

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

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 for a preliminary injunction (“Motion”). (D.I. 153) With the Motion, Shure seeks, *inter alia*, to enjoin Defendant ClearOne, Inc. (“Defendant” or “ClearOne”) from making, marketing, offering to sell, selling, or importing during the pendency of this litigation any of ClearOne’s BMA CT and BMA CTH microphone arrays (collectively, “BMA CT products”), which allegedly infringe Shure’s United States Design Patent No. D865,723 (the “723 patent”). (D.I. 154 at 1; *see also* D.I. 153, ex. 1)¹ ClearOne opposes the Motion. For the reasons set forth below, the Court recommends that Shure’s Motion be DENIED.

I. BACKGROUND

The Court writes primarily for the parties here, and therefore will dispense with a lengthy

¹ With its Motion, Shure had also sought a limited temporary restraining order (“TRO”) enjoining ClearOne from making any commercial shipments to the public of ClearOne’s BMA CTH product. (D.I. 153) At the request of the parties, the Court set a separate briefing schedule for the TRO motion and resolved that motion first, ultimately recommending that it be denied in a May 1, 2020 Report and Recommendation. (D.I. 176 (hereinafter, “TRO R&R”)) The Court herein will assume familiarity with the TRO R&R. Objections to the TRO R&R are currently pending before the District Court. (D.I. 185; D.I. 188)

recitation of the relevant factual background. Instead, the Court will reference any relevant facts or portions of the record in Section III below.

On July 18, 2019, Shure filed the instant action in this Court. (D.I. 1)² The Court was thereafter 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) On November 19, 2019, Shure filed the operative Second Amended Complaint (“SAC”), in which it first asserted the '723 patent. (D.I. 64) The '723 patent issued on November 5, 2019. (*Id.* at ¶ 16)³

The instant Motion was filed on April 14, 2020. (D.I. 153) Briefing was completed on the Motion on September 11, 2020, (D.I. 340), and a hearing on the Motion was held via videoconference on September 21, 2020, (D.I. 365 (hereinafter, “Tr.”)).

II. LEGAL STANDARD

The Court hereby incorporates by reference the legal principles regarding preliminary injunctions set out in the TRO R&R, (TRO R&R at 2-3), as “[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).

III. DISCUSSION

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 (the “Illinois litigation”). (*See* D.I. 155 at 2-3)

³ In this action, Shure also asserts infringement of its United States Patent No. 9,565,493 (the “’493 patent”), entitled “Array Microphone System and Method of Assembling the Same[.]” (D.I. 64 at ¶¶ 1, 26-41) The '723 patent claims priority to the '493 patent. (*Id.* at ¶ 16) The case as to the '493 patent is currently stayed pending the resolution of *inter partes* review proceedings with respect to all claims of that patent. (D.I. 53; D.I. 326; D.I. 391)

Shure's request for the drastic and extraordinary remedy of a preliminary injunction is not warranted here. For the reasons discussed below, the Court concludes that Shure has failed to establish both a likelihood of success on the merits and that it would be irreparably harmed absent a preliminary injunction.

A. Likelihood of Success on the Merits

In order to prevail on a motion for preliminary injunction, the movant must show, *inter alia*, 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). Thus, it follows that a party may successfully oppose a motion for a preliminary injunction by “put[ting] forth a substantial question of invalidity to show that the claims at issue are vulnerable.” *Erico Int’l Corp. v. Vutec Corp.*, 516 F.3d 1350, 1356 (Fed. Cir. 2008); *see also Bayer Intell. Prop. GmbH v. CAP IM Supply, Inc.*, No. 17-cv-591-RGA, 2018 WL 1517688, at *8 (D. Del. Mar. 28, 2018). “[A] showing of a substantial question of invalidity requires less proof than the clear and convincing standard to show actual invalidity.” *Erico Int’l Corp.*, 516 F.3d at 1356; *see also Bayer Intell. Prop.*, 2018 WL 1517688, at *8.

ClearOne argues that Shure is not reasonably likely to succeed on the merits because the '723 patent is not likely to withstand validity challenges. (D.I. 301 at 5-11) It posits three reasons why this is so: (1) the '723 patent is indefinite and not enabled under 35 U.S.C. § 112 (“Section 112”); (2) the '723 patent is invalid under 35 U.S.C. § 102 (“Section 102”); and (3) the '723 patent is invalid for incorrect inventorship. (*Id.*; D.I. 340 at 5-6; Tr. at 92-106) Shure's

Motion fails because at least the first two of ClearOne's invalidity challenges raise a substantial question as to whether the claim of the '723 patent is valid.⁴

The Court has previously considered ClearOne's invalidity challenge based on Section 112; as such, it will not address the issue in great detail here. ClearOne first presented this challenge in connection with Shure's TRO motion, and the strength of the challenge was a factor in the Court's May 2020 denial of the TRO motion. (TRO R&R at 9 n.8) Then, during the claim construction phase of the case, ClearOne again argued that the '723 patent is invalid for indefiniteness and not enabled pursuant to Section 112. Accordingly, the parties further developed the record with respect to this issue. (D.I. 238 at 25-31, 59-68, 76-78) In its October 2020 claim construction opinion, the Court explained in some detail all of the reasons why it continues to think that ClearOne's position on this Section 112 issue is very strong. (D.I. 359 at 22-25) In the end, the Court concluded that because Shure had put forward competing expert evidence regarding the issue, this created triable issues of fact that should go to a jury. (*Id.*) Nevertheless, for the reasons set out in its claim construction opinion, the Court concludes that ClearOne has raised at least a substantial question of invalidity as to these grounds.

⁴ In light of this conclusion, the Court does not assess ClearOne's invalidity challenge regarding improper inventorship. *See, e.g., Waters Corp. v. Agilent Techs. Inc.*, 410 F. Supp. 3d 702, 713 n.11 (D. Del. 2019).

Nor will the Court address ClearOne's argument that Shure is not likely to succeed in proving infringement of the '723 patent. (D.I. 301 at 11-19; D.I. 340 at 1-5) The issue of whether Shure's '723 patent is infringed presents a difficult question. (*See id.*; *see also* D.I. 328 at 3-6) Moreover, the Court issued its claim construction opinion in October 2020, (D.I. 359; D.I. 375), after briefing on the instant Motion was complete, and the construction of the '723 patent could have an impact on the parties' infringement analyses. For these reasons, and because the Court need not reach the infringement issue in light of its conclusion with respect to validity, the Court does not assess the infringement issue here.

The Court also comes to the same conclusion with regard to ClearOne’s argument that the '723 patent is invalid under Section 102. This invalidity theory flows from ClearOne’s assertion that the '723 patent is not entitled to a priority date earlier than the actual filing date of the '723 patent (i.e., August 6, 2019). (D.I. 301 at 6-10; D.I. 340 at 5-6; Tr. at 96-102)

The '723 patent claims priority to a series of prior utility patent applications, all with identical figures, which originated with the '493 patent. ('723 patent at 1-2; D.I. 301 at 7) The patent application for the '493 patent was filed on April 30, 2015. ('493 patent at 1) ClearOne argues, however, that the priority date for the '723 patent is not April 30, 2015, but instead August 6, 2019—the patent’s filing date. (D.I. 301 at 7) This matters in the validity context here because Shure claims that its MXA910 product practices the design of the '723 patent, (D.I. 154 at 3), and because there is no dispute that the MXA910 product was publicly disclosed, released and sold as of February 2016, (*id.* at 4). So if ClearOne is correct that the '723 patent has a priority date of August 6, 2019, then the MXA910 product would render the patent invalid under the public use, on sale bar and anticipation provisions of Section 102.⁵ (D.I. 301 at 7)⁶

For a patent to be entitled to the priority date of an earlier-filed disclosure, the earlier-filed disclosure must provide adequate written description for the invention claimed in the patent.

⁵ A patent should not be granted “whose effects are to remove existent knowledge from the public domain[.]” *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966); *see also Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1453 (Fed. Cir. 1984). Section 102 identifies the circumstances in which a patent can be invalidated based on prior art. 35 U.S.C. § 102; *see also Sunoco Partners Mktg. & Terminals L.P. v. U.S. Venture, Inc.*, 339 F. Supp. 3d 803, 835 (N.D. Ill. 2018). That is, a patent claim is invalid if “the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention[.]” 35 U.S.C. § 102(a)(1).

⁶ Shure makes no argument that even if ClearOne is correct with respect to the priority date for the '723 patent, there is some other reason why the patent is not invalid under Section 102. (D.I. 328 at 7-8) The Court therefore assumes for purposes of this Motion that if the proper priority date for the '723 patent is August 6, 2019, then the patent is invalid under Section 102.

In re Owens, 710 F.3d 1362, 1366 (Fed. Cir. 2013). The test for adequate written description is the same for design and utility patents; it asks “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Id.* (internal quotation marks and citation omitted). A design patent may claim priority from a utility patent. *In re Daniels*, 144 F.3d 1452, 1456 (Fed. Cir. 1998). For design patents, the drawings provide the description of the invention. *Id.* Accordingly, if a design patent relies on a parent application to claim priority to an earlier effective filing date, one looks to the parent’s drawings for disclosure of the subject matter claimed in the later application (even if the parent application is for a utility patent). *In re Owens*, 710 F.3d at 1366; *In re Daniels*, 144 F.3d at 1456 (“The inquiry is simply to determine whether the inventor had possession at the earlier date of what was claimed at the later date.”). The law does not require identical drawings to establish priority. (D.I. 301 at 8 n.1; D.I. 328 at 7); *see also, e.g., In re Daniels*, 144 F.3d at 1456. And whether a claimed invention is supported by adequate written description under Section 112 is a question of fact. *In re Owens*, 710 F.3d at 1366.

ClearOne argues that the '493 patent fails to provide adequate written description for several features that are claimed in Figures 4-6 of the '723 patent.⁷ (D.I. 301 at 7) Its case is helped by the fact that the drawings of the '493 patent do not include figures that correspond to Figures 4-6 of the '723 patent. ('723 patent, Figs. 4-6; '493 patent, Figs. 1-12) From there, ClearOne’s expert, Joel Delman, identifies “numerous differences” between the drawings of the '723 patent and the '493 patent. (D.I. 302, ex. 1 at ¶¶ 54-56)

⁷ Figure 4 of the '723 patent is a “bottom plan view[]” of an array microphone assembly; Figure 5 is a “front view thereof;” and Figure 6 is a “left side view thereof.” ('723 patent at 1)

The Court need only focus one of those differences here: the three “nested square shapes” shown in Figure 4 of the '723 patent, which are located between the back panel and the side rails of the array. None of the drawings contained in the '493 patent expressly depict these shapes. (See D.I. 301 at 8; D.I. 302, ex. 1 at ¶ 55(a)(ii); Tr. at 97-98) Thus, ClearOne argues that there is “no evidence that Shure had possession of the nested square shapes” before filing the application for the '723 patent (and that Shure therefore cannot claim priority to an earlier application). (D.I. 301 at 8; *see also* Tr. at 99) Shure responds that ClearOne’s position is “misinformed” because Figure 4 of the '493 patent⁸ reasonably conveys to those skilled in the art that the inventor did have possession of the nested squares. (D.I. 328 at 7; *see also* D.I. 154, ex. F at ¶¶ 31-32; Tr. at 67-68)

The Court concludes that ClearOne’s position here is stronger. With respect to these nested square shapes, Shure is not suggesting that these features are unimportant or that they need not be disclosed by the '493 patent application. Instead, its argument is that the '493 patent application *actually discloses* those features. Yet when one looks at Figure 4 of the '493 patent, it is really difficult to see any indication of the three nested square shapes at all. And even if it is possible for a person of skill in the art to interpret Figure 4’s cross-sectional view as depicting a “single slice” of those shapes, the Figure would still not seem to offer support for the particular nested square shapes that are claimed in the '723 patent—shapes that travel around the *entire perimeter* of the array microphone assembly design. (D.I. 302, ex. 1 at ¶ 55(a)(iii); D.I. 301 at 8; Tr. at 98-99) The '493 patent simply does not indicate that Figure 4’s cross-section is representative of all cross-sections of the assembly. Indeed, Shure’s expert Paul Hatch appeared

⁸ Figure 4 of the '493 patent is a “side cross-sectional view of the array microphone assembly[.]” ('493 patent, col. 2:59-60)

to acknowledge as much during his deposition, when he noted that Figure 4 “does not give information that another cross-section would—would give necessarily. It may or may not be the same elsewhere.”⁹ (D.I. 244, ex. 13 at 142)¹⁰ Therefore, there is at least a substantial question as to whether the inventor of the '723 patent had possession at the earlier date of what was claimed at the later date. *Cf. Spencer v. Taco Bell Corp.*, No. 8:12-cv-387-T-23TGW, 2013 WL 5499609, at *4-7 (M.D. Fla. Oct. 2, 2013) (concluding at the summary judgment stage that a design patent was not entitled to the filing date of an earlier utility patent application where: (1) no drawing was shared between the two patents; (2) the design patent had new features not found in the utility patent application (such as raised triangles, additional pads, and lock wells); and (3) the design patent removed old features that are not distinguished in the utility patent application (such as a padlock locking mechanism and a six-fingered base plate)), *aff'd*, 560 F. App'x 997 (Fed. Cir. 2014); *Munchkin, Inc. v. Luv N Care, Ltd.*, Case IPR2013-00072, 2014 WL 1619033, at *3-4 (P.T.A.B. Apr. 21, 2014) (concluding in a Final Written Decision on patentability that a design patent reciting a claim for a drinking cup could not claim priority to an earlier utility

⁹ Shure's expert Mr. Hatch has opined that “[g]iven there are few claimed visual features on the rear of the Claimed Design[,]” details on the rear (such as the mitered corner where the sidewalls meet) would be “relatively noticeable to the [o]rdinary [o]bserver.” (D.I. 154, ex. F at 26) This seems to weigh in favor of ClearOne's position with respect to the priority issue. *Cf. Skechers U.S.A., Inc. v. Nike, Inc.*, IPR2016-00871, 2016 WL 7049406 (P.T.A.B. Sept. 29, 2016) (“To the extent any differences submitted by Skechers are visually apparent, we conclude that such differences are trivial and/or minor drafting inconsistencies that do not detract from understanding the design as a whole. Accordingly, we are not persuaded that the photographs of the parent '576 application do not reasonably convey to those skilled in the art that the inventor had possession of the claimed design as shown in the '359 patent.”).

¹⁰ During oral argument, Shure's counsel indicated that the Court need not confine its analysis here to Figure 4 of the '493 patent; counsel argued that, in addition, the Court should be “looking at Figure 3, also, and the other figures, but specifically Figure 3 does provide information about the design that's later claimed in the design patent.” (Tr. at 109) It is not clear to the Court, however, where or how Figure 3 depicts the three nested square shapes.

patent application, where the claimed design of the design patent included a spout tip with differences from the spout tip claimed in the utility patent application).

With ClearOne having raised substantial questions regarding the validity of the '723 patent, Shure is not entitled to a preliminary injunction. *See, e.g., Genentech, Inc. v. Novo Nordisk A/S*, 108 F.3d 1361, 1368 (Fed. Cir. 1997). Although the Court need not consider the other preliminary injunction factors in light of that conclusion, it will nevertheless also briefly address irreparable harm.

B. Irreparable Harm

In the TRO R&R, the Court found that Shure had failed to demonstrate that it would suffer irreparable harm if a TRO did not issue, which doomed its Motion. (TRO R&R at 4-9)¹¹ Shure now asserts that “the facts on the ground demonstrate more fully since April 2020 [when Shure filed its Motion for a TRO and preliminary injunction] that irreparable harm is present here.” (Tr. at 112)

Back at the time of the hearing on the TRO motion, Shure’s prediction was that with the release of the BMA CTH, ClearOne would expand its sales due to the “interoperability” provided by that product—i.e., that ClearOne’s “avalanche of new product offerings and bundles[,]” particularly those involving the BMA CTH, would amount to a “great leap for ClearOne over last year’s sales numbers.” (D.I. 178 at 126, 148) In denying Shure’s request for a TRO with respect to the BMA CTH, the Court noted that the record failed to suggest that sales of that product would catch fire after May 2020, when certain new bundles associated with the BMA CTH product would begin to ship. (TRO R&R at 7-8)

¹¹ The Court hereby incorporates by reference the legal standard for establishing irreparable harm set out in the TRO R&R. (TRO R&R at 4-5)

The Court has now assessed the augmented record on this issue. And despite Shure's assertion that "ClearOne's BMA CT sales have surged" since that time, (Tr. at 112; *see also* D.I. 328 at 9), the Court is not persuaded that the irreparable harm calculus has materially changed. For the following two reasons, Shure has yet again failed to make a compelling case that it will suffer "*substantial and immediate irreparable injury.*" *Apple Inc. v. Samsung Elecs. Co.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012) (internal quotation marks and citation omitted, emphasis added).

The first reason has to do with product sales. In the second quarter of 2020, ClearOne sold in the United States a total of [REDACTED] BMA CT products and [REDACTED] Versa Pro/Versa Room/Versa Lite bundles ("Versa bundles") that contain its BMA CTH product. (D.I. 328, ex. FF; Tr. at 41) With regard to the BMA CT product, ClearOne's sales in this quarter actually decreased as compared to its sales in the fourth quarter of 2019, when ClearOne sold [REDACTED] BMA CT products. (D.I. 328, ex. FF; D.I. 340 at 7 n.5; Tr. at 38, 42, 134-35) And yet Shure has explained that it did not immediately move for a preliminary injunction with respect to the BMA CT product in the fourth quarter of 2019 (i.e., the time period when the '723 patent issued) because at that time, ClearOne's sales of the BMA CT were "lackluster[.]" (D.I. 178 at 127, 131) If ClearOne's sales of the BMA CT were lackluster then, then ClearOne's sales figures in the second quarter of 2020 are even more lackluster. As for the BMA CTH product, it is true that the [REDACTED] such products sold in the second quarter of 2020 were greater than the number sold in the prior quarter ([REDACTED] such products). (D.I. 328, ex. FF) But Clear One's President and Chief Executive Officer, Zee Hakimoglu, testified about the relative size of those second quarter sales; she noted that they averaged out to only about [REDACTED] units per month, which "are very small numbers if you look in the

context of the overall market. These [sales] are not surging.” (Tr. at 39-41) The Court agrees with that assessment.

Sales data from July 2020 (in the third quarter of that year) further undercuts Shure’s argument that ClearOne’s sales have started “surging” since the filing of the TRO motion. This July 2020 data is the most recent ClearOne sales data of record. In that month, ClearOne sold in the United States only [REDACTED] BMA CT products and [REDACTED] Versa bundles (i.e., bundles that include BMA CTH products). (D.I. 340 at 8-9 (citing D.I. 341, ex. 67)) Meanwhile, Shure sold [REDACTED] MXA910 products in the month—the second most successful month in the history of the MXA910 product line. (D.I. 341, ex. 63; *see also* D.I. 340 at 7-9 & n.6; Tr. at 131-33)¹² So not only are ClearOne’s July 2020 BMA CT and BMA CTH sales not greater (on a monthly-average basis) as compared to its sales of those products in the prior quarter, but in July 2020, Shure sold [REDACTED] as many MXA910 products as ClearOne did BMA CT/BMA CTH products. (D.I. 341, ex. 67; *see also* D.I. 340 at 9; Tr. at 131-33) In sum, as of July 2020, it is Shure’s sales that were surging; ClearOne’s were not. (Tr. at 133, 135)

For all of the above reasons, the new sales data of record does not support a claim that, absent a preliminary injunction, Shure will be substantially and immediately harmed. *See, e.g., Conair Corp. v. Barbar, Inc.*, No. 6:14-cv-831-Orl-31TBS, 2014 WL 2993724, at *1-2 (M.D. Fla. July 3, 2014) (finding no irreparable harm where the products appeared similar but “there was a striking difference in the volume of sales between the Plaintiffs’ product and the Defendants’ product[,]” where Defendants’ total sales represented .025% of Plaintiffs’ projected sales for the current year); *CNH Am. LLC v. Kinze Mfg., Inc.*, C.A. No. 08-945 (GMS), 2009 WL

¹² In contrast to the July 2020 data, in March 2020, the month before Shure filed the instant Motion, it sold [REDACTED] MXA910 products. (D.I. 341, ex. 63; *see also* D.I. 340 at 9 n.9)

10672773, at *2 (D. Del. Nov. 13, 2009) (concluding that the plaintiff had not established that irreparable harm would occur in the absence of an injunction, where the plaintiff's anticipated loss of sales and market share was "largely speculative" and noting that "[w]hile the court recognizes that continued sale of the allegedly infringing products likely will have some impact on the marketplace for the products covered by the patents-in-suit, CNH's briefs and supporting declarations do not persuade the court that this case is unusual in that regard").

The second reason that Shure's showing on irreparable harm is weak has to do with the causal nexus issue—i.e., the nexus between any allegedly infringing conduct and Shure's lost sales. The causal nexus requirement is meant to ensure "that an injunction is only entered against a defendant on account of a harm resulting from the defendant's wrongful conduct, not some other reason" such as "irreparable harm caused by otherwise lawful competition." *Apple Inc. v. Samsung Elecs. Co.*, 809 F.3d 633, 640 (Fed. Cir. 2015) (internal quotation marks and citation omitted).

The Court previously discussed the problems with Shure's presentation as to this causal nexus issue in the TRO R&R. (TRO R&R at 8-9) Shure has since produced additional evidence indicating that there is some connection between the BMA CT products' "aesthetic" features and customer demand for those products. (D.I. 328 at 14-15 (citations omitted)) But even assuming that those "aesthetic" features can be understood to refer to "patented" features, (D.I. 340 at 8 n.8), the record really is not all that different than it was at the time of the TRO R&R's issuance, (see D.I. 301 at 21-22; D.I. 340 at 6-7). Then, like now, the record indicates that the overriding reason why Shure has or will be harmed by any past or future sales lost to the BMA CT products is because the public will want to purchase such products due to their interoperability with a broad range of devices—and not due to the products' "aesthetic" features. (D.I. 340 at 6)

Indeed, Shure itself has asserted this is so. (D.I. 154 at 2, 6, 20; ClearOne’s Hearing Presentation, Slides 52-53; Tr. at 130-31)¹³ Such interoperability is not a feature claimed by the '723 patent. And so if interoperability is why Shure customers are really moving on to ClearOne, that movement is a non-event from an irreparable harm perspective.

As to this nexus issue, Shure also provided evidence indicating that a handful of companies actually purchased BMA CT products instead of Shure’s MXA910 product in 2019 or 2020 (or that there is at least an “inference” that certain companies might have done so). (Tr. at 115-16; *see also* D.I. 328 at 10-12; Shure’s Hearing Presentation, Slides 56, 58-59) Yet even as to these circumstances, there is no record evidence suggesting that the customers bought ClearOne’s product instead of Shure’s product *because of the patented design*. (D.I. 301 at 20-21; D.I. 340 at 8; Tr. at 129-31) In the absence of evidence of the requisite connection between Shure’s lost sales and the patented features of ClearOne’s products, the Court cannot discern what sales were lost due to wrongful conduct and what sales were lost due to lawful competition.

Therefore, these lingering issues with respect to the causal nexus factor amount to another reason why Shure’s request for a preliminary injunction is unwarranted. *Cf. f’real Foods, LLC v. Hamilton Beach Brands, Inc.*, Civil Action No. 16-41-CFC, 2020 WL 4015481, at *3 (D. Del. July 16, 2020) (concluding, in resolving a motion for a permanent injunction, that “without evidence of a connection between the patented feature of the BIC3000-DQ and Plaintiffs’ lost sales, there is no way of knowing what sales were lost due to Defendants’ wrongful conduct and what sales were lost due to lawful competition with Dairy Queen. Because Plaintiffs have not provided evidence of a causal connection, they have not

¹³ In the Illinois litigation, Shure’s expert witnesses identified 15 factors that they argued drove demand for the MXA910, which practices the '723 patent; the patented features were not one of them. (D.I. 303, ex. 54 at 57-64)

shown that lost sales of smoothies and milkshakes to Dairy Queen are an irreparable injury that supports a permanent injunction with respect to the BIC3000-DQ.”).¹⁴

C. Conclusion

Because the Court finds that Shure has failed to prove likelihood of success on the merits and irreparable harm, entry of the “drastic and extraordinary remedy” of a preliminary injunction is not warranted here.¹⁵ The Court thus recommends that Shure’s Motion be denied.

IV. CONCLUSION

For the foregoing reasons, the Court recommends that Shure’s 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 within fourteen (14) days after being served with a copy of this Report and Recommendation. Fed. R. Civ. P. 72(b)(2). 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).

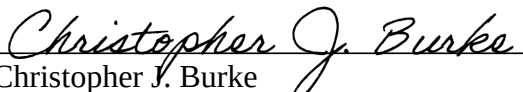
¹⁴ In its reply brief, Shure also argues that it will be irreparably harmed because of loss of pricing control and price erosion. (D.I. 328 at 13-14) Shure’s pricing argument is speculative, however, (*see* Tr. at 120), and is not persuasive for the reasons articulated by ClearOne, (D.I. 340 at 10). Shure also makes an assertion that infringement is causing it reputational harm that amounts to irreparable harm. (D.I. 154 at 16-17) This argument too is unduly speculative, as there is no evidence in the record that any customer has mistaken ClearOne’s products for the MXA910, or that otherwise Shure (a far larger and more dominant player in the market) has suffered reputational harm due to ClearOne’s conduct. (D.I. 301 at 27-28; Tr. at 133-34); *see also Abbott Cardiovascular Sys., Inc.*, 2019 WL 3855015, at *2.

¹⁵ In light of this conclusion, the Court need not analyze the other two preliminary injunction factors. *See, e.g., Jack Guttman, Inc. v. Kopykake Enters., Inc.*, 302 F.3d 1352, 1356 (Fed. Cir. 2002).

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 **January 25, 2021** 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: January 20, 2021


Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE