

**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.)	

MEMORANDUM ORDER

Presently pending in this patent infringement case is Defendant ClearOne, Inc.’s (“Defendant” or “ClearOne”) letter motion to strike (the “Motion”) certain material submitted by Plaintiffs Shure Incorporated and Shure Acquisition Holdings, Inc. (“Plaintiffs” or “Shure”) that purportedly introduces new infringement and market theories. (D.I. 484)¹ Specifically, ClearOne seeks to strike, pursuant to Federal Rules of Civil Procedure 26 and 37: (1) the Supplemental Report of Paul Hatch (“Hatch Supplemental Report”); (2) the Supplemental Report of Ira Weinstein (“Weinstein Supplemental Report”); (3) paragraphs 15-16 of the Supplemental Report of Thomas Vander Veen (“Vander Veen Supplemental Report”); and (4) relevant material on pages 4-5 of Shure’s Answering Brief in Opposition to ClearOne’s Motion

¹ Our Court has treated motions to strike as non-dispositive motions, which may be resolved by the Court pursuant to 28 U.S.C. § 636(b)(1)(A) and D. Del. LR 72.1(a)(2). *See, e.g., Novartis Pharms. Corp. v. Actavis, Inc.*, Civil Action No. 12-366-RGA-CJB, 2013 WL 7045056, at *1 n.1 (D. Del. Dec. 23, 2013); *Withrow v. Spears*, 967 F. Supp. 2d 982, 987 n.1 (D. Del. 2013) (citing cases). This is in line with decisions of other courts in this Circuit, which have also treated such motions as non-dispositive, at least where the ultimate decision was not determinative of a party’s claims (just as the decision is not here). *See, e.g., Hawkins v. Waynesburg Coll.*, Civil Action No. 07-5, 2007 WL 2119223, at *1 n.1 (W.D. Pa. July 20, 2007); *Reedy v. CSX Transp., Inc.*, Civil Action No. 06-758, 2007 WL 1469047, at *1 n.1 (W.D. Pa. May 18, 2007).

for Summary Judgment of Non-Infringement (“Non-Infringement Opposition”). (D.I. 485 at 1)
For the reasons set forth below, the Court GRANTS ClearOne’s Motion.

I. BACKGROUND

Shure filed this case on July 18, 2019. (D.I. 1) Fact discovery closed in November 2020. (D.I. 62 at ¶ 3(a)) Shure’s final infringement contentions, served in November 2020, accuse various products that make up ClearOne’s BMA CT line of array microphones (the “BMA CT”) of infringing United States Patent No. D865,723 (the “723 patent”). (D.I. 485, ex. E)

That same month, ClearOne began to market a new audio equipment bundle for the remote working professional, which included the Aura Xceed BMA (the “Xceed BMA”). (*Id.*, ex. C at ¶ 12) The external design as well as the internal microphone geometry of the Xceed BMA are identical to that of the BMA CT, though the Xceed BMA has different firmware. (*Id.* at ¶ 13; *see also* D.I. 485 at 1; Tr. at 69-70) In March 2021 (after all expert reports had been submitted in the case), Shure requested discovery from ClearOne regarding the Xceed BMA. (D.I. 485, ex. F; ClearOne’s Hearing Presentation, Slide 107) The parties thereafter met and conferred with respect to Shure’s request. (*See* D.I. 498 at 1)

On April 12, 2021, the parties filed a Stipulation regarding the Xceed BMA (the “Stipulation”). (D.I. 431) Pursuant to the Stipulation, the parties agreed that the Xceed BMA is externally identical to the BMA CT, and that its internal microphone geometry is identical to the BMA CT. (*Id.* at ¶ 5(a)-(b)) Further, the parties agreed that Shure could supplement its infringement contentions to identify the Xceed BMA as an additional accused product, and that, *inter alia*:

Shure may supplement its expert reports to address the [] Xceed BMA by May 7, 2021, only to identify the [] Xceed BMA as an additional accused product, and present corresponding

infringement, market, and damages opinions, but Shure: (1) *cannot introduce new infringement, market, or damages theories*; nor (2) supplement its infringement, market, and damages opinions for any ClearOne product other than the [] Xceed BMA[.]

(*Id.* at ¶ 5(c) (emphasis added))² The Court so ordered the Stipulation on the same date.

A few days later, on April 16, 2021, the parties filed various summary judgment and *Daubert* motions. (D.I. 62 at ¶ 11)

On or about May 7, 2021, Shure served the Hatch Supplemental Report, the Weinstein Supplemental Report and the Vander Veen Supplemental Report, which each address the Xceed BMA. (D.I. 485, exs. A-C; *see also* D.I. 498 at 2) On May 14, 2021, Shure filed its answering brief in opposition to ClearOne’s motion for summary judgment of non-infringement. (D.I. 473)

ClearOne filed the instant Motion on May 24, 2021, (D.I. 484), and briefing was complete on June 4, 2021, (D.I. 509). The Court heard oral argument on the motion (as well as on certain of the parties’ summary judgment and *Daubert* motions) during a videoconference on June 9, 2021. (D.I. 527 (hereinafter, “Tr.”)) A 5-day trial is set to begin on November 1, 2021. (D.I. 62 at ¶ 16)

II. STANDARD OF REVIEW

Federal Rule of Civil Procedure 37(c)(1) provides that “[i]f a party fails to provide information . . . as required by Rule 26[](e), the party is not allowed to use that information . . . to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1). In considering whether to exclude evidence

² ClearOne explains that it entered into the Stipulation to “avoid the need for additional discovery, a delayed trial, and/or a new case[.]” (D.I. 485 at 1; *see also* Tr. at 72), while Shure notes that it entered into the Stipulation “[i]n a good faith effort to resolve” any disputes regarding the Xceed BMA, (D.I. 498 at 1; *see also* Tr. at 88).

relating to an untimely or otherwise improper 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; 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); *see also Konstantopoulos v. Westvaco Corp.*, 112 F.3d 710, 719 (3d Cir. 1997). Because “[t]he exclusion of critical evidence is an extreme sanction,” the Third Circuit has explained that it should be reserved for circumstances amounting to “willful deception or flagrant disregard of a court order by the proponent of the evidence.” *In re Paoli R.R. Yard PCB Litig.*, 35 F.3d 717, 791-92 (3d Cir. 1994) (internal quotation marks and citations omitted).

Additionally, pursuant to Federal Rule of Civil Procedure 16(f), the Court may impose sanctions (such as the exclusion of expert testimony) if, *inter alia*, a party “fails to obey a scheduling or other pretrial order.” Fed. R. Civ. P. 16(f)(1)(C); *see also Integra Lifesciences Corp. v. HyperBranch Med. Tech., Inc.*, Civil Action No. 15-819-LPS-CJB, 2017 WL 11558096, at *4 (D. Del. Dec. 11, 2017); *INVISTA N. Am. S.a.r.l. v. M & G USA Corp.*, Civ. No. 11-1007-SLR-CJB, 2013 WL 3216109, at *2 (D. Del. June 25, 2013).

III. DISCUSSION

ClearOne argues that the Hatch Supplemental Report and Weinstein Supplemental Report introduce new infringement and market theories regarding the Xceed BMA, and that paragraphs 15-16 of the Vander Veen Supplemental Report and certain portions of pages 4-5 of Shure’s

Non-Infringement Opposition rely on these new theories. (D.I. 485 at 1-3) Thus, ClearOne contends that these materials directly violate the Stipulation and should be stricken. (*Id.* at 1-2)

The Court first considers the Hatch Supplemental Report. Throughout this case, Shure’s infringement expert Mr. Hatch has opined that the ordinary observer is “a purchaser or IT technician employed at a corporation, and/or an individual whose duties include, among other things, the selection of fixtures or electronic devices for commercial spaces.” (*Id.*, ex. G at ¶ 80; *see also* D.I. 154, ex. F at ¶ 54)³ In the Hatch Supplemental Report, Mr. Hatch expands upon that definition:

Thus, the ordinary observer in this case now also includes, in addition to the IT professional, the home-office user who would purchase the products at issue on their own or through the IT professional at their company.

(D.I. 485, ex. A at ¶ 15)⁴ And Mr. Hatch then relies upon that definition to newly assert that “given the nature of online shopping experiences, the home-office user purchasing the [] Xceed BMA online . . . will be less likely to observe the product at a close enough level to appreciate subtle design details.” (*Id.* at ¶ 16)⁵

³ Infringement of a design patent is determined from the perspective of the ordinary observer. *Super-Sparkly Safety Stuff, LLC v. Skyline USA, Inc.*, 836 F. App’x 895, 897-98 (Fed. Cir. 2020).

⁴ ClearOne had also argued that the Hatch Supplemental Report further violated the Stipulation because Mr. Hatch applied his new “ordinary observer” definition to *all* accused products, not just the Xceed BMA. (D.I. 485 at 2 (citing *id.*, ex. A at ¶¶ 12-16); D.I. 509 at 1 n.1; Tr. at 76) During oral argument, however, Shure’s counsel represented that the Hatch Supplemental Report was not intended to extend the new “ordinary observer” definition to any accused product other than the Xceed BMA. (Tr. at 90; *see also* D.I. 498 at 2)

⁵

The Court agrees with ClearOne that the Hatch Supplemental Report introduces a new infringement theory regarding the home-office user. (D.I. 485 at 1-2; Tr. at 74-76) Indeed, during oral argument, Shure’s counsel seemed to acknowledge that the report includes new theories and opinions regarding the Xceed BMA. (Tr. at 91 (“Shure just became aware of the new end-purchaser in this case”); *id.* at 92 (“[The Xceed BMA] is intended for home office professionals [and] that person is not the corporate entity that . . . ClearOne markets the BMA CT to”); *id.* at 96 (“the definition of the ordinary observer here *changed* because of the type of product being sold”) (emphasis added))⁶ Therefore, the Hatch Supplemental Report violates the Stipulation’s agreement that Shure’s supplemental expert reports addressing the Xceed BMA “cannot introduce new infringement . . . theories[.]” (D.I. 431 at ¶ 5(c))

The Court next considers the Weinstein Supplemental Report. In that report, Shure’s market expert, Mr. Weinstein, similarly opines that the “typical purchaser” of the Xceed BMA would be, *inter alia*, “an end-user seeking to equip a home office.” (D.I. 485, ex. B at ¶ 11) Mr. Weinstein also expanded his definition of the market to include “a wide variety of manufacturers

⁶ Despite this, Shure makes a strained argument that this new theory somehow is not in violation of the parties’ Stipulation. To that end, Shure: (1) points to the wording in the Stipulation that says that Shure may supplement its expert reports with regard to the Xceed BMA by, *inter alia*, presenting “corresponding infringement, market, and damages opinions” and then (2) argues that because its experts are here presenting opinions that “*correspond*[.]” to the Xceed BMA, then these opinions “fall[] squarely within the scope of the parties’ stipulation.” (D.I. 498 at 4 (emphasis added); Tr. at 88-89) However, this argument obviously ignores the very next term of the Stipulation, which forbids Shure from “*introduc*[ing] new infringement, market, or damages theories[.]” (D.I. 431 at ¶ 5(c))

In its answering letter brief, Shure also briefly suggests that it should be excused for introducing new theories regarding the Xceed BMA because ClearOne failed to timely supplement its discovery responses regarding that product. (D.I. 498 at 1, 4) However, Shure did not develop this argument in its briefing (e.g., by specifically explaining how ClearOne failed in that regard). (Tr. at 71) Therefore, the Court does not find this argument persuasive.

offering AV devices intended for home office use, including USB microphones, USB speakerphones, USB webcams, personal USB videobars, and even USB headsets.” (*Id.* at ¶ 15 & Tables 1-4) The Weinstein Supplemental Report thus also introduces a new market theory in direct violation of the Stipulation’s agreement that this is not permitted. (D.I. 431 at ¶ 5(c); *see also* D.I. 485 at 2; Tr. at 78) Again, during oral argument, Shure’s counsel seemed to acknowledge the same. (Tr. at 94-95 (“Unlike the BMA CT and BMA 360, which are products marketed for commercial buildings, the Xceed BMA is marketed for home office spaces, and therefore, the purchasers of these products . . . are *different.*”) (emphasis added))⁷

Both parties appear to agree that because this disputed issue is one that was “expressly [addressed by the parties’ S]tipulation, . . . the question of discovery timeliness does not arise” and thus the “Court need not consider the *Pennypack* factors at all[.]” (D.I. 498 at 4 (Shure’s answering letter brief noting this); *see also* D.I. 509 at 2 (ClearOne arguing that if Shure were “held to the Stipulation” then the *Pennypack* factors would not apply at all here); Tr. at 82, 96) The Court agrees, since here, Shure did not violate Rule 26(e); instead, Shure violated a joint stipulation, which the Court ordered into effect on April 12, 2021. (*See* April 12, 2021 Docket Entry) The parties and the Court rely on such stipulations in cases like this, and those stipulations need to be enforced. *See In re Gorsoan Ltd.*, No. 17-cv-5912 (RJS), 2020 WL 6891520, at *3 (S.D.N.Y. Nov. 23, 2020) (noting that “parties are encouraged to enter into voluntary stipulations to help streamline the [discovery] process” and that “such stipulations are

⁷ As for paragraphs 15 and 16 of the Vander Veen Supplemental Report, (D.I. 485, ex. C at ¶¶ 15-16), as well as the relevant portions of pages 4-5 of Shure’s Non-Infringement Opposition, (D.I. 473 at 4-5), there is no dispute that they rely on the new theories and opinions in the Hatch Supplemental Report and Weinstein Supplemental Report.

regularly enforced”); *In re Sando*, 30 B.R. 474, 476 (E.D. Pa. 1983) (“Stipulations voluntarily entered into by parties to litigation will be enforced by a court unless the stipulation violates public policy or other extenuating circumstances exist.”). Therefore, pursuant to Rule 16(f), because the Hatch Supplemental Report, the Weinstein Supplemental Report,⁸ paragraphs 15 and 16 of the Vander Veen Supplemental Report and the relevant portions of pages 4-5 of Shure’s Non-Infringement Opposition all violate the Stipulation and the Court’s order relating thereto, they will be stricken (without need to resort to a *Pennypack* analysis).⁹

⁸ Shure did not argue that if ClearOne’s Motion was granted, the Hatch Supplemental Report and the Weinstein Supplemental Report should only be partially stricken. Therefore, the Court strikes these reports in their entirety. Accordingly, the Court need not address a separate issue that ClearOne had raised with the Hatch Supplemental Report (i.e., that it improperly introduced new images of the Xceed BMA next to an unaccused square surface mounting kit). (D.I. 485 at 2)

⁹ That said, even if the Court were to consider the *Pennypack* factors here, they too weigh in favor of exclusion of the material at issue. The “surprise” and “prejudice” factor goes ClearOne’s way. As to “surprise,” the introduction of the new theories in Shure’s supplemental expert reports surely did surprise ClearOne, since the Stipulation prohibited this. (D.I. 485 at 3) Moreover, allowing the new theories at this late juncture would “prejudice” ClearOne. ClearOne entered into the Stipulation to avoid the need for additional discovery regarding the Xceed BMA, and introduction of Shure’s new theories would require just such discovery. (D.I. 509 at 2) For example, ClearOne would need to investigate how many sales of the accused products and Shure’s commercial embodiments have now been made to home-office users, and the parties would need to take additional depositions of experts, party witnesses and third-party home office users to develop evidence regarding the level of attention those users give to purchases of the products. (*Id.*; Tr. at 83-84) ClearOne’s expert would also need to gather evidence regarding the many home office products that Mr. Weinstein newly identifies as competing in the market. (D.I. 509 at 2) Next, with regard to the “ability of the moving party to cure any such prejudice” factor and the “extent to which allowing the testimony would disrupt the order and efficiency of trial” factors, these also favor ClearOne. The above-referenced discovery efforts, which would be needed to effect a cure, would likely necessitate the disruption of the pending November 1, 2021 trial date. (D.I. 485 at 3; Tr. at 84) As to the “bad faith or willfulness in failing to comply” factor, while the Court cannot say that Shure’s violation of the Stipulation was done in bad faith, at a minimum, this factor should not favor Shure, since Shure has not provided a good explanation for how its experts’ new theories regarding the Xceed BMA actually comport with the Stipulation’s terms. (D.I. 485 at 3) Lastly, with respect to the “importance of the testimony sought to be excluded” factor, if these new theories were that important, then Shure seemingly

IV. CONCLUSION

For the foregoing reasons, ClearOne's Motion is GRANTED. The Hatch Supplemental Report, the Weinstein Supplemental Report, paragraphs 15 and 16 of the Vander Veen Supplemental Report and the relevant material on pages 4-5 of Shure's Non-Infringement Opposition relating to the Xceed BMA are STRICKEN, and Shure may not rely on this material in this case.

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 Memorandum Order. Any such redacted version shall be submitted no later than **September 15, 2021** for review by the Court. It should be accompanied by a motion for redaction that shows that the presumption of public access to judicial records has been rebutted with respect to the proposed redacted material, by including a factually-detailed explanation as to how that material is the "kind of information that courts will protect and that disclosure will work a clearly defined and serious injury to the party seeking closure." *In re Avandia Mktg., Sales Pracs. & Prods. Liab. Litig.*, 924 F.3d 662, 672 (3d Cir. 2019) (internal quotation marks and citation omitted). The Court will subsequently issue a publicly-available version of its Memorandum Order.

Dated: September 10, 2021



Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE

would not have entered into the Stipulation (which prohibited Shure from introducing them). (D.I. 509 at 2) Moreover, if Shure believes that these new theories really *are* that important, then it has a remedy: Shure is free to bring a new case against ClearOne accusing the Xceed BMA. (D.I. 485 at 3; Tr. at 98-99)