

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

DATACORE SOFTWARE)	
CORPORATION,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 22-535-GBW-SRF
)	
SCALE COMPUTING, INC.,)	
)	
Defendant.)	

MEMORANDUM ORDER

At Wilmington this **30th** day of **November, 2023**, the court having considered the letter briefing on the parties’ competing discovery motions, (D.I. 113; D.I. 114; D.I. 115; D.I. 116; D.I. 117; D.I. 118), and having heard argument on the motions on November 29, 2023, IT IS ORDERED that the parties’ discovery motions are addressed as follows:

1. Background. The parties raise a total of six fact discovery disputes in their letter submissions. Scale Computing, Inc. (“Defendant”) seeks: (1) the designation of five replacement ESI custodians; (2) the production of unredacted versions of certain redacted documents; and (3) the production of documents responsive to two requests for production. (D.I. 114, Ex. 19) DataCore Software Corporation (“Plaintiff”) requests: (4) the production of design and development documents for each of the accused products; (5) preclusion of Defendant’s reliance on certain documents produced after the close of fact discovery; and (6) leave to serve an additional 30(b)(6) deposition notice. (D.I. 113-1) The court’s analysis of these issues is informed by the expired and upcoming deadlines in the operative case schedule.

2. Under the scheduling order, the deadline for substantial completion of document production expired on June 1, 2023, and fact discovery was to close on August 31, 2023. (D.I.

31) On the fact discovery deadline, the parties jointly moved for an extension of time to complete fact witness depositions and modify the remaining deadlines in the scheduling order.

(D.I. 86) The following week, the court cautioned that moving the case dispositive motion deadline beyond February 15, 2024 would result in a loss of the August 20, 2024 trial date, with no further trial dates available until 2025. (D.I. 95)

3. In keeping with the court's guidance, the parties filed a renewed joint motion for an extension of scheduling order deadlines on September 19, 2023 which maintained the February 15, 2024 deadline for case dispositive motions. (D.I. 99) Pursuant to the joint motion, the deadline for fact witness depositions was extended to November 30, 2023, initial expert reports will be due on December 8, 2023, and expert discovery is set to close on February 9, 2024, less than a week before the February 15 deadline for case dispositive motions. (*Id.*) Although the extensions of fact and expert discovery allow the parties to maintain the August 20, 2024 trial date, they have largely diminished any buffer for further extensions of fact discovery in the existing case schedule.

I. DEFENDANT'S ISSUES

4. Defendant's motion to compel Plaintiff to designate five replacement ESI custodians and produce their documents is DENIED without prejudice. In its Paragraph 3 disclosures served on October 4, 2022, Plaintiff identified nine individuals most likely to have discoverable information in their possession, custody, or control. (D.I. 114, Ex. 1 at 2-3) Three custodians are identified as employees of Plaintiff who have information on "[t]echnical aspects of relevant DataCore products": Robert Bassett, Peter Nikolov, and Thierry Laurent. (*Id.* at 2) Six are named inventors of asserted U.S. Patent No. 9,344,235 (the "Asserted Patent") who are identified as having information on "[m]atters related to the development of the inventions

disclosed in” the Asserted Patent: Roni J. Putra, Nicholas Connolly, Ye (Tom) Chen, David A. Linde, Mohamed Ghanem, and Mark Friedman. (*Id.*) All six inventors are identified in Plaintiff’s initial disclosures as “individuals . . . likely to have discoverable information,” and Plaintiff specified that “[a]ll current and former employees of DataCore should be contacted through counsel for DataCore.” (*Id.*, Ex. 6 at 2-3) However, it is undisputed that Plaintiff has no ESI for five of the inventors: Putra, Chen, Linde, Ghanem, and Friedman.¹ (*Id.*, Ex. 3 at 8)

5. Putra is identified as a DataCore employee and the custodian most likely to have discoverable information in Plaintiff’s Paragraph 3 disclosures. (D.I. 114, Ex. 1 at 2) His employment with Plaintiff was relatively recent, ending in 2019. (*Id.*; D.I. 116 at 2 n.2) When contacted directly by Defendant, Putra represented that he left all his electronic files and emails with DataCore, with the understanding that those documents would be retained by DataCore pursuant to company policy. (D.I. 114, Ex. 2 at 7) Nonetheless, Plaintiff maintains that it has no ESI from Putra. Putra was scheduled to be deposed by Defendant on November 1, 2023. (D.I. 90)

6. Chen is listed sixth on Plaintiff’s Paragraph 3 disclosures. (D.I. 114, Ex. 1 at 2) Chen was scheduled to be deposed by Defendant on November 3, 2023. (D.I. 92)

7. Linde, Ghanem, and Friedman were identified at the end of Plaintiff’s Paragraph 3 disclosures, indicating that they are the least likely to have discoverable information in their possession, custody or control in comparison to the other listed individuals. (D.I. 114, Ex. 1 at 2-3) The parties have since agreed that Defendant will not depose Linde, Ghanem, or Friedman, and Plaintiff will not rely on these three individuals at trial. (D.I. 116 at 2; Ex. 6)

¹ Defendant does not challenge the sufficiency of the ESI produced from Connolly, Bassett, Nikolov, or Laurent, who are listed second through fifth on Plaintiff’s Paragraph 3 disclosures. (D.I. 114, Ex. 1 at 2)

8. By way of its motion to compel, Defendant seeks to replace Putra, Chen, Linde, Ghanem, and Friedman with five new custodians: Alexander Best (Senior Director, Project Management), Amit Baranwal (Senior Vice President, Product Development), Abhijit Dey (General Manager and Chief Operating Officer of Periphery), David Zabrowski (CEO), and Kevin Thimble (CFO). (D.I. 114 at 1 n.1; Ex. 19) Defendant acknowledges that granting the requested relief would result in a wholesale disruption of the balance of the existing case schedule. (*Id.* at 2 n.4) However, Defendant maintains that Plaintiff's failure to produce ESI for the majority of its designated custodians is so egregious as to warrant disruption of the case schedule. (*Id.*)

9. Defendant's request for relief is denied. Plaintiff disclosed its ESI custodians on October 4, 2022, more than a year ago. (D.I. 114, Ex. 1 at 2-3) Plaintiff's Paragraph 3 disclosure clearly identifies the subject matter for which each designee is likely to have discoverable information. (*Id.*) There is no evidence on the present record that Defendant challenged Plaintiff's Paragraph 3 designations after those designations were made, even though six of the nine designees are named inventors of the Asserted Patent, and only two of those inventors were highly ranked on the Paragraph 3 disclosure. (*Id.*) Moreover, Defendant did not challenge the sufficiency of the custodial designations or production when the deadline for substantial completion of document production expired on June 1, 2023. Instead, Defendant first raised an issue regarding the lack of ESI production for five of the nine custodians on October 9, 2023, more than a month after the close of fact discovery. (*Id.*, Ex. 2 at 6-7) Defendant's emphasis on the small size of Plaintiff's overall document production reinforces the fact that Defendant should have been aware of deficiencies in Plaintiff's document production prior to the close of fact discovery. (*Id.* at 1 & n.2)

10. Instead of targeting one or two additional custodians likely to have relevant information, Defendant lists five proposed replacement ESI custodians without adequately explaining why each of these individuals are believed to have relevant, noncumulative information tethered to the claims asserted in the case. Plaintiff represents that none of the proposed replacement custodians were employed by Plaintiff prior to 2018, whereas the application leading to the issuance of the Asserted Patent was filed on June 7, 2002. (D.I. 116 at 1 & n.1) According to Defendant, these replacement custodians would likely provide ESI on the SANsymphony product and/or Plaintiff's overall business, as opposed to the Asserted Patent. (11/29/2023 Tr.)

11. Defendant proposes Abhijit Dey without any explanation of his role on behalf of Plaintiff. (D.I. 114 at 2) Plaintiff represents that Dey is an executive officer of an unrelated DataCore division named Perifery. (D.I. 116 at 3) During the discovery dispute hearing, Defendant conceded that Dey may have been misidentified as an individual likely to have responsive ESI. (11/29/2023 Tr.) Defendant has not plausibly established that Dey is likely to have relevant ESI.

12. Defendant seeks the identification of Thimble and Zabrowski as replacement custodians because they were identified as 30(b)(6) witnesses on various topics. (D.I. 114 at 2) Defendant cites no authority to support the position that Thimble and Zabrowski's identification as 30(b)(6) witnesses mandates their designation as document custodians. *See In re Broiler Chicken Antitrust Litig.*, 2022 WL 621807, at *3 (N.D. Ill. Mar. 3, 2022) (finding no authority "to support the proposition that a Rule 30(b)(6) witness must reflexively or automatically be made a document custodian," and explaining that a 30(b)(6) designation "is not a vehicle that automatically subjects that witness to targeted individual discovery requests concerning the

witness's individual knowledge of facts or does it automatically require production of that witness's own documents.""). During the discovery dispute hearing, Defendant represented that Zabrowski's deposition testimony suggested he may have documents regarding Plaintiff's performance of a corporate analysis on Defendant. (11/29/2023 Tr.) But Defendant has not associated this information with any specific discovery request or a particular claim asserted in the case.

13. Defendant also proposes designating Alexander Best and Amit Baranwal as replacement ESI custodians because they have information about Plaintiff's SANsymphony product, which is allegedly covered by the Asserted Patent. (D.I. 114 at 2) But Defendant does not dispute that it already has sufficient ESI from three other custodians (Bassett, Nikolov, and Laurent) who were in possession of information on the "[t]echnical aspects of relevant DataCore products," which includes SANsymphony. (*Id.*, Ex. 1 at 2) Defendant does not identify any information that is missing from the production of these custodians or explain why it believes ESI from Best and Baranwal would not be cumulative of the ESI already produced by Bassett, Nikolov, and Laurent.

14. Defendant's motion to designate five replacement ESI custodians is therefore denied. The record before the court indicates that Defendant did not carefully select the replacement custodians or vet them through a thorough meet and confer process with Plaintiff in an effort to narrow the scope of relief sought on the eve of expert discovery and/or minimize further disruptions to the case schedule. However, this ruling should not be construed to condone Plaintiff's identification of five ESI custodians who were later discovered to have no ESI. Plaintiff's suggestion that no large company retains ESI for twenty years, when the

Asserted Patent was filed, begs the question of why these non-employee inventors were identified by Plaintiff as ESI custodians in the first instance. (11/29/2023 Tr.)

15. Defendant's motion to compel the production of unredacted versions of documents including redactions of allegedly irrelevant information is GRANTED.

Defendant contends that Plaintiff's production contains responsive documents with redactions to non-privileged information. (D.I. 114 at 2; Ex. 9) Plaintiff has since agreed to produce unredacted versions of the documents. (D.I. 116 at 4) In accordance with Plaintiff's representations, Defendant's motion to compel the production of unredacted versions of the documents is GRANTED, and Plaintiff shall produce the unredacted versions of the documents on or before December 5, 2023, to the extent that they have not already been produced.

16. Defendant's motion to compel the production of documents responsive to Defendant's Request for Production Nos. 27 and 28 is GRANTED. Defendant moves to compel the production of financial information responsive to Request for Production No. 27, which seeks Plaintiff's financial statements, and Request for Production No. 28, which seeks monthly financial statements on Plaintiff's SANsymphony product practicing the asserted patent. (D.I. 114 at 3-4; Ex. 15 at 30-32) In response, Plaintiff has agreed to produce its "(1) audited financial statements going back as far as they have been maintained, and (2) monthly financial statements for SANsymphony, including revenue, cost of goods sold, average selling price, gross profit, and units (in capacity sold)." (D.I. 116 at 4) In accordance with Plaintiff's representations, Defendant's motion to compel the production of documents responsive to Request for Production Nos. 27 and 28 is GRANTED, and Plaintiff shall produce the responsive documents on or before December 5, 2023.

19. The declaration of Plaintiff's expert, Peter Alexander, does not alter the analysis. (D.I. 115, Ex. 9) Alexander states that Defendant's failure to produce internal design documents has hampered his ability to analyze the source code. (*Id.*, Ex. 9 at ¶ 5) But Alexander does not explain how he can reach this conclusion when he admittedly has not reviewed source code for the HyperCore and Fleet Manager products: "Scale subsequently agreed to produce the code for HyperCore and Fleet Manager; however, Scale still has not produced documents for these software applications sufficient to enable me to understand the structure of the software *prior to* my review of the source code." (*Id.*, Ex. 9 at ¶ 9) (emphasis added).

20. Moreover, Plaintiff has not established that Defendant is withholding responsive design and development documents from the period prior to May 2016 under ¶ 4(e) of the Delaware Default Standard for Discovery of ESI. Correspondence between the parties confirms that Defendant searched for and produced pre-May 2016 design and development documents. (D.I. 115, Ex. 6 at 1) Plaintiff has not demonstrated good cause to compel Defendant to perform an additional search which exceeds the six-year limitation in the Delaware Default Standard. For these reasons, Plaintiff's motion to compel the production of additional design and development documents is denied.

21. Plaintiff's motion to preclude Defendant from relying on certain documents produced after the close of fact discovery is DENIED. Plaintiff moves to preclude Defendant from relying on documents produced after the August 31 close of fact discovery, which includes those documents produced on September 13, September 18, and November 8, 2023. (D.I. 113 at 2) Rule 37(c)(1) provides that, "[i]f a party fails to provide information . . . as required by Rule 26(a) or (e), the party is not allowed to use that information to supply evidence on a motion, at a hearing, or at trial, unless the failure was substantially justified or is harmless." Fed. R. Civ. P.

37(c)(1). However, “[e]xclusion of critical evidence is an extreme sanction, not normally to be imposed absent a showing of 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). To determine whether a belated production is harmless, courts in the Third Circuit consider the five *Pennypack* factors. *Meyers v. Pennypack Woods Home Ownership Ass’n*, 559 F.2d 894, 905 (3d Cir. 1977).

22. The first *Pennypack* factor, which considers surprise or prejudice, weighs in favor of Defendant. Plaintiff argues that it had no time to review the late-produced documents before serving its 30(b)(6) deposition notice and preparing for fact witness depositions originally scheduled for September. (D.I. 113 at 2) But the record shows that Plaintiff had reviewed at least some of the late-produced documents by October 3, more than a month before fact witness depositions commenced on November 6.² (D.I. 118, Exs. 1-2) Plaintiff does not identify any line of inquiry it could not pursue during fact depositions as a result of the late productions, and certain fact deposition transcripts confirm that Plaintiff questioned the witnesses on the late-produced documents and introduced some of them as exhibits during the depositions. (*See, e.g., id.*, Ex. 4 at 52:22-23)

23. The second and third *Pennypack* factors also weigh against striking the late-produced documents. Any prejudice resulting from the late productions has largely been cured

² During the discovery dispute hearing, counsel for Plaintiff from the firm of McDermott Will & Emery represented that their document review team associated with this case dissipated in September after the close of fact discovery, and the firm was unable to restaff a document review team to review the approximately 5,000 documents during the two-month period between the late production and the beginning of fact depositions. (11/29/2023 Tr.) As a result, Plaintiff was allegedly able to review some, but not all, of the late-produced documents before depositions. Plaintiff did not offer greater specifics on what percentage of the production was reviewed prior to fact depositions, or what efforts were made to reestablish a document review team once the late production was served.

by the parties' agreement to postpone fact depositions from September to November, giving Plaintiff an opportunity to review the late productions nearly two months before taking the depositions. (D.I. 118, Ex. 1) The parties have reached an agreement to modify the scheduling order to accommodate the postponed depositions without disrupting the August 20, 2024 trial date. (D.I. 99)

24. The fourth *Pennypack* factor weighs in favor of Defendant because there is no indication that Defendant's late productions were a result of bad faith or willfulness. There is no dispute that the vast majority of the late-produced documents were produced by September 18, less than three weeks after the August 31 close of fact discovery. Defendant has plausibly explained that these documents, which constitute a small fraction of the overall document production, were inadvertently withheld as privileged and were disclosed upon further review. (D.I. 118 at 1) Defendant's November 3 production included two PowerPoint presentations and was made at Plaintiff's request for additional design documents. (*Id.*, Ex. 6)

25. The final *Pennypack* factor does not weigh heavily in favor or against Plaintiff's motion to preclude. It is undisputed that the late-produced documents are responsive to Plaintiff's discovery requests. (D.I. 118 at 3; Ex. 1 at 1) Moreover, fact deposition testimony confirms that Plaintiff questioned a witness on several of these documents. (*See, e.g., id.*, Ex. 4 at 52:22-23) However, nothing in the parties' letter submissions or the associated exhibits suggests that the information in the late-produced documents is crucial to the case. On balance, the *Pennypack* factors weigh in favor of denying Plaintiff's motion to preclude reliance on the late-produced documents.

26. Plaintiff's motion for leave to serve one additional 30(b)(6) deposition notice and take an additional 30(b)(6) deposition is DENIED. To cure the alleged prejudice caused

by Defendant's late document productions, Plaintiff argues that an additional 30(b)(6) deposition is needed. (D.I. 113 at 3) During the discovery dispute hearing, Plaintiff proposed taking a deposition in early January, after completing its review of the late-produced documents and before the deadline for rebuttal expert reports on January 15, 2024. (11/29/2023 Tr.) But Plaintiff does not identify any proposed deponents or topics for questioning, and Defendant has not had an opportunity to consider Plaintiff's proposal or vet it through the meet and confer process. (*Id.*) As a result, the matter is not ripe for resolution by the court.

27. Moreover, the record before the court shows that Plaintiff completed a review of some percentage of the late-produced documents by October 3, and the depositions of Scott Loughmiller and Jeff Ready did not occur until November. (D.I. 118, Ex. 1 at 1; Ex. 8; D.I. 101) While the court does not condone the practice of producing documents on the eve of the fact discovery deadline or after the close of fact discovery, there is no dispute in this case that Plaintiff has had approximately two months to review about 5,100 documents and has questioned fact witnesses on at least some of the documents. Consequently, Plaintiff's motion for leave to serve an additional 30(b)(6) deposition notice is denied without prejudice.

28. Conclusion. For the foregoing reasons, IT IS ORDERED that:

- (i) Defendant's motion to compel Plaintiff to designate five replacement ESI custodians and produce their documents is DENIED without prejudice.
- (ii) Defendant's motion to compel the production of unredacted versions of documents including redactions of allegedly irrelevant information is GRANTED. Plaintiff shall produce the unredacted versions of the documents on or before December 5, 2023, to the extent that they have not already been produced.

- (iii) Defendant's motion to compel the production of documents responsive to Defendant's Request for Production Nos. 27 and 28 is GRANTED. On or before December 5, 2023, Plaintiff shall produce the responsive documents, including (1) audited financial statements going back as far as they have been maintained, and (2) monthly financial statements for SANsymphony, including revenue, cost of goods sold, average selling price, gross profit, and units (in capacity sold).
- (iv) Plaintiff's motion to compel the production of design and development documents for the accused products is DENIED without prejudice.
- (v) Plaintiff's motion to preclude Defendant from relying on certain documents produced after the close of fact discovery is DENIED without prejudice.
- (vi) Plaintiff's motion for leave to serve one additional 30(b)(6) deposition notice and take an additional 30(b)(6) deposition is DENIED without prejudice.

29. Given that the court has relied upon material that technically remains under seal, the court is releasing this Memorandum Order under seal, pending review by the parties. In the unlikely event that the parties believe that certain material in this Memorandum Order should be redacted, the parties shall jointly submit a proposed redacted version by no later than **December 7, 2023**, for review by the court, along with a motion supported by a declaration 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." *See In re Avandia Mktg., Sales Practices & Prods. Liab. Litig.*, 924 F.3d 662, 672 (3d Cir. 2019) (quoting *Miller v. Ind. Hosp.*, 16 F.3d 549, 551 (3d Cir. 1994) (internal quotation marks omitted)). If the parties do not file a proposed redacted version and corresponding motion, or if the court

determines the motion lacks a meritorious basis, the documents will be unsealed within fourteen (14) days of the date the Memorandum Order issued.

30. This Memorandum Order is filed pursuant to 28 U.S.C. § 636(b)(1)(A), Fed. R. Civ. P. 72(a), and D. Del. LR 72.1(a)(2). The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Memorandum Order. Fed. R. Civ. P. 72(a). The objections and responses to the objections are limited to four (4) pages each.

31. The parties are directed to the court's Standing Order For Objections Filed Under Fed. R. Civ. P. 72, dated March 7, 2022, a copy of which is available on the court's website, www.ded.uscourts.gov.


Sherry R. Fallon
United States Magistrate Judge