *other DSP products* sold with the BMA CTH that will allow for easy interoperability. (*See, e.g.*, D.I. 164 at 2-3 ("ClearOne's launch of new BMA CTH products *with Huddle-capable interoperability* [in November 2019 and February 2020] deprives Shure of business advantages it has cultivated since 2016[.]") (emphasis added)) Although a showing of pre-filing harm is not required to obtain a TRO, had there been such evidence, Plaintiffs' Motion surely would have been the stronger for it.

Second, even when looking forward to what *might* happen when the new Versa Room and Versa Lite bundles begin to ship [redacted] little in the record suggests that BMA CTH sales will thereafter catch fire. The BMA CTH product has been on the market for about five months (as part of the Versa Pro bundle) and Defendant has sold a total of [redacted] of that product since then. (*Id.* at 1) Further, although Defendant has been marketing the new Versa Room and Versa Lite bundles for two months now, Defendant has received [redacted] for

those bundles during that time. Contrast this to Plaintiffs' sales of their competing MXA910 product—a product that has generated approximately [redacted] in sales over the last 12 months. (D.I. 154, ex. E at ¶ 18)[7]

Third, even if there was some decent evidence suggesting that in normal times, the post-May 2020 launch of the two new bundles would spark significant sales of the BMA CTH product, the Court cannot ignore that this country is in the midst of the global COVID-19 pandemic. The nation is in a state of emergency, and many people are currently working remotely from home in light of shelter-in-place orders and school closures. *See, e.g.*, *United States v. Sabre Corp.*, C.A. No. 19-1548-LPS, 2020 WL 1855433, at *1 n.2 (D. Del. Apr. 7, 2020). Defendant explains that in light of this crisis, its sales representatives are not currently able to perform demonstrations of the Versa Room and Versa Lite bundles, and its prospective customers [redacted] (D.I. 163, ex. D at ¶ 22; *see also* D.I. 154, ex. D at ¶¶ 66-68 (Plaintiffs' expert explaining that the market segment of interest is the "Meeting Room Microphone market" that is made of up various types of microphones, all of which offer the ability to capture the speech audio within a meeting room or space)) It is unclear how long current restrictions across the nation will remain in place. But it seems likely that the pandemic will negatively affect sales of products in this market for many months to come.

Fourth, Plaintiffs' showing of nexus (that is, a nexus between the design patent infringement at issue and any future irreparable harm) is weak. As was noted above, in order to meet their burden as to the irreparable harm factor, Plaintiffs must show that there is "some

[7] Sales of Defendant's BMA CT product are also dwarfed by the MXA910 product's sales. Defendant has sold [redacted] of the BMA CT in the United States during the last 14 months. (D.I. 164, ex. D at ¶ 13)

connection between the patented features and the demand for the infringing products." *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 809 F.3d 633, 641 (Fed. Cir. 2015) (internal quotation marks and citation omitted). To be sure, Plaintiffs do point to some evidence that the compact and sleek design of the claimed microphone array has some impact on demand for Defendant's product. (D.I. 154, ex. C at ¶¶ 25-26; *id*., ex. D at ¶ 79; *id*., ex. E at ¶ 11) But they also clearly acknowledge that it is the ability of the Accused Products to be interoperable with a broad range of devices—a feature that has nothing to do with the '723 patent—that is a significant driver of demand. (*See, e.g.*, *id*., ex. D at ¶¶ 89, 90, 125; *see also* Transcript of April 28, 2020 Oral Argument ("Tr.") at 128-29 (Plaintiffs' counsel stating that the "BMA CT without its ability to be interoperable was really [redacted] and that the new bundles' "collaborative protocols" and "huddle capability" are what make them an "imminent threat"); *id*. at 142) This tempers any claim that Plaintiffs will be irreparably harmed *due to patent infringement*. *See Integra*, 2016 WL 4770244, at *24; *see also Furrion Prop. Holding Ltd. v. Way Interglobal Network, LLC*, Case No. 3:19-cv-566-PPS-MGG, 2019 WL 5587147, at *12 (N.D. Ind. Oct. 30, 2019). Indeed, the connection between the interoperability concept and future sales of the BMA CTH product is the very thing that prompted Plaintiffs to file the instant Motion at this time.

For all of these reasons, Plaintiffs have not met their burden to show that irreparable harm will result absent the entry of a TRO. Therefore, the Court determines that entry of the "drastic and extraordinary remedy" of a TRO is not warranted here.[8] It thus recommends that the Motion be denied.

[8] With respect to the factor assessing a likelihood of success on the merits, the patentee seeking injunctive relief must show that it will likely prove infringement, and that it will likely withstand challenges, if any, to the validity of the patent. *Sciele Pharma Inc. v. Lupin Ltd*.,

684 F.3d 1253, 1259 (Fed. Cir. 2012). The Court should not grant injunctive relief (or here, at TRO) if the accused infringer raises "a substantial question regarding either infringement or validity[,]" that is, the alleged infringer asserts a defense that the patentee has not shown "lacks substantial merit." *AstraZeneca LP v. Apotex, Inc.*, 633 F.3d 1042, 1050 (Fed. Cir. 2010). As explained above, the Court need not reach the "likelihood of success on the merits" factor, in light of Plaintiffs' failure to demonstrate irreparable harm. Nevertheless, the Court notes that while the issue of whether Plaintiffs' '723 patent is infringed presents a difficult question best resolved on a more full record, Defendant's invalidity challenge based on at least indefiniteness raises a substantial question as to whether the '723 patent is valid.

The definiteness and enablement requirements of 35 U.S.C. § 112 apply to design patents. *In re Maatita*, 900 F.3d 1369, 1375 (Fed. Cir. 2018). A visual disclosure may be inadequate—and its associated claim indefinite—if it includes multiple, internally inconsistent drawings. *Id.* Such inconsistencies will not render a patent indefinite, however, if they "do not preclude the overall understanding of the drawing as a whole." *Id.* at 1375-76 (internal quotation marks and citations omitted). "Ultimately, a patent is indefinite for § 112 purposes whenever its claim, read in light of the visual disclosure (whether it be a single drawing or multiple drawings), 'fail[s] to inform, with reasonable certainty, those skilled in the art about the scope of the invention.'" *Id.* at 1376 (quoting *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 901 (2014)). Figure 2 and Figure 4 of the '723 patent are internally inconsistent because Figure 2 claims 16 slots in a pattern around the periphery of the back panel (with the slots depicted in solid, not broken, lines), while Figure 4 depicts the same panel with a smooth edge with no slots. ('723 patent, FIGS. 2, 4; *see also* D.I. 163 at 16; *id.*, ex. I at 18-25; D.I. 169 at 4) Defendant contends that this inconsistency renders it impossible for the ordinary observer to understand the scope of the claimed design. (D.I. 163 at 16; D.I. 169 at 5) In their briefing, Plaintiffs responded that the slots are "unclaimed subject matter" and, alternatively, that any inconsistencies between Figures 2 and 4 "are nothing more than insignificant mechanical drawing errors [that] do not preclude the overall understanding of the design as a whole." (D.I. 164 at 10) During oral argument, however, Plaintiffs conceded that the slots were indeed claimed subject matter. (Tr. at 30) And Plaintiffs offered no evidence that the inconsistencies between the figures amount to mere drawing errors. Indeed, the Court is not convinced that the loss of 16 (intentionally claimed) patterned slots in Figure 4 can be shrugged off as such. Thus, at least at this stage, Defendant has also raised a substantial question regarding the validity of the '723 patent. *See, e.g., Times Three Clothier, LLC v. Spanx, Inc.*, Nos. 13 CIV. 2157(DLC), 13 Civ. 7260(DLC), 2014 WL 1688130, at *7 (S.D.N.Y. Apr. 29, 2014) (finding a design patent to be indefinite where the figures were inconsistent as to the shape and position of an ornamental line, leaving "one skilled in the art [to] only guess as to which of these designs is claimed"); *Masonite Corp. v. Craftmaster Mfg., Inc.*, Case No. 09 C 2131, 2011 WL 13327344, at *4-5 (N.D. Ill. Apr. 28, 2011) (on summary judgment, finding no genuine issue of material fact regarding indefiniteness, where inconsistencies between two figures in the patent would leave the person of ordinary skill "forced to guess as to whether the decorative trim surrounding the upper rectangular panel of the door facing is supposed to contain four contour lines (as shown in Figure 2) or some other number shown in Figure 1"). This is another, alternative reason why the Motion should be denied.

## IV. CONCLUSION

For the foregoing reasons, the Court recommends that Plaintiffs' Motion be DENIED.

This Report and Recommendation is filed pursuant to 28 U.S.C. § 636(b)(1)(B), Fed. R. Civ. P. 72(b)(1), and D. Del. LR 72.1. The parties may serve and file specific written objections by **May 8, 2020**. Reponses to objections may be served by **May 15, 2020**. The failure of a party to object to legal conclusions may result in the loss of the right to de novo review in the district court. *See Sincavage v. Barnhart*, 171 F. App'x 924, 925 n.1 (3d Cir. 2006); *Henderson v. Carlson*, 812 F.2d 874, 878-79 (3d Cir. 1987).

The parties are directed to the Court's Standing Order for Objections Filed Under Fed. R. Civ. P. 72, dated October 9, 2013, a copy of which is available on the District Court's website, located at http://www.ded.uscourts.gov.

Because this Report and Recommendation 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 Report and Recommendation. Any such redacted version shall be submitted no later than **May 6, 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 Report and Recommendation.

Dated: May 1, 2020

Christopher J. Burke

Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE