

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

U.S. ANESTHESIA PARTNERS, INC.,

Defendant.

PUBLIC REDACTED VERSION

Case No.: 4:23-CV-03560-KH

**Plaintiff Federal Trade Commission's Reply in Support of the Federal Trade
Commission's Motion to Exclude Expert Opinions and Analyses Not Contained in Expert
Reports**

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INTRODUCTION

USAP does not contest Rule 26(a)(2)(B)(i)'s requirement that it must "complete[ly]" disclose its experts' opinions and analyses in a report, or face exclusion under Rule 37(c)(1). But its brief offers numerous lengthy, inaccurate, and sometimes conflicting arguments as to why all three of its retained experts should be entitled to ignore this requirement. First, USAP erroneously characterizes its experts' new opinions and analyses as mere "elaboration" on their original opinions, when in fact the experts ran new analyses and added new views not mentioned in their reports. Second, USAP claims the FTC "invited" the experts to offer new opinions and analyses by asking deposition questions. But the experts performed these new analyses and formed new opinions *before* the depositions and announced that fact at the outset. Third, USAP argues that it would be "bizarre and unfair" for the FTC's experts to get the last word in a reply report—even though USAP jointly proposed that procedure to the Court and chose not to file any initial reports of its own. Finally, USAP claims that its late disclosure is harmless even though USAP still has not provided the materials necessary to evaluate its experts' new analyses and has indicated that the experts will continue to develop new undisclosed opinions and analyses for trial. The Court should hold USAP to the requirements of Rule 26 and exclude any opinions and analyses not disclosed in its experts' reports.

ARGUMENT

USAP does not seriously dispute that Rule 26 requires a written disclosure of all expert opinions and bases. And USAP's own case law explains that "[s]ubsequently-given deposition testimony is not a substitution for adequate disclosure in the expert's original report." *Asetek Danmark A/S v. CoolIT Sys. Inc.*, No. 19-CV-00410-EMC, 2022 WL 21306657, at *15 (N.D. Cal. Oct. 4, 2022) (cleaned up); *see also* FTC Mot. 5-6 (collecting cases). USAP's arguments for

why it can nonetheless smuggle in new expert opinions and analyses in deposition are unavailing.

I. USAP mischaracterizes its experts’ new opinions and analyses as mere elaborations

USAP contends that its experts’ new opinions and analyses are not in fact new but only the kind of limited “elaboration” that some courts have allowed. Even assuming some degree of elaboration is permissible, however, an expert “may not . . . present new opinions, arguments, or evidence” in deposition when discussing an opposing expert’s report. *Sportspower Ltd. v. Crowntec Fitness Mfg. Ltd.*, No. 8:17-cv-02032-JLS-KES, 2020 WL 7347860, at *3 (C.D. Cal. Nov. 18, 2020) (cleaned up). The cases cited by USAP do not hold otherwise. Each examined a specific factual scenario and allowed testimony that might have elaborated slightly on the contents of the expert’s report but did not constitute a new opinion or analysis. *See, e.g., Holcombe v. United States*, 516 F. Supp. 3d 660, 672 (W.D. Tex. 2021) (finding that the challenged portions of a supplemental report were “a logical extension” of the initial report); *SEC v. Life Partners Holdings, Inc.*, No. 1:12-CV-00033-JRN, 2013 WL 12076934, at *3 (W.D. Tex. Nov. 8, 2013) (finding that the “slightly expanded opinion” did not violate Rule 26(a)); *Asetek*, 2022 WL 21306657, at *18 (finding that the expert “did not articulate any new opinions”).¹

Here, USAP’s experts’ new opinions and analyses go well beyond mere “elaboration.” Dr. Fowdur described numerous new analyses and data figures that USAP concedes are not in her report. For example, she [REDACTED] a data figure from Dr. Capps’ reply report by

¹ *Cioffi* is distinguishable for an additional reason that the court there found the report preceding the deposition had raised a “separate” and “independent” inquiry that the opening report had not raised (and to which the deposition testimony was claimed to be responsive). *Cioffi v. Google, Inc.*, No. 2:13-CV-00103-JRG-RSP, 2017 WL 90756, at *1 (E.D. Tex. Jan. 10, 2017). Here, USAP cannot show that the topics in the FTC’s reply reports were separate or novel.

[REDACTED]

[REDACTED] In other words, she created a new data figure that is not set out in any written report and that the FTC has never seen. Dr. Fowdur also conducted a new analysis [REDACTED] [REDACTED]

[REDACTED] Declaration of Kara Monahan (“Monahan Decl.”), Ex. 5 (Fowdur Dep. Tr.) 167:2-22, Dkt. No. 295-7. These and other examples (FTC Mot. 8-9) are directly analogous to the “additive” statistical analyses excluded in *Wal-Mart Stores, Inc. v. Texas Alcoholic Bev. Comm’n*—despite the party’s objection that the new analyses were a “necessary” and “appropriate response” to criticisms in the other party’s expert report. No. 1:15-cv-134-RP, 2017 WL 9480314, at *3 (W.D. Tex. May 22, 2017).

Dr. Kain waited until his deposition to claim that [REDACTED] relied upon by both him and Dr. Pimentel in their reports, [REDACTED] He protested that [REDACTED]

[REDACTED]

[REDACTED] Monahan Decl., Ex. 3 (Kain Dep. Tr.) 171:1-3, 93:17-19, Dkt. No. 295-5. USAP argues that Dr. Kain needed to change his views on the model because he was previously unaware of how Dr. Pimentel was applying it. Opp. 18-19. But when Dr. Kain wrote his report, he already had Dr. Pimentel’s initial report, which expansively described the model and the relationship between its components. Second Declaration of Kara Monahan (“Second Monahan Decl.”), Ex. 9 (Expert Report of Dr. Marc Philip T. Pimentel (July 25, 2025)) ¶¶ 32-36. Moreover, Dr. Kain’s new opinion about [REDACTED] may not be his only new opinion. Dr. Kain stated at his deposition that he had additional opinions beyond his report, which USAP’s counsel later chided the FTC for assertedly not asking about. Monahan Decl., Ex.

7 (Ltr. from K. Fetterman to N. Perlman (Jan. 28, 2026)) at 3, Dkt. No. 295-9. USAP now drops a footnote in its brief claiming that Dr. Kain actually did provide all of his “substantive responses” to Dr. Pimentel at the deposition (Opp. 19 n.7), while simultaneously reserving the right elsewhere in the brief to develop and revise opinions and analyses through trial (Opp. 12 n.6, 22).² The purpose of Rule 26(a)(2)(B) is to pin down the opinions and analyses and avoid just this type of gamesmanship.

Finally, USAP does not seriously dispute that Mr. Fix conducted a new interview [REDACTED] [REDACTED] and then relied on that interview to offer a new opinion about [REDACTED]. During his deposition, Mr. Fix acknowledged that he did not mention [REDACTED] in his report and was not familiar with [REDACTED] when he wrote his report. *See* Monahan Decl., Ex. 4 (Fix Dep. Tr.) 49:2-11, Dkt. No. 295-6. Yet USAP’s counsel sought to elicit new opinions about [REDACTED] that were nowhere in Mr. Fix’s report:

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

See id. 234:21-235:14 (emphasis added). Mr. Fix then provided new opinions about [REDACTED] on topics not discussed in his expert report, such as [REDACTED] and [REDACTED]

[REDACTED] *See id.*

² USAP is also wrong to claim that the FTC’s motion is “procedurally deficient” as to Dr. Kain. Opp. 16. USAP reaches this conclusion only by repeatedly mischaracterizing the FTC’s motion to exclude as a “motion to strike.” *E.g.*, Opp. 4, 6-7, 16. But this Motion is not about the narrow issue of striking deposition testimony; it is about protecting the FTC from the prejudice of admitting undisclosed expert opinions and analyses at trial. A motion to exclude is the proper vehicle for the FTC to seek such protection. *See Wal-Mart*, 2017 WL 9480314, at *4 (granting motion to exclude testimony based on improper “supplemental” expert report); *see also* Fed. R. Civ. P. 37(c)(1) (sanction for failure to disclose information is that “the party is not allowed to use that information . . . on a motion, at a hearing, or at trial”).

USAP claims Mr. Fix’s new opinion is proper because it was responsive to Dr. Pimentel’s reply report. *See* Opp. 19. But that’s not what Mr. Fix testified. [REDACTED] Mr. Fix [REDACTED] He instead explained that he had been [REDACTED] and [REDACTED] [REDACTED]³ Mr. Fix had already interviewed [REDACTED] before submitting his original report. This kind of new analysis based on evidence previously available to the expert is precisely what Rule 26(a)’s disclosure requirement was intended to prohibit.

II. The FTC did not “invite” USAP’s experts to introduce new opinions or analyses

Grossly mischaracterizing what happened in the depositions, USAP further claims that its experts’ new opinions and analyses “do not [even] implicate Rule 26(a)” because “the FTC invited” the experts “to respond to criticisms the FTC’s experts raised.” Opp. 1, 5 (alteration in original). USAP insists its experts simply “answered the FTC’s questions, explaining why they disagreed with those critiques and, where appropriate, clarifying any confusion . . . surrounding their opinions and methodologies.” Opp. 1. USAP then mischaracterizes the FTC’s position as an attempt to “limit an expert’s testimony simply to reading his report.” Opp. 7 (cleaned up). And it cites an out-of-circuit district court decision—*Davis v. Adam*—that allowed an expert to “elaborate[] on his opinions” and provide “off-the-cuff” remarks “only in response to Plaintiff’s counsel’s questions.” No. CIV-20-217-TDD-SH, 2025 WL 1782565, at *1, *3-4 (N.D. Okla. May 16, 2025).

³ Monahan Decl., Ex. 4 (Fix Dep. Tr.) 49:2-8, Dkt. No. 295-6. Dr. Pimentel mentioned [REDACTED] [REDACTED] Second Monahan Decl., Ex. 10 (Reply Expert Report of Dr. Marc Philip T. Pimentel (Dec. 8, 2025)) ¶ 85, but USAP’s counsel elicited opinions on [REDACTED] that went beyond that issue, Monahan Decl., Ex. 4 (Fix Dep. Tr.) 234:21-235:14, Dkt. No. 295-6.

But that is not what happened here, and that is not what the FTC is challenging. Each of USAP’s experts arrived at the deposition having already conducted new analyses, done new research, and formed new opinions that were not included in their reports. One of the experts, Mr. Fix, disclosed new opinions in response to questions from *USAP*’s counsel—not the FTC—asking about [REDACTED] Monahan Decl., Ex. 4 (Fix Dep. Tr.) 234:25-235:7 Dkt. No. 295-6. The other two, Drs. Fowdur and Kain, [REDACTED]

[REDACTED] See FTC Mot. 3-4, 8-11; see also Monahan Decl., Ex. 5 (Fowdur Dep. Tr.) 15:9-19, Dkt. No. 295-7; Monahan Decl., Ex. 3 (Kain Dep. Tr.) 59:20-22, Dkt. No. 295-5. As a matter of basic diligence, the FTC attorneys followed up to ask what those new opinions were. This was not an affirmative “invitation” to testify about new material, but rather a normal response to the surprise reveal of undisclosed information. Indeed, USAP later faulted the FTC for *not* following up on some of these new opinions. See Monahan Decl., Ex. 7 (Ltr. from K. Fetterman to N. Perlman (Jan. 28, 2026)) at 3, Dkt. No. 295-9 (suggesting that Dr. Kain will offer undisclosed opinions at trial that [REDACTED] about during the deposition [REDACTED]

III. It is not “unfair” for the FTC’s expert reply reports to be the last word

USAP also claims that it can ignore Rule 26 because it would be “bizarre and unfair” to prevent its experts from responding to material in the FTC experts’ reply reports. Opp. 7. But there is nothing unusual about the party that speaks first having the last word in reply. Indeed, this is the common procedure in legal briefing, oral argument, and expert discovery—among other areas. See, e.g., *Cioffi*, 2017 WL 90756, at *1-2 (letting the expert who filed the opening report respond in a deposition to “new arguments” that were “raised for the first time” in the rebuttal report). One party has to have the last word to prevent an “infinitely iterative process” of

replies and sur-replies. *Familias Unidas Por La Educación v. El Paso Indep. Sch. Dist.*, No. EP-20-CV-170-DB, 2022 WL 2906505, at *4 (W.D. Tex. July 22, 2022). Taking USAP’s argument to its logical conclusion, the FTC’s experts would need a chance to respond to the new opinions and analyses USAP’s experts just disclosed in deposition—otherwise USAP has simply flipped the unfairness onto the FTC. And, of course, USAP might then insist that it needs a further response, and so on indefinitely.

Moreover, USAP’s complaints about unfairness ring hollow because it (1) jointly requested a schedule in which the party filing an opening expert report got the last word in reply, and then (2) chose not to file any initial reports—thereby foregoing any replies. *See* Rule 26(f) Joint Discovery/Case Management Plan, App. A, Dkt. No. 132 (joint request for schedule with reply expert report deadline); Order Setting Scheduling, Dkt. No. 143 (no reply opportunity); Joint Motion to Amend Order Setting Scheduling, Dkt. No. 169 (joint request again seeking reply expert report opportunity). Under the scheduling order USAP could have submitted initial expert reports while claiming to bear no burden of proof. FTC Mot. 7; First Amended Scheduling Order, Dkt. No. 173. It preferred to wait and see what the FTC’s experts said in the first instance. Having benefited from the ability to disclose nothing until after it received and digested the FTC’s reports, USAP should not now ask the Court to rescue it from the consequences of that choice. *See 1488, Inc. v. Philsec Inv. Corp.*, 939 F.2d 1281, 1288-89 (5th Cir. 1991) (exclusion “particularly appropriate” where party did not provide an adequate explanation for failing to abide by an agreed upon, court-ordered expert report schedule); *see also Barrett v. Atl. Richfield Co.*, 95 F.3d 375, 380-81 (5th Cir. 1996); *In re Pool Prods. Dist. Mkt. Antitrust Litig.*, MDL No. 2328, 2014 WL 3353232, at *2-3 (E.D. La. Jul. 9, 2014) (striking

supplemental expert report of party who used the supplement to “unilaterally seek[] to have the last word”).

IV. USAP’s ever-shifting expert opinions and analyses prejudice the FTC

USAP’s attempt to sneak in new opinions and analyses from all three of its retained experts is plainly prejudicial. “[C]ourts within the Fifth Circuit recognize that making untimely, substantive changes to expert reports presents real prejudice to the other side, and courts routinely disallow litigants from making untimely disclosures.” *Kumar v. Frisco Indep. Sch. Dist.*, 476 F. Supp. 3d 439, 470 (E.D. Tex. 2020) (collecting authority). It is not necessary to show that the supplemental information “cover[s] wholly uncharted territory,” contains “shocking revelations,” or changes the expert’s ultimate opinions. Opp. 23-24 (citing *Jones v. Harley-Davidson*, No. 2:14-cv-694-RWS-RSP, 2016 WL 5395952, at *2 (E.D. Tex. Sept. 27, 2016); *Mike Hooks Dredging Co. v. Eckstein Marine Serv.*, No. 08-cv-03945, 2011 WL 3270855, at *2 (E.D. La. Aug. 1, 2011); *Holcombe*, 516 F. Supp. at 672).⁴ USAP contends that these new opinions and analyses are harmless because the FTC now has the “full scope” of its expert testimony and that the FTC cannot be surprised by the new testimony because the experts’ “underlying opinions” did not change. Opp. 22-23. Neither claim is true.

First, the FTC does not have the “full scope” of these new expert opinions and analyses. During the depositions, USAP’s experts testified to having created new analyses, charts, and supporting materials that have not been produced to the FTC. *See* Monahan Decl. ¶ 18, Dkt. No. 252-2. Without access to these underlying materials, the FTC could not during the deposition—

⁴ USAP’s out-of-circuit authority (*Nalder* and *Smith*) only confirms that the district court has significant discretion when deciding whether to exclude expert testimony. *See Nalder v. W. Park Hosp.*, 254 F.3d 1168, 1173-74 (10th Cir. 2001) (“arbitrary, capricious, whimsical, or manifestly unreasonable judgment”); *Smith v. Tenet Healthsystem SL, Inc.*, 436 F.3d 879, 889 (8th Cir. 2006) (“abuse of discretion”) (citation omitted); *accord In re Complaint of C.F. Bean L.L.C.*, 841 F.3d 365, 369 (5th Cir. 2016) (“wide latitude”) (citations omitted).

and cannot at trial—effectively cross examine USAP’s experts about their new analyses. *See United States v. St. Luke’s Episcopal Hosp.*, No. H-94-cv-3996, 2008 WL 11407300, at *2 (S.D. Tex. May 20, 2008) (Hoyt, J.) (expert report must “contain a complete statement of all opinions to be expressed *along with the basis and reasons for such opinions*” (emphasis added)); *Recif Res., LLC v. Juniper Cap. Advisors, L.P.*, No. H-19-cv-2953, 2020 WL 11025601, at *2 (S.D. Tex. Nov. 10, 2020) (rejecting attempt to bolster opinion in expert report with new material).

Second, USAP has indicated that its experts will have other new, undisclosed opinions at trial. Indeed, USAP’s brief commits only that the FTC has the opinions its experts “*at present* intend to offer at trial.” Opp. 22. In prior communications, USAP has stated that Dr. Fowdur and Dr. Kain both have [REDACTED] and “substantive responses” to the FTC’s experts that were not disclosed in their written reports or referenced at their depositions. FTC Mot. 9-10. Preparing for the infinite permutations of USAP’s expert opinions would improperly “dictate the focus of [the FTC’s] counsel’s attention during the critical period of preparation that every able trial lawyer knows precedes a trial.” *See Wright v. Blythe-Nelson*, No. 399-cv-2522, 2001 WL 804529, at *5 (N.D. Tex. July 10, 2001).

CONCLUSION

For the reasons herein and in the FTC’s motion, the Court should limit USAP’s experts to the opinions, analyses, and sources contained in their written rebuttal reports. In the alternative, USAP should bear the costs of a second round of sur-reply expert reports and depositions.⁵

⁵ USAP’s own case law supports the FTC’s request in the alternative. *See Stored Value Sols., Inc. v. Card Activation Techs., Inc.*, No. C.A. 09-495-LPS, 2010 WL 3834457, at *2-3 & n.1 (D. Del. Sept. 27, 2010) (modifying schedule, limiting “expert testimony at trial to that disclosed in the expert reports,” and requiring that costs be shifted if a new trial is “necessitated” because an “expert testified beyond the scope of his or her expert report(s)”). Additionally, having failed to address the FTC’s request for fees in the alternative, USAP forfeited any opposition. *See Mayo v. Halliburton*, No. H-cv-1951, 2010 WL 4366908, at *5 (S.D. Tex. Oct. 26, 2010) (Hoyt, J.) (citations omitted).

Dated: February 27, 2026

Respectfully submitted,

/s/ Kara Monahan

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CERTIFICATE OF SERVICE

I hereby certify that on this day, I caused the foregoing Plaintiff Federal Trade Commission's Reply in Support of Federal Trade Commission's Motion to Exclude Expert Opinions and Analyses Not Contained in Expert Reports and accompanying materials to be served on all counsel of record using the ECF system of the United States District Court for the Southern District of Texas.

Dated: February 27, 2026

/s/ Kara Monahan
Kara Monahan

Counsel for Plaintiff
Federal Trade Commission

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

U.S. ANESTHESIA PARTNERS, INC.,

Defendant.

Case No.: 4:23-CV-03560-KH

Second Declaration of Kara Monahan in Support of Plaintiff Federal Trade Commission's Motion to Exclude Expert Opinions and Analyses Not Contained in Expert Reports

1. My name is Kara Monahan. I am an attorney licensed to practice in the state of New Jersey and admitted *pro hac vice* representing the FTC in the above-captioned matter.
2. I submit this second declaration in support of the FTC's Motion to Exclude Expert Opinions and Analyses Not Contained in Expert Reports.
3. Attached hereto as Exhibit 9 is a true and correct excerpt of the Initial Expert Report of Dr. Marc Philip T. Pimentel served on July 25, 2025.
4. Attached hereto as Exhibit 10 is a true and correct excerpt of the Reply Expert Report of Dr. Marc Philip T. Pimentel served on December 8, 2025.

I declare under penalty of perjury that the foregoing is true and correct.

Date: February 27, 2026

/s/ Kara Monahan

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Exhibit 9

Filed Under Seal

Exhibit 10

Filed Under Seal

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

U.S. ANESTHESIA PARTNERS, INC.,

Defendant.

Case No.: 4:23-CV-03560-KH

**Appendix of Authorities in Plaintiff Federal Trade Commission's
Reply in Support of the Federal Trade Commission's Motion to Exclude
Expert Opinions and Analyses Not Contained in Expert Reports**

Cases

<i>Asetek Danmark A/S v. CoolIT Sys. Inc.</i> , No. 19-CV-00410-EMC, 2022 WL 21306657 (N.D. Cal. Oct. 4, 2022)	1
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2022 WL 21306657

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United States District Court, N.D. California.

ASETEK DANMARK A/S, Plaintiff,

v.

COOLIT SYSTEMS INC., et al., Defendants.

Case No. 19-cv-00410-EMC

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Signed September 11, 2022

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ORDER GRANTING IN PART AND DENYING IN PART PARTIES' MOTIONS IN LIMINE AND MOTIONS TO STRIKE

Docket Nos. 389, 391, 393, 397, 399-402, 405

EDWARD M. CHEN, United States District Judge

I. INTRODUCTION

*1 Plaintiff Asetek Danmark AS (“Asetek”) filed suit against CoolIT Systems, Inc. and its subsidiaries and Corsair Gaming, Inc. and its U.S. subsidiaries (collectively “CoolIT”), asserting that CoolIT infringed and continues to infringe five of its patents — *i.e.*, the ’601, ’196, ’362, ’354 and ’355 patents (collectively “CoolIT Patents”). CoolIT counterclaimed, alleging that Asetek infringed four of CoolIT’s patents — *i.e.*, the ’330, ’284, ’266, and ’567 patents. All of the allegedly infringed patents relate to liquid cooling systems and methods for cooling heat-generating electronic components. At issue are various motions to strike and motions in limine.

II. FACTUAL & PROCEDURAL BACKGROUND

On January 23, 2019, Asetek filed this lawsuit against CoolIT. *See* Docket No. 1. Asetek’s patented combination of a pump, a dual-chambered reservoir, and a cold plate into a single pump unit allows improved efficiency and compactness that enables the pump unit to be installed directly on the CPU/GPU of a computer motherboard, graphics card, or a server, have decreased risk of coolant leakage, is easy to install and use, is simpler, and less costly. Docket No. 228 (SAC) at 4. CoolIT counterclaimed on April 11, 2019, alleging that Asetek’s Gen 4, Gen 5, Gen 6, and Gen 7 products infringe its own patents — *i.e.*, the ’330, ’284, ’266, and ’567 patents—which claim a fluid heat exchanger. *See* Docket No. 23; Docket No. 333 (Fourth Amended Counterclaim) at 14.

On December 22, 2020, this Court issued a minute order consolidating this case with the related case of *Asetek Danmark A/S v. Corsair Gaming, Inc. et al.*, Case No. 3:20-cv-06541-EMC, which asserted many of the same patents as this case. *See* Docket No. 207 at 1. SAC at 2-4. Therefore, the consolidated complaint (“SAC”) alleges infringement against CoolIT and Corsair, a provider of gaming and streaming products. *See* SAC.

The ’354 and ’355 patents were later found unpatentable by the Patent Trial and Appeal Board (“PTAB”), and Asetek appealed to the Federal Circuit. *See* Docket No. 380 (Order to Stay) at 3, n.2; Docket No. 465 (Joint Case Management Statement) at 5. There is a pending *inter partes* review (“IPR”) of the ’601 and ’196 patents. Joint Case Management Statement at 3. On September 30, 2021 and October 12, 2021,

the '567 patent and some claims of the '266 Patents were found unpatentable by the PTAB and are subject to an appeal. *Id.* This Court granted a partial stay of litigation on February 10, 2022 as to Asetek's '354, '355, '601, and '196 patents and CoolIT's '567 patent, pending inter partes review of the '601 and '196 patents. *See* Order to Stay at 1. The stay did not affect the litigation as to Asetek's '362 Patent and CoolIT's '330, '284, and '266 Patents currently at issue as they are not presently subject to IPR. *See id.*

A. The '362 Patent

The '362 Patent claims an invention over prior art liquid cooling systems that were often bulky with many components, which increased the total installation time, size, and risk of leakage. Docket No. 1-1 (the '362 Patent) at 1:41-49. Asetek overcame this problem with a small and compact design that is more efficient, easy to use and implement, and requires a low level of maintenance. *Id.* at 1:53-52.

*2 Only claims 17 and 19 are at issue in this case:

17. A method of operating a liquid cooling system for an electronic component positioned on a motherboard of a computer system, comprising:

separably thermally coupling a heat exchanging interface of a reservoir with the electronic component positioned at a first location on the motherboard, the **reservoir including an upper chamber and a lower chamber**, the upper chamber and the lower chamber being separate chambers that are vertically spaced apart and separated by at least a horizontal wall, the upper chamber and the lower chamber being fluidly coupled by one or more passageways, at least one of the one or more passageways being positioned on the horizontal wall, the heat exchanging interface being removably coupled to the reservoir such that an inside surface of the heat exchanging interface is exposed to the lower chamber of the reservoir;

positioning a heat radiator at a second location horizontally spaced apart from the first location, the heat radiator and the reservoir being fluidly coupled together by tubing that extends from the first location to the second location;

activating a pump to circulate a cooling liquid through the reservoir and the heat radiator, the pump including a motor and **an impeller having curved blades**, the impeller being positioned in the reservoir; and

activating a fan to direct air through the heat radiator, the fan being operated by a motor separate from the motor of the pump.

18. The method of claim 17, wherein activating the pump includes circulating the cooling liquid between the upper and the lower chambers of the reservoir.

19. The method of claim 18, wherein circulating the cooling liquid between the upper and the lower chambers includes passing the cooling liquid from the upper chamber to the lower chamber through a single passageway of the one or more passageways.

'362 Patent, Claims 17-19.

Asetek's claimed invention has several notable features, including "an impeller having a plurality of curved blades" and a single-receptacle "reservoir including an upper and a lower chamber" contained within it which circulates cooling liquid to keep computer chips from overheating. *See id.* These limitations overcame prior art. Docket No. 387-3, Ex. 2 (U.S. Patent No. 7,971,632 file history) (adding "curved blades"); *see also Asetek Danmark A/S v. CMI USA Inc.*, 852 F.3d 1352, 1357-58 (Fed. Cir. 2017) ("[T]he jury found that the claimed liquid-cooling systems differ from the prior art ... because the 'reservoir' is a 'single receptacle that is divided into an upper chamber and a lower chamber.'"). The parties and this Court previously construed "chamber" as "compartment(s) within the reservoir" and "reservoir" as a "single receptacle defining a fluid flow path." Docket No. 67 (Joint Claim Construction Statement) at 2-3; Docket No. 237 at 3, Docket No. 258 (Claim Construction Order) at 5. Furthermore, the parties stipulated to the following:

1. The claimed "reservoir" in Asetek's invention is a single receptacle that is divided into an upper chamber and a lower chamber, with the upper chamber providing the pumping function and the lower chamber providing the thermal exchange function.

*3 2. Prior art devices included a pump, a single-chamber reservoir (as that term was used in the prior art), and a cold plate as separate components that were connected using tubing or attached together with clips or screws or permanently coupled.

3. Asetek's patent claims are directed to a liquid cooling device comprising a dual chambered reservoir bounded by a heat - exchanging interface.

Docket No. 342 (Estoppel Joint Statement) at 2.

B. The CMI Case

Asetek previously asserted the '362 Patent (and related U.S. Patent No. 8,245,764) in an unrelated action against Cooler Master ("CMI"). See *Asetek Danmark A/S v. CMI USA, Inc.*, Case No. 4:13-cv-00457-JST (hereinafter the "CMI case"). Represented by the same counsel as in the current case, Asetek argued that the patents were not invalid over the prior art because the '362 Patent's "reservoir" limitation required a single receptacle while prior art Ryu disclosed two separate receptacles attached together. See *CMI USA Inc.*, 852 F.3d at 1357–58. The jury agreed with Asetek and found the '362 Patent valid over Ryu. *Asetek Danmark A/S v. CMI USA, Inc.*, No. 13-CV-00457-JST, 2015 WL 5568360, at *2 (N.D. Cal. Sept. 22, 2015), *aff'd in part, remanded in part*, 842 F.3d 1350 (Fed. Cir. 2016), *opinion modified and superseded on reh'g*, 852 F.3d 1352 (Fed. Cir. 2017), and *aff'd in part, vacated in part*, 852 F.3d 1352 (Fed. Cir. 2017). The jury found the following key differences between the '362 Patent and the prior art:

Rather than connecting together multiple separate components (as in the prior art), Asetek's patented pump head design combines, into a single unit, a pump and the claimed "reservoir" that has, among other things, dual chambers and is bounded by a removable cold plate. Also, the claimed "reservoir" in Asetek's invention is a single receptacle that is divided into an upper chamber and a lower chamber, with the upper chamber providing the pumping function and the lower chamber providing the thermal exchange function.

Id. The Federal Circuit affirmed. See *CMI USA Inc.*, 852 F.3d at 1357–58.

Thereafter in a motion for contempt sanctions, Asetek argued that CMI's product with two separate and separable receptacles infringed the '362 Patent, claiming that the

single receptacle reservoir argument was not the "crucial distinction" from the prior art. See *Asetek Danmark A/S v. CoolIT Sys. Inc.*, No. 19-CV-00410-EMC, 2022 WL 74160, at *4 (N.D. Cal. Jan. 7, 2022). Upon this attempt to argue that a device with multiple separable receptacles can satisfy the single receptacle reservoir limitation in the CMI case, CoolIT sought leave to amend answers to add collateral and judicial estoppel defenses in the current action. *Id.* This Court granted the amendment and noted that "should Asetek now argue in the instant case that a reservoir encompasses multiple receptacles like it did at the July 27, 2021 *CMI USA Inc.* hearing, this argument would appear to be inconsistent with its previous argument in *CMI USA Inc.* that a reservoir limitation requires a single receptacle." *Id.* at *9.

C. The '266, '330, and '284 Patents

Eleven claims across the '330, '284, and '266 Patents remain, each reciting or depending on an independent claim that recites a "plate" and a "plurality of [fins/walls]" defining a "corresponding plurality of microchannels":

*4 13. A fluid heat exchanger for cooling an electronic device, the heat exchanger comprising:

a plurality of walls defining a corresponding plurality of **microchannels**, wherein each microchannel extends from a first end to a second end;

a plate overlying the walls; and

a seal, wherein the seal is a portion of the plate;

a fluid inlet passage configured to deliver a heat-exchange fluid through one aperture in the plate to each microchannel at a position between the corresponding first end and the corresponding second end of the respective microchannel;

a fluid outlet passage configured to receive the heat-exchange fluid from the first end and the second end of each microchannel, wherein the fluid outlet passage has a first outlet region positioned adjacent the microchannel first ends and a second outlet region positioned adjacent the microchannel second ends, wherein the seal separates the fluid inlet passage from the fluid outlet passage;

wherein a flow of the heat-exchange fluid through the one aperture in the plate bifurcates into two sub flows within each microchannel, wherein the first outlet region receives one of the two sub flows adjacent the microchannel first ends and the second outlet region

receives the other of the two sub flows adjacent the microchannel second ends, wherein the two sub flows recombine in the outlet passage.

15. The fluid heat exchanger according to claim 12, wherein the plurality of microchannels comprises at least two opposed outer microchannels and a centrally located microchannel positioned between the opposed outer microchannels, wherein the first outlet region comprises an outlet opening from each microchannel, wherein the outlet opening from the centrally located microchannel is larger than the outlet opening from at least one of the outer microchannels.

See, e.g., Docket No. 27-4 (the '266 Patent), claims 13, 15; Docket Nos. 27-1 (the '330 Patent); 27-2 ('284 Patent).

On October 12, 2021, the PTAB issued a Final Written Decision ("FWD") finding some of the asserted claims of CoolIT's '266 Patent unpatentable and some of the asserted claims patentable. See generally Docket No. 394-5 ('266 FWD). This decision came more than a month after close of fact discovery and after the parties exchanged initial expert reports on September 16, 2021. Representative claim 1, which was considered by the PTAB, read as follows:

1. A heat exchange system comprising:

a housing defining a recessed region and an outlet port fluidly coupled with the recessed region;

a heat sink having a plurality of juxtaposed fins defining a corresponding plurality of microchannels between adjacent fins;

a **manifold body** at least partially defining an opening overlying the microchannels,

wherein the **manifold body** defines a pair of compliant surfaces flanking the opening,

wherein the compliant surfaces urge against the fins, defining a flow boundary of the microchannels,

wherein the opening extends transversely relative to the fins and is configured to distribute a working fluid among the microchannels,

wherein the **manifold body** partially occupies the recessed region of the housing, leaving a pair of opposed portions of the recessed region unfilled, defining opposed exhaust manifold portions flanking the opening

and being configured to receive the working fluid from the microchannels, and

*5 wherein the housing further defines an outlet plenum configured to receive the working fluid from the exhaust manifold portions and to convey the working fluid to the outlet port.

'266 Patent, claim 1. The PTAB found claims 1, 2, 4, 5, and 9 unpatentable and claims 13-15 not unpatentable. '266 FWD at 47.

III. LEGAL STANDARD

A. Federal Rules of Civil Procedure 26 and 37

Pursuant to Federal Rules of Civil Procedure 26(a)(2), an expert report must contain: "a complete statement of all opinions the witness will express and the basis and reasons for them" and "the facts or data considered by the witness in forming them." Fed. R. Civ. P. 26(a)(2). Rule 26(e) imposes a duty to timely supplement disclosures made under Rule 26(a) that become incomplete or incorrect. *Sportspower Ltd. v. Crowntec Fitness Mfg. Ltd.*, No. 817-CV-02032-JLSKES, 2020 WL 7347860, at *2 (C.D. Cal. Nov. 18, 2020); Fed. R. Civ. P. 26(e). If a party fails to provide information as required under Rule 26, the improperly withheld information is excluded unless the failure was "substantially justified" or "harmless." Fed. R. Civ. P. 37(c)(1); *Ingenco Holdings, LLC v. Ace Am. Ins. Co.*, 921 F.3d 803, 821 (9th Cir. 2019). A failure to comply with Rule 26(a)(2) is considered to be harmless when the party entitled to the expert disclosure has not been prejudiced.

Furthermore, Patent Local Rule 3 "requires patent disclosures early in a case and streamlines discovery by replacing the series of interrogatories that parties would likely have propounded without it." *ASUS Computer Int'l v. Round Rock Rsch., LLC*, No. 12-CV-02099 JST (NC), 2014 WL 1463609, at *1 (N.D. Cal. Apr. 11, 2014) (internal quotation marks and modifications omitted). "Given the purpose of the Patent Local Rules, a party may not use an expert report to introduce new infringement theories, new infringing instrumentalities, new invalidity theories, or new prior art references not disclosed in the parties' infringement contentions or invalidity contentions." *Illumina, Inc. v. BGI Genomics Co.*, 559 F. Supp. 3d 1072, 1078 (N.D. Cal. 2021) (citations omitted). However, experts may discuss "the subject matter of their initial reports" and "any critiques of their opinions presented in the rebuttal reports, although they

may not present new opinions, arguments, or evidence as *alternatives* to opinions, arguments, or evidence. In other words, true rebuttal to criticism is permitted—facts and opinions that should have been in the original reports are not.” *Cave Consulting Grp., Inc. v. OptumInsight, Inc.*, No. 15-CV-03424-JCS, 2018 WL 1938555, at *4 (N.D. Cal. Apr. 25, 2018).

B. *Daubert*

In assessing the admissibility of expert testimony under [Federal Rule of Evidence 702](#),¹ a court must perform “a preliminary assessment of whether the reasoning or methodology underlying the testimony is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue.” *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 592–93 (1993); *see also Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999) (*Daubert* standards apply to all expert testimony, not only scientific experts). Courts consider factors such as: whether the theory or technique can be or has been tested, whether the theory or technique has been subjected to peer review and publication, the known or potential rate of error with a scientific technique, and acceptance of the technique by a relevant scientific community. *Id.* at 593–94; *see also United States v. Hankey*, 203 F.3d 1160, 1167 (9th Cir. 2000). None of these factors is dispositive and, ultimately, “[t]he inquiry envisioned by [Rule 702](#) is ... a flexible one” which is focused “solely on principles and methodology, not on the conclusions that they generate.” *Daubert*, 509 U.S. at 594–95.

*6 Under [Rule 702](#) and *Daubert*, “[t]he duty falls squarely upon the district court to act as a gatekeeper to exclude junk science that does not meet [Federal Rule of Evidence 702](#)’s reliability standards.” *Est. of Barabin v. AstenJohnson, Inc.*, 740 F.3d 457, 463 (9th Cir. 2014), *overruled on other grounds by United States v. Bacon*, 979 F.3d 766 (9th Cir. 2020) (quotation and citation omitted). Moreover, “[t]he trial judge also has broad latitude in determining the appropriate form of the inquiry.” *Id.* The purpose of the gatekeeping role is to ensure that expert testimony is “properly grounded, well-reasoned and not speculative,” but it is not meant to substitute for “[v]igorous cross-examination, presentation of contrary evidence, and careful instruction on the burden and proof [which] are the traditional and appropriate means of attacking shaky but admissible evidence.” [Fed. R. Evid. 702](#), Adv. Comm. Notes (2000) (quotation omitted). Thus, “[a]fter an expert establishes admissibility to the judge’s satisfaction, challenges that go to the weight of the evidence are within

the province of a fact finder, not a trial court judge.” *Pyramid Techs., Inc. v. Hartford Cas. Ins. Co.*, 752 F.3d 807, 814 (9th Cir. 2014). Because the Court acts as a gatekeeper and not a factfinder, an expert whose methodology is otherwise reliable should not be excluded simply because the facts upon which his or her opinions are predicated are in dispute unless those factual assumptions are “indisputably wrong.” *Guillory v. Domtar Indus. Inc.*, 95 F.3d 1320, 1331 (5th Cir. 1996); *see also Fed. R. Evid. 702*, Adv. Comm. Notes (2000) (explaining that “[w]hen facts are in dispute, experts sometimes reach different conclusions” and a trial court is not “authorize[d] ... to exclude an expert’s testimony on the ground that the court believes one version of the facts and not the other”). The advisory committee notes for [Rule 703](#) clarify the three possible sources of facts or data upon which expert opinions may be based on:

- (1) “the firsthand observation of the witness with opinions based thereon traditionally allowed ...
- (2) presentation at the trial [such as a] hypothetical question or having the expert attend the trial and hear the testimony establishing the facts and
- (3) presentation of data to the expert outside of court and other than by his own perception.”

[Fed. R. Evid. 703](#), Adv. Comm. Notes; [Fed. R. Evid. 702](#), Adv. Comm. Notes (2000) ([Rule 702](#) is “broad enough to allow an expert to rely on hypothetical facts that are supported by the evidence.”).

“It traditionally falls upon cross-examination to negate the facts or factual assumptions underlying an expert’s opinion.” *In re MyFord Touch Consumer Litig.*, 291 F. Supp. 3d 936, 967 (N.D. Cal. 2018). Therefore, an expert opinion does not become fatally inadmissible just because the expert assumed a certain set of facts as long as other evidence presented in the trial will support the assumed fact. “Attention is directed to the validity of the techniques employed rather than to relatively fruitless inquiries whether hearsay is involved.” *Id.* Such facts, data, or opinions presented to the expert out of court, including hearsay, need not be admissible in evidence in order for the opinion or inference to be admitted if it is of a type reasonably relied upon by experts in the field. [Fed. R. Evid. 703](#).

IV. DISCUSSION

A. Motion for Judicial Estoppel (Docket No. 402) and Motion in Limine to Exclude Abraham Opinions (Docket No. 400)

Asetek's invention contains a “reservoir including an upper chamber and a lower chamber.” ’362 Patent, claim 17. The parties and this Court previously construed “chamber” as “compartment(s) *within* the reservoir” and “reservoir” as a “single receptacle defining a fluid flow path.” *See* Docket Nos. 67, 104, 237, 258. Parties dispute whether CoolIT's upper and lower chambers in their accused products constitute two separable receptacles. If so, they do not infringe the ’362 patent, which requires a single receptacle. *See* Docket No. 420 at 1-3.

According to Asetek, (1) the term “single receptacle” in the stipulated construction of “reservoir” does not preclude the presence of other smaller receptacles within the larger receptacle forming the claimed “reservoir” and (2) CoolIT's alleged second smaller receptacle within a larger receptacle is not actually a receptacle but a subcomponent of the reservoir. Docket No. 444-3 at 2. Therefore, Asetek contends that CoolIT's position that the accused products have two separable receptacles instead of one adds the following limitations beyond the parties’ stipulation:

(1) the “single receptacle” must contain the two chambers

*7 (2) the structure separating the two chambers is within the same single receptacle

(3) the two chambers do not have their own separate and separable enclosures and depend on the single receptacle to enclose them (in contrast to prior art Ryu and CoolIT's new design, of which the upper/pump chamber and the lower/thermal exchanger chamber have their own separate and separable boundary walls).

Docket No. 450 at 2-3 (citing Docket No. 400-5 ¶ 55).

The parties dispute whether CoolIT's and Dr. Abraham's arguments are (1) inconsistent with the argument CoolIT proffered at IPR and, therefore, judicially estopped, (2) inconsistent and narrower than the parties’ stipulated claim construction, and (3) have an untenable result that excludes the ’362 patent's own preferred embodiments. *See* Docket No. 400; Docket No. 402; Dockets No. 413, 420.

1. Judicial Estoppel

During the pendency of this action, the ’354 and ’355 patents were subject to IPR and were found unpatentable by the PTAB on August 19, 2021. Docket No. 380 at 3, n.2. In the IPR petitions, CoolIT argued that Asetek's patents were obvious because they relied on prior art references wherein the reservoir had multiple receptacles within the “single receptacle,” defined by multiple components in the reservoir. Docket No. 400 at 12; Docket No. 450 at 11. According to Asetek, CoolIT had argued that multiple components could constitute a single receptacle and reservoir related to the Duan, Batchelder, and Shin prior art. Docket No. 400-6 (Ex. D, CoolIT IPR Petition) at 26 (arguing that prior art discloses an accommodation chamber, cap, and cooling plate that “together form[ed] the claimed reservoir” and a “single receptacle defining a fluid flow path”); *see also* Docket No. 402-10 at 12-14; Docket No. 444-3 at 12. These multiple components that likely can hold liquid (and thus is a receptacle under CoolIT's current interpretation) “serve as a single receptacle defining a fluid flow path.” *See* Docket No. 400 at 12; Docket No. 444-3 at 11. As such, Asetek argues that judicial estoppel prohibits CoolIT and Dr. Abraham from taking the inconsistent position that multiple components or receptacles cannot be connected or integrated together with the claimed “reservoir.” *See generally* Docket No. 400; *see also* Docket No. 450-5 (Abraham Infringement Rebuttal Report) at ¶¶ 85-87 (opining that the manifold groove in the copper cold plate in the lower chamber of the accused device is “capable of holding coolant” and thus constitutes a separate receptacle).

As discussed separately for the parties’ motion for summary judgment, CoolIT's prior position at IPR is not inconsistent with its current position because the fact that multiple *components* can form the “reservoir” or a “single receptacle” is irrelevant to the question of whether multiple chambers can be considered each a separate *receptacle* within the reservoir. As such, the Court **DENIES** Asetek's judicial estoppel arguments for both motions.

2. Claim Construction

Dr. Abraham opines that the accused H100i product contains a collection manifold in the heat exchanging interface (i.e., the copper cold plate), which constitutes a separate receptacle under the word's plain and ordinary meaning because it can receive and contain liquid.² Docket No. 420-4 at 49-54; Docket No. 400 at 6, 8. Asetek argues that CoolIT's logic that the accused products constitute two separable receptacles creates new limitations that cannot be added to the stipulated

construction. Asetek also argues that Dr. Abraham essentially argues claim construction to the jury to explain “what ‘a single receptacle that is divided into two chambers’ actually means” using extrinsic attorney annotations that Dr. Abraham did not inspect or verify. Docket No. 400 at 6; Docket No. 450 at 2-3 *Huawei Techs., Co., Ltd. v. Samsung Elecs. Co., Ltd.*, 340 F. Supp. 3d 934, 967 (N.D. Cal. 2018) (citing *Apple, Inc. v. Samsung Elecs. Co.*, No. 12-CV-00630-LHK, 2014 WL 660857, at *6 (N.D. Cal. Feb. 20, 2014) (“Expert opinions should be excluded when they ‘exceed the bounds’ of the plain and ordinary meaning of the claim terms’ and ‘delv[e] too deeply into claim construction to be presented to the jury[.]’ ”)).

*8 First, Dr. Abraham does not attempt to advance a claim construction argument by explaining to the jury “what ‘a single receptacle that is divided into two chambers’ actually means.” Docket No. 400 at 7-8. In fact, “[t]he implications of the Court’s constructions are matters on which the parties’ experts may opine” and “evidence regarding the plain and ordinary meaning of claim terms is not necessarily inadmissible at trial.” *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 763 F. Supp. 2d 671, 695 (D. Del. 2010); *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12-CV-03587-WHO, 2015 WL 1265009, at *5 (N.D. Cal. Mar. 19, 2015). Indeed, rather than proposing a new technical significance to “reservoir,” Dr. Abraham attempts to apply the stipulated construction of “single receptacle” and the patent’s requirement of a reservoir with two chambers through their plain meanings.

Asetek also argues that, by characterizing the collection manifold in the copper cold plate as a separate receptacle, Dr. Abraham’s construction of “reservoir” is inconsistent and narrower than the bounds of this court’s claim construction. Docket No. 400 at 4, 6-8 (quoting *EMC Corp. v. Pure Storage, Inc.*, 154 F. Supp. 3d 81, 109 (D. Del. 2016) (citations omitted) (“‘As expert testimony inconsistent with the Court’s claim construction is unreliable and unhelpful to the finder of fact,’ it should be excluded under the *Daubert* standard.”); see also *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1321 (Fed. Cir. 2009) (reversing jury finding of infringement in part based on a statement to jury inconsistent with claim construction and holding that “[n]o party may contradict the court’s construction to a jury”)). Furthermore, Asetek argues that Dr. Abraham applies a narrow construction of the term “reservoir” based on annotated screenshots of a Seidon 120V product from a different Asetek trial that he did not prepare, verify, or physically inspect. Docket No. 400 4-7 (citing Ex.

C ¶¶ 53-55). In doing so, he introduced limitations such that “the structure separating the two chambers is within the same single receptacle and divides such single receptacle from within and into the two chambers within it” and that the “two chambers do not have their own separate and separable [sic] enclosures ... they depend on the single receptacle to enclose them.” *Id.*

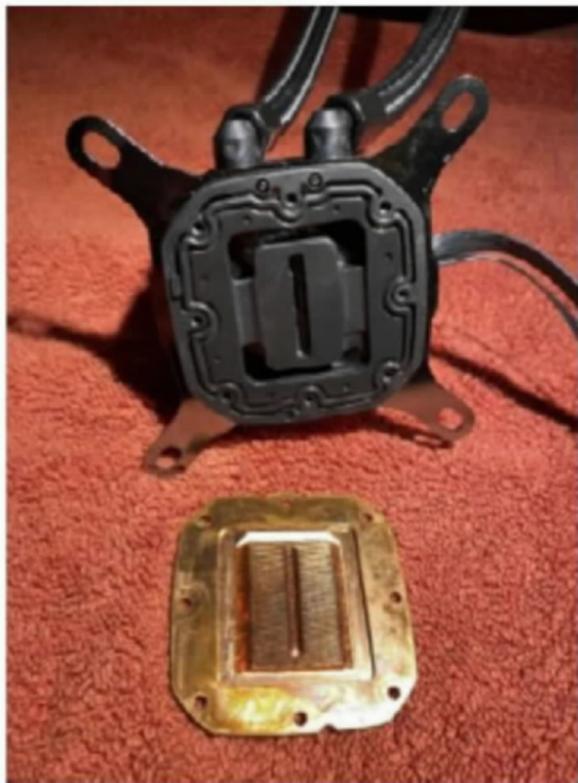
CoolIT responds that it has a consistent position (derived from the jury verdict in the CMI case) that the reservoir claimed in Asetek’s patent is a single receptacle that is divided into an upper chamber and lower chamber and is not infringed because CoolIT’s products have two separable receptacles. Docket No. 420 at 3. CoolIT again argues that Dr. Abraham merely applies the stipulated constructions to the stipulated facts. See Docket No. 420 at 11. Asetek’s infringement theory requires that the lower chamber provide the thermal exchange function under the parties’ stipulation, and liquid is required for the thermal exchange function. Docket No. 342 at 2. Therefore, CoolIT argues that Asetek’s theory requires that the copper plate device contain liquid to satisfy this function. Docket No. 420 at 6-7; Docket No. 420-4 at 49-54.

Asetek disputes CoolIT’s statement that “there is virtually no space within [the lower chamber of the H100i] ... to provide the required thermal exchange function” because the H100i’s lower chamber extends above the cold plate and includes the plastic cavity. Docket No. 450 at 4. According to Asetek, the cold plate in the accused H100i device is not the only portion of the lower chamber that contains volume/fluid and contributes to the thermal exchange function of the lower chamber. *Id.* at 3. Asetek argues that the volume in the lower chamber in the H100i is not just volume in the copper cold plate, but also includes the volume in the plastic housing structure above the cold plate. *Id.* at 4, 6 (citing Docket No. 400-5 (Ex. C, Dr. Abraham Rebuttal Report) ¶ 92 (referring to the copper cold plate/“heat exchanging interface” as only “part of the lower chamber”); Docket No. 386-5 (Ex. 7, Dr. Tuckerman Report) ¶ 58, ¶ 275, ¶ 282). Asetek also points out that Dr. Tuckerman testified that the “lower chamber” is not just the copper cold plate but includes other components above it. *Id.* at 7 (figure depicting multiple components of the lower chamber, not just the heat exchanging interface). Asetek also argues that CoolIT’s use of the word “virtually no volume” in the H100i lower chamber other than in copper cold plate is a tacit admission that there is, in fact, additional volume. *Id.* at 5. Furthermore, Asetek points out that CoolIT’s photos show grooves and spaces in the plastic portion of the lower chamber that lines up with the structure of the cold plate

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such that when the unit (the plastic portion and the cold plate) are assembled together, they form the interior of the lower chamber. *Id.*



*9 *Id.* (black plastic housing portion and the copper plate). Asetek is correct; Dr. Tuckerman never stated that the cold plate is the *only* portion of the lower chamber that contains fluid. *See* Docket No. 386-5 (Ex. 7, Dr. Tuckerman Report). Likewise, although Dr. Abraham identified the copper component for the fluid flow function, he did not identify it as the *only* portion with this function. *See* Docket No. 400-5 (Ex. C, Dr. Abraham Rebuttal Report). Therefore, while Dr. Abraham and Dr. Tuckerman identified other components in the lower chamber above the cold plate, they did not specify that these other components could not contain liquid.

Nevertheless, CoolIT's argument is not inconsistent with the parties' and the Court's construction of a "reservoir." *See Tesco Corp. v. Weatherford Int'l Inc.*, 750 F. Supp. 2d 780, 796 (S.D. Tex. 2010) (merely presenting one interpretation of how the construction applies to the accused products is permissible); *Arctic Cat Inc. v. Bombardier Recreational Prod., Inc.*, No. 14-CV-62369, 2016 WL 9402395, at *7 (S.D. Fla. May 3, 2016), *vacated in part on other grounds*,

876 F.3d 1350 (Fed. Cir. 2017) ("Although it is improper to ignore the Court's constructions or to utilize inconsistent constructions, it is appropriate for an expert to apply the Court's constructions, ... A dispute about the proper application of the Court's constructions is not grounds to exclude [the expert's] opinions."); *Personalized User Model, L.L.P. v. Google Inc.*, No. CV 09-525-LPS, 2014 WL 807736, at *1–2 (D. Del. Feb. 27, 2014) (contrasting testimony clearly contradicting an aspect of the claim language that the court had explicitly ruled upon in claim construction with testimony applying the court's construction to the accused products, which was a factual dispute). It is the "single receptacle" in the '362 patent that must contain the two chambers, as a "reservoir" is a "single receptacle" containing an upper and a lower chamber, and a chamber is required to be within the reservoir. *See* Docket Nos. 67, 104, 237, 258. Nothing in CoolIT's theory contradicts or narrows the requirement that the upper and lower chambers are both within the "single receptacle" that is also the "reservoir." And Dr. Abraham's reference to the Seidon 120V is merely used as an example to illustrate his theory rather than introduce new limitations. As such, Asetek's argument fails.

3. The Nesting Doll Analogy

Asetek also argues that Dr. Abraham's interpretation of the reservoir was rejected by Judge Tigar in another case. Docket No. 400 at 9-10. In the CMI case, CMI argued that prior art Ryu (containing two spatially separable receptacles joined together) rendered Asetek's claims obvious and that the accused products' sub-chamber within the lower chamber was a receptacle. Therefore, according to CMI, the '362 was invalid, and the accused product did not infringe because there was more than one receptacle within the reservoir. The jury found for Asetek on the invalidity issue, reasoning that the '362 patent "differ[ed] from the prior art because they combine[d] a "pump" and a "reservoir" "into a single unit" and because the "reservoir" is a 'single receptacle that is divided into an upper chamber and a lower chamber.'" *CMI USA Inc.*, 852 F.3d at 1357–58. In a subsequent motion for sanctions, CMI sought to raise judicial estoppel; however, Judge Tigar found that Asetek did not take a "clearly inconsistent" position with any position it took at trial. CMI case, Docket No. 426 at 6. In doing so, he made the following nesting doll analogy:

*10 "[I]t could be that even if the copper subchamber is a receptacle, that would not change the fact that the reservoir is a single receptacle divided into an upper chamber and lower chamber – the lower chamber would merely include

or consist entirely of a smaller receptacle or sub-chamber. For example, nesting dolls contain many receptacles. But the smaller dolls – or receptacles – do not affect whether the biggest doll is a ‘single receptacle.’”

CMI case, Docket No. 426 at 6. Asetek uses this analogy to argue that the smaller receptacles do not affect the overall single receptacle, and therefore, Dr. Abraham's interpretation that a “single receptacle” must have only one receptacle within it fails.³ Docket No. 400 at 9-10.

Asetek's argument fails. Judge Tigar merely found that Asetek's argument was not “clearly inconsistent” and raised the nesting doll theory only as an example. *See* CMI case, Docket No. 426 at 6. Furthermore, CoolIT's theory does not clearly map to Judge Tigar's nesting doll analogy because it argues that the smaller receptacles are not completely contained within the larger receptacle, unlike a nesting doll. Docket No. 420 at 15-16. Whether the nesting doll analogy may apply and whether it is appropriate to the facts of this case is a question of fact, which fails for reasons discussed separately.

For the foregoing reasons, CoolIT's argument is not contrary to or narrower than the parties' stipulated claim construction.

4. “Comprising” Language

Asetek also unconvincingly argues that CoolIT's and Dr. Abraham's opinion that the Tamriel has two receptacles fails because the word “comprising” is open-ended and must allow for additional, unrecited elements (including additional receptacles) within an infringing device. *See* Docket No. 400 at 9; Docket No. 444-3 at 7 (citing *Genentech, Inc. v. Chiron Corp.*, 112 F.3d 495, 501 (Fed. Cir. 1997); *Gillette Co. v. Energizer Holdings, Inc.*, 405 F.3d 1367, 1371–73 (Fed. Cir. 2005)). However, to read “single” as “one or more” in an open-ended “comprising” patent would render the claimed singularity of the receptacle meaningless. The Federal Circuit has previously explained that:

[A]n indefinite article ‘a’ or ‘an’ in patent parlance carries the meaning of “one or more” in open-ended claims containing the transitional phrase ‘comprising’ ... [and] [u]nless the claim is specific as to the number of elements, the article “a” receives

a singular interpretation only in rare circumstances when the patentee evinces a clear intent to so limit the article.

KCJ Corp. v. Kinetic Concepts, Inc., 223 F.3d 1351, 1356 (Fed. Cir. 2000). Here, Asetek's argument fails because the claim is specific as to the number of elements. Therefore, the word “comprising” would not, by itself, allow additional receptacles.

5. Preferred Embodiments

Lastly, Asetek argues that defining “reservoir” to preclude smaller receptacles within it would exclude an analogous preferred embodiment of the '196 patent with internal components (such as an impeller cover and heat-exchanging interface) that would constitute smaller receptacles under Dr. Abraham's analysis. Docket No. 444-3 at 9-10; No. 400 at 11. The relevant preferred embodiment describes that an impeller cover is separable from the reservoir housing, is capable of holding or accommodating coolant, and defines a pump chamber. *Id.* As such, the preferred embodiment cannot practice the claimed invention. Docket No. 400 at 11 (citing *Accent Packaging, Inc. v. Leggett & Platt, Inc.*, 707 F.3d 1318, 1326 (Fed. Cir. 2013) (“[A] claim interpretation that excludes a preferred embodiment from the scope of the claim is rarely, if ever, correct.”); accord *Verizon Servs. Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1305 (Fed. Cir. 2007)). Asetek argues that the stipulated construction of “reservoir” applies equally to the '362, '196, and '601 patents. Docket No. 444-3 at 10.

*11 Although Asetek cites cases that generally state that claim interpretation cannot exclude a preferred embodiment and argues that the stipulated construction of “reservoir” applies to both the '362 and '196 patents, it has not cited any authority that would allow the Court to consider the preferred embodiments in a different patent in determining the issues of the '362 patent. Thus, this argument fails.

For the foregoing reasons, the Court **DENIES** Asetek's motion to exclude Dr. Abraham's opinions.

B. Motion to Exclude Dr. Stein's Report (Docket No. 399)

One of the issues in this action is whether CoolIT's products, which have straight blades, infringe the '362 patent, which requires “curved blades.” Asetek relies on Dr. Stein's

simulation results to support its DOE theory against CoolIT devices: that the impeller blades in the accused CoolIT products are substantially equivalent to an impeller with curved blades. In simulating the performance and behavior of CoolIT's blades compared to curved blades and straight blades, Dr. Stein did not test the blades in CoolIT's system but in a "generic" pump "to make sure that [he] can evaluate the differences and similarities between the different blades." Docket No. 425 at 7. CoolIT asks the Court to exclude Dr. Stein's report as irrelevant and unreliable. Because the Court does not reach the DOE issue, this motion is dismissed as **MOOT**.

C. Motion to Exclude Tuckerman Opinions (Docket No. 397)

CoolIT seeks to exclude Dr. David B. Tuckerman's opinions for various reasons set forth below.

1. Whether Dr. Tuckerman Wrote His Report

[Rule 26](#) requires that an expert report be prepared and signed by the witness. [Fed. R. Civ. P. 26](#). However, an attorney may assist the expert in drafting the report:

[Rule 26\(a\)\(2\)\(B\)](#) does not preclude counsel from providing assistance to experts in preparing the reports, and indeed, with experts such as automobile mechanics, this assistance may be needed. Nevertheless, the report, which is intended to set forth the substance of the direct examination, should be written in a manner that reflects the testimony to be given by the witness and it must be signed by the witness.

[Fed. R. Civ. P. 26](#) Adv. Comm. Note (1993); *see also NetFuel, Inc. v. Cisco Sys. Inc.*, No. 5:18-CV-02352-EJD, 2020 WL 1274985, at *3 (N.D. Cal. Mar. 17, 2020). "[C]ounsel's composing of initial drafts of reports based upon communications with the expert and allowing the expert to substantively revise the report to reflect the expert's opinions, or counsel's drafting of the report with the expert's substantive assistance are permissible and do not warrant striking of the report." *Accentra Inc. v. Staples, Inc.*, No. CV 07-5862 ABC

(RZX), 2010 WL 11459205, at *4 (C.D. Cal. Oct. 7, 2010); *see also Seitz v. Envirotech Sys. Worldwide Inc.*, No. CIV. A. H-02-4782, 2008 WL 656513, at *2-3 (S.D. Tex. Mar. 6, 2008).

CoolIT argues that Dr. Tuckerman's opinion should be stricken in its entirety because the totality of the circumstances suggests that he may not have prepared his report as required by [Rule 26](#). CoolIT points to the following facts to support its argument: (1) the first draft of the report was written by Asetek, (2) Dr. Tuckerman did not identify his own obviousness grounds, (3) Dr. Tuckerman's lack of familiarity and confusion regarding his report, (4) long response times (five to ten minutes) in answering simple questions and merely reading his report into the record in response to questions, and (5) the fact that the claim chart attached to his report recycles annotated pictures from the declaration of Asetek's former expert, Dr. Tilton, and (6) Dr. Tuckerman's lack of awareness that paragraphs 48 and 50 of his report were virtually verbatim copies of Dr. Tilton's declaration.⁴ Docket No. 397 at 14, n.11. Therefore, CoolIT argues that the expert report must be excluded under *Numatics* because it was not written by Dr. Tuckerman. Docket No. 443 at 10; Docket No. 397 at 15 (citing *Numatics, Inc. v. Balluff, Inc.*, 66 F. Supp. 3d 934, 943, 45 (E.D. Mich. 2014) ("Where an expert merely offers his client's opinion as his own, that opinion may be excluded." "[The expert's] complete lack of knowledge about the factors relevant to assessing obviousness undermines [CoolIT's] assertion that [the expert's] conclusions are his own.")).

*12 However, *Numatics* is inapposite. The expert in *Numatics* adopted in entirety a report that was written by counsel and only made "fairly minor" changes to it, even acknowledging that "[h]ad he drafted the report, ... it would not have consumed sixty-five pages [but had] boiled [it] down to five pages after removing the legalness out of it." *Numatics*, 66 F. Supp. 3d at 944 (quotation marks omitted). In contrast, Dr. Tuckerman states that he made "a lot of changes" to his report. The fact that Asetek wrote Dr. Tuckerman's report does not bar the expert report under [Rule 26](#) as long as there was substantial involvement by the expert. The *Accentra* court explained:

[Rule 26](#) ... contemplates "some attorney involvement in the preparation of any expert report," but "the expert must also substantially participate in the preparation of his report." This involvement can include counsel's paraphrasing of the expert's qualifications, counsel's

providing “teamwork,” “collaboration,” or editorial assistance on the report, **counsel's composing of initial drafts of reports based upon communications with the expert and allowing the expert to substantively revise the report to reflect the expert's opinions, or counsel's drafting of the report with the expert's substantive assistance**[.]

In *Seitz*, for example, attorneys created the initial drafts of expert reports based upon the expert's substantive opinions communicated to counsel and, after the initial drafts were created by counsel, the expert revised them by adding, deleting, and modifying content. Similarly, in *Crowley*, an attorney prepared an expert report based upon “substantial input” from the expert based on meetings the attorney had with the expert, which was permitted because Rule 26 does not “require that the expert be the person who actually puts pen to paper (or fingers to keyboard).”

An attorney cannot, however, simply draft the report without prior substantive input from an expert and ask the expert to approve and sign the report because that “would read the word ‘prepared’ completely out of the rule.” Thus, an expert cannot simply “perus[e] the work product” of someone else and sign the bottom of the report because doing so creates “very little, if any, evidentiary value” in the expert's testimony. In *Weitz*, the expert report was excluded because the expert's assistant conducted the underlying research and created the expert report, and only afterward did the expert sign the report without changing any part of the report. *Id.*

Accentra, 2010 WL 11459205, at *4 (citations omitted); see also *Icon-IP Pty Ltd. v. Specialized Bicycle Components, Inc.*, 87 F. Supp. 3d 928, 949–50 (N.D. Cal. 2015) (declining to strike expert report even though counsel typed the report because the expert testified that the information in the report came from him).

Although CoolIT's counsel created the initial draft, Dr. Tuckerman was involved in the expert report both prior to the first draft and significantly afterward, as he testified that “there was back and forth before ... the first draft and lots of back and forth after the first draft” and that Asetek “created the report under [his] guidance.” Docket No. 397-4 (Ex. 3, 12/22/21 Tuckerman Depo.) at 15:16-21; Docket No. 397-3 (Ex. 2, 12/20/21 Tuckerman Depo.) 146:23-147:6. Dr. Tuckerman also provided the following testimony:

Q: You wrote it; right?

A: I did.

....

[Asetek] wrote the first draft and I reviewed it very carefully ... [B]ecause some of this is ... legalese in terms of how things are said, and there are certain organizational ways. So I'm not highly knowledgeable on how these reports are to be organized and what's the best way to display information.

*13 So [Asetek] wrote the draft, I read it very carefully. I had numerous teleconferences with [Asetek].... I gave changes that I requested either for clarity or for -- certainly for technical accuracy. And [Asetek] would make those changes and ... we'd go back and forth. And so over a period of a few months, the report came together[.]

...

I can't say that every single word was chosen by me, but I absolutely agreed with the final product, every word in the final product.

Docket No. 397-3 (Ex. 2, 12/20/21 Tuckerman Depo.) at 144:14-145:17; see also Docket No. 397-4 (Ex. 3, 12/22/21 Tuckerman Depo.) at 15:1-10.

To the point that Dr. Tuckerman did not identify his own obviousness grounds⁵, CoolIT fails to cite any cases stating that an expert is required to select the prior art for his expert report. Dr. Tuckerman also testified that he agreed that they would be legitimate prior art. Docket No. 397-3 (Ex. 2, 12/20/21 Tuckerman Depo.) at 167:22-169:18.

CoolIT seems to put great weight on the fact that Dr. Tuckerman conflates an expert declaration with the PTAB's FWD decision. However, this issue seems to stem from Dr. Tuckerman's confusion regarding the legality and significance of the document. During his deposition, he had difficulty remembering all the contents of the materials and was confused about the significance of the counsel's question. Docket No. 397-3 (Ex. 2) at 20:15-21:18 (“I need a couple minutes to refresh my memory ... I saw a great many documents since this case began ... I think this is a -- perhaps a legal technicality question -- whether this exhibit was incorporated in the PTAB's final written decision. I don't know whether it would be considered as such or not.”).

Finally, CoolIT points out that a chart attached to Dr. Tuckerman's report includes Dr. Tilton's annotated pictures (from the invalidity claim chart) only with different colors and wording and that two paragraphs were “virtually verbatim copies of Dr. Tilton's declaration.” However, Dr. Tuckerman did not merely copy and paste the annotated pictures from the invalidity claim — he made changes to the annotations to clarify their meaning. For example, he renames “the plate” to “flow distributor,” clarifies that “walls” are “microfins,” and combines different pictures in different parts of his report. *Compare* Docket No. 397-15 (Ex. 14, Dr. Tuckerman's Expert Report) Chart III, at 1, 2, 3, 6 *with* Docket No. 397-16 (Ex. 15 Dr. Tilton's Expert Declaration in IPR2020-00825) at 103, 104, 105, 117.

As for the two paragraphs that were copies of Dr. Tilton's declaration, Dr. Tuckerman testified:

A: ... [W]hen something is true and correct and technically correct, you know, I don't feel the need to change around the words. You know, if I was publishing a paper, you know, then issues of permission might be relevant. But when I'm just stating a truth -- and let me be very clear, I'm not relying on Dr. Tilton's opinions. I think Dr. Tilton is correct, but these are – these are exactly my own opinion on the subject because they're manifestly and obviously true physical facts ...

Ex. 3 at 29:7-31:17 (emphasis added; objections omitted).

CoolIT cites a case that excluded an expert witness's testimony because “undeniable substantial similarities between [the expert's] report and the report of another expert prepared with assistance from the same counsel in an unrelated case, demonstrate that counsel's participation so exceeded the bounds of legitimate ‘assistance’ as to negate the possibility that [the expert] actually prepared his own report[.]” *In re Jackson Nat. Life Ins. Co. Premium Litig.*, No. 96-MD-1122, 2000 WL 33654070, at *1 (W.D. Mich. Feb. 8, 2000); *Numatics*, 66 F. Supp. 3d at 943. However, two paragraphs within two reports totaling 200 pages in length do not “demonstrate that counsel's participation so exceeded the

bounds of legitimate ‘assistance’ as to negate the possibility that [Dr. Tuckerman] actually prepared his own report within the meaning of Rule 26(a)(2).” *Id.* Mere failure to properly cite the source of the contents in these paragraphs does not suggest that his expert report as a whole is not his own. As such, CoolIT's attempt to exclude Dr. Tuckerman's opinion in its entirety is unconvincing.

2. Dr. Tuckerman's Opinion on Non-Infringing Alternatives

*14 Dr. Tuckerman opines that Asetek's Gen 3 and Cooler Master products are acceptable non-infringing alternatives. According to CoolIT, this opinion fails because he admitted at deposition that he was “[n]ot at all” familiar with the Asetek Gen 3 product and that he never inspected or conducted performance testing on the Cooler Master product. Docket No. 397 at 16 (citing Docket No. 397-4 (Ex. 3 12/22/21 Tuckerman Depo.) at 79:22-80:6; Docket No. 397-6 (Ex. 5 3/18/22 Tuckerman Depo.) at 67:2-11). As such, Dr. Tuckerman has no independent basis for assessing whether the thermal performance of these products would be acceptable to Asetek customers, let alone that these products do not infringe the Asserted CoolIT Patents. *Id.* at 17 (citing *Acceleration Bay LLC v. Activision Blizzard Inc.*, No. 1:16-CV-00453-RGA, 2019 WL 4194060, at *8 (D. Del. Sept. 4, 2019) (“It is undisputed that none of its technical experts have opined that the earlier games are non-infringing. Thus, the only support for the conclusion that the earlier versions of the games are non-infringing alternative is [the expert's] assumption.”)). Asetek responds that Dr. Tuckerman did not have to inspect these products to opine on them because he relied on Asetek's and CoolIT's documents and CoolIT's own expert opinions. Docket No. 422 at 17.

Regarding the acceptability of the Gen 3 product, Asetek's statement that it will “have the CEO of Asetek, Andre Eriksen, testify about [the acceptability of a non-split glow design similar to the Gen 3] (not Dr. Tuckerman)” is insufficient. Docket No. 422 at 18. Furthermore, Dr. Tuckerman's single source (Dr. Abraham's admission that the Asetek Gen 3 has non-split flow designs) is not disclosed in the “Materials Considered” list of Dr. Tuckerman's report. Docket No. 443 at 9. Asetek's attempt to push the acceptability issue to Mr. Eriksen and Dr. Abraham fails because he cannot simply delegate to another his opinion on whether the noninfringing alternative would be acceptable to the customers.

Regarding the acceptability of the Cooler Master product, Dr. Tuckerman relies on CoolIT's competitive analysis, which states that Cooler Master is a competitor to CoolIT and Asetek with superior performance to that of CoolIT's split flow design and acceptable to customers. Docket No. 422 at 19 (“[Cooler Master's] ‘thermal resistance ... is better than the comparable [CoolIT product] ... [Cooler Master] is a meaningful competitor to Asetek and CoolIT/Corsair's desktop liquid cooling products.’ It is, therefore, reasonable to infer that the thermal performance of the non-split flow Cooler Master product is acceptable to customers of desktop liquid cooling products.” (citing Docket No. 395-6, ¶ 84); *see also* Ex. C at 71:6-72:17 (CoolIT document stating that there “is a nonsplit-flow design that is performing comparable to other split-flow designs, and given that, [] it would seem to be a perfectly acceptable option for customers.”)). Dr. Tuckerman's reliance on CoolIT's and Asetek's documents and counsel for the fact that the Cooler Master product does not have split flow designs is not improper, as experts may rely on factual representations by the parties.⁶ However, although CoolIT's competitive analysis identifies Cooler Master as a competitor with thermal performance superior to that of CoolIT's split flow design, the mere fact that thermal performance is superior does not, by itself, answer the question of acceptability to Asetek customers.⁷ *See* Docket No. 422; *Webasto Thermo & Comfort N. Am., Inc. v. BesTop, Inc.*, No. 16-CV-13456, 2019 WL 3334563, at *6 (E.D. Mich. July 25, 2019) (“any opinion that the proposed design would provide all the same benefits of the [patent] and would be an acceptable alternative to consumers would involve explaining to a jury what consumers valued in the [patent] and why and how the alleged proposed alternative design-around satisfied those customer preferences and demands”). That the Cooler Master product is a “meaningful competitor” merely because “they are going after the same market” also does not answer the question of acceptability to Asetek customers. Docket No. 422 at 19. As such, Dr. Tuckerman's opinion lacks a basis sufficient to satisfy *Daubert*.

*15 For the foregoing reasons, the Court **GRANTS** CoolIT's motion to exclude Dr. Tuckerman's opinions regarding noninfringing alternatives.

3. Dr. Tuckerman's Opinions on Impeller Blades

The '362 patent claims an impeller having curved blades. Docket No. 397 at 17. CoolIT ask the Court to exclude Dr. Tuckerman's opinions regarding the impeller blades because he (1) conflates “curved” blades with “non-radial” blades that

include non-curved blades and (2) his multiple definitions of “radial” blades are unreliable. Because the Court does not reach the DOE issue, this motion is dismissed as **MOOT**.

4. Dr. Tuckerman's Opinions on Microchannels

Parties dispute the measured distance between the adjacent fins of the *Antarctica* prior art to argue whether *Antarctica* has “microchannels” that are required to be less than 1mm. Dr. Pokharna's invalidity rebuttal report provides his methodology (*i.e.*, using electronic vernier calipers) and data showing that the *Antarctica* sample's channel widths exceed 1.0mm. Docket No. 389-5 (Ex. 4, Pokharna Reb. Rep.) ¶¶ 72-74. On the other hand, Dr. Tuckerman argues that the adjacent fins are spaced about 0.9–1.0mm apart but does not disclose his methodology in his report. Docket No. 397-2 (Ex. 1, Tuckerman Rep.) ¶ 57. In the report, Dr. Tuckerman simply states that he relied both on his personal measurements and the testimony of Mr. Eriksen. *Id.*; Docket No. 443 at 3. It was later in his depositions on December 20, 2021 that Dr. Tuckerman discussed his methodology, that the channel width was measured using calipers at the base of the microchannels as follows:

I used ... calipers to measure the fins at the base which is where I felt the most relevant dimension was because the base of the fins is where the most heat transfer occurs. As fins -- you go up in fin height, they become less effective. And so to me, the base was the relevant dimension to measure it at. And I got readings, ... between [0.9] and 1.0[.]

Docket No. 422-3 (Ex. A, 12/20/21 Tuckerman Depo.) at 137:9-138:13.

Dr. Pokharna later emphasized the unreliability of such methods because “at the base it is fraught with most errors and ... inconsistencies” because “there is a possibility of making a measurement that is smaller than the tool that was used to create that gap” that is “clearly inconsistent and not really representative of the gap.” Docket No. 443-2 (Ex. 23 1/10/2022 Pokharna Dep.) at 118:13-122-21. At the second supplemental deposition on March 18, 2022, Dr. Tuckerman further testified that he “put calipers at the bottoms of the

grooves, which is where they would be narrowest -- that's the way the machining works -- and looked ... to see if any exceeded a millimeter, and they didn't." Docket No. 422-4 (Ex. B, 3/10/22 Tuckerman Depo.) at 8:23-9:12.

a. Rule 26 and Scope of Dr. Tuckerman's Testimony

Rule 26 requires expert reports to be a "complete statement of all opinions the witness will express and the basis and reasons for them" inclusive of "the facts or data considered by the witness forming them[.]" Fed. R. Civ. Proc. 26(a)(2)(B). "[S]ubsequently-given deposition testimony is not a substitution for adequate disclosure in the expert's original report." *Asetek Danmark A/S v. CMI USA, Inc.*, No. 13-CV-00457-JST, 2014 WL 6997670, at *1 n.1 (N.D. Cal. Dec. 9, 2014); accord *Foshee v. Zuniga*, No. 20-CV-00132-VKD, 2021 WL 1947560, at *8 (N.D. Cal. May 14, 2021). Failure under Rule 26(a) may result in exclusion "unless the failure was substantially justified or is harmless." Fed. R. Civ. P. 37(c)(1).

*16 Asetek argues that the additional disclosure regarding his methodology at his deposition merely elaborates his report and that CoolIT has not shown any harm from the belated explanation of his methodology. Docket No. 422 at 5-6. CoolIT points out that a deficient expert report cannot be cured through subsequent depositions. Docket No. 443 at 6. CoolIT argues that Dr. Tuckerman's failure to provide his methodology resulted in its inability to independently test and opine on the reliability of Dr. Tuckerman's opinion and methodology. *Id.* at 7. CoolIT cites various cases in which expert opinions were excluded for violating Rule 26. Docket No. 443 at 5-6 (citing *Salgado by Salgado v. Gen. Motors Corp.*, 150 F.3d 735, 741 n.6 (7th Cir. 1998) ("Expert reports must include 'how' and 'why' the expert reached a particular result, not merely the expert's conclusory opinions."); *Alvarado v. FedEx Corp.*, No. C 03-2659 SI, 2006 WL 1761276, at *3-4 (N.D. Cal. June 27, 2006); *Atmel Corp. v. Info. Storage Devices, Inc.*, 189 F.R.D. 410, 411-12, 416 (N.D. Cal. 1999)).

CoolIT's cases are generally inapposite. Several of them were precluded because the late disclosure came on the eve of trial, was produced almost two years after the close of discovery or was solicited by counsel on redirect rather than as responses to questions by the opposing counsel. *CMI USA, Inc.*, 2014 WL 6997670, at *2; *Foshee*, 2021 WL 1947560, at *8; *Edwards Lifesciences Corp. v. Meril Life Scis. Pvt. Ltd.*, No. 19-

CV-06593-HSG, 2022 WL 254348, at *7 (N.D. Cal. Jan. 27, 2022). *Atmel* is inapposite because the court declined to find the expert report's inadequate methodology harmless because it "reflect[ed] deliberate litigation tactics, not an inadvertent oversight or an excusable lapse." *Atmel Corp.*, 189 F.R.D. at 410-12 ("Atmel's expert decided, at counsel's direction, to sit back and wait to see what the other side came up with and then rebut that limited universe."). In *Alvarado*, the plaintiff provided new opinions that were previously available in an affidavit after his deposition. *Alvarado*, 2006 WL 1761276, at *3-4 ("Throughout this litigation, plaintiffs' counsel have repeatedly displayed a flagrant disregard for the Federal Rules of Civil Procedure and the Local Rules of this Court. The Court will not permit such behavior[.]").

Here, Dr. Tuckerman's initial failure explicitly to discuss his methodology does not appear to be such gamesmanship, and CoolIT does not claim that new depositions are warranted. Furthermore, Dr. Pokharna has already addressed the reliability of Dr. Tuckerman's methodology in his deposition. CoolIT had more than two months between the initial and supplemental depositions, and there is almost a year between the depositions and trial. In addition, CoolIT had the opportunity to provide competing expert opinions on the matter, as CoolIT served its own expert report providing competing measurements. Therefore, Dr. Tuckerman's failure to disclose his measuring method in his report seems to be an unintentional and harmless omission that has already been remedied. Because the omission was harmless, the exclusion of Dr. Tuckerman's opinion is not warranted under Rule 37(c)(1).

b. Reliability

As for CoolIT's challenge of Dr. Tuckerman's methodology as unreliable, Asetek points out that CoolIT's own expert used the same methodology – i.e., measuring the microchannels with calipers. Docket No. 422 at 4. The only difference is that Dr. Pokharna measured at the top of the channels, whereas Dr. Tuckerman measured at the base. CoolIT has not specifically identified why this location would constitute an issue of fundamental methodology rather than a mere difference in choice between the two experts. Furthermore, although Asetek argues that Dr. Tuckerman failed to record any of his measurements, this fact "go[es] to the weight and the credibility of his opinion, not its admissibility." *Godou Kaisha IP Bridge 1 v. Broadcom Ltd.*, No. 2:16-CV-134-JRG-RSP, 2017 WL 2839492, at *1-2 (E.D. Tex. Apr. 20, 2017)

(“None of [CoolIT’s] criticisms calls for the exclusion of [the expert’s] opinion ... [CoolIT] allege[s] that [the expert] does not show his work ... [and] used ... images [] that are not in his report. Even if true, these criticisms either go to the weight and credibility of his opinion, not its admissibility.”).

*17 For the foregoing reasons, the Court **DENIES** CoolIT’s *Daubert* motion to exclude Dr. Tuckerman’s opinion regarding the microchannels.

D. Motion to Strike Exhibit 275 (Docket No. 389)

CoolIT also seeks to strike Exhibit 275, a picture of the machining document for the *Antarctica* device, used to corroborate Dr. Tuckerman’s opinion that the adjacent fins measured less than 1.0mm. Asetek produced Exhibit 275 for the first time during redirect at Dr. Tuckerman’s deposition on December 21, 2021. Docket No. 389 at 1. CoolIT seeks to strike exhibit 275 and any opinions based thereon. *Id.*

Dr. Tuckerman admitted in his deposition that Asetek’s counsel provided him with Exhibit 275 and that it showed “blades that they say they used with calipers measuring that blade.” 12/21/21 Tuckerman Dep. at 138:17-20, 139:15-18. This image includes a photo of blades, a caliper measuring 0.93mm, and a piece of paper in Danish. Docket No. 431-3 (Exhibit 275); Docket No. 389 at 2. The image includes a string of numbers and letters that Asetek claims is a “legend” in English. Exhibit 275; Docket No. 389 at 4.

Dr. Tuckerman did not personally review or inspect these blades, the measuring tool, or the document shown (Dr. Tuckerman does not know how to read Danish), nor ask anyone at Asetek what the materials depicted were. *See* Docket No. 389-6 (Ex. 5, 12/22/21 Tuckerman Depo.) at 13:1-13; Docket No. 389-4 (Ex. 3, 3/10/22 Tuckerman Depo.) at 18:22-19:2, 22:4-16, 24:20-25. He did not independently measure the blade’s thickness. Docket No. 389-4 (Ex. 3, 3/10/22 Tuckerman Depo.) at 20:25-23:7. Instead, he just received the *Antarctica* sample from counsel. *See* Docket No. 389-3 (Ex. 2, 12/20/21 Tuckerman Depo.) at 141:16-142:8, Docket No. 389-4 (Ex. 3, 3/10/22 Tuckerman Depo.) at 25:4-6. CoolIT argues that Asetek was obligated to produce Exhibit 275 during fact discovery and that Exhibit 275 is hearsay.

1. Rule 26

CoolIT argues that it had requested all documents concerning the alleged *Antarctica* prior art product. Therefore, Asetek

was obligated to produce Exhibit 275 during fact discovery at least by CoolIT’s Requests for Production Nos. 99⁸ and 102⁹, and Asetek agreed to produce responsive documents. Docket No. 389 at 4, 6. CoolIT argues that such late disclosure four months after the close of fact discovery during a redirect examination resulted in prejudice. CoolIT points out that they had no opportunity to seek discovery related to Exhibit 275 or provide expert testimony related to the image. *Id.* According to CoolIT, Exhibit 275 is not simply an omitted piece of evidence to Dr. Tuckerman’s Invalidation Report but a product of attorney argument. *Id.* at 5.

*18 According to Asetek, they have fulfilled all their discovery obligations because CoolIT requested documents related to the *structure* of the *Antarctica* device, not documents related to the *tools* used to manufacture the product. Docket No. 414 at 1. Furthermore, Asetek argues that this delayed production was substantially justified and harmless. *Id.* at 1, 7; *Fed. R. Civ. P. 37(c)(1)* (information may be introduced if the parties’ failure to disclose the required information is substantially justified or harmless).

Asetek argues that the delayed production of Exhibit 275 is substantially justified because it was a response to criticisms articulated for the first time in CoolIT’s expert’s rebuttal report. *See* Docket No. 414 at 1. CoolIT responds that Asetek may not introduce new opinions or evidence, regardless. Docket No. 432 at 5; *see Cave Consulting Grp., Inc. v. OptumInsight, Inc.*, No. 15-CV-03424-JCS, 2018 WL 1938555, at *4 (N.D. Cal. Apr. 25, 2018) (experts may not, when rebutting critiques of their opinions, “present new opinions, arguments, or evidence as alternatives to opinions, arguments, or evidence that [the rebuttal experts] criticized”). According to CoolIT, the exhibit constitutes a new opinion because the experts opined on the actual channels of the *Antarctica* sample rather than the machining tool. Docket No. 432 at 5. However, it is not; Dr. Tuckerman’s reliance on Exhibit 275 is just another method to corroborate his *initial* opinion that the microchannel is spaced less than 1 mm apart. As such, Dr. Tuckerman did not articulate any new opinions or invalidity theories in connection with Exhibit 275.

Furthermore, Dr. Tuckerman could not have anticipated that his methodology would be criticized. *Cave Consulting*, 2018 WL 1938555, at *4 (“[E]xperts may ... testify at their depositions regarding not only the subject matter of their initial reports but also any critiques of their opinions presented in the rebuttal reports ... [T]rue rebuttal to criticism is permitted—facts and opinions that should have been in the

original reports are not.”). Dr. Pokharna's expert notes that Dr. Tuckerman cites deposition testimony from Mr. Eriksen, the inventor of the patents, which states that the channel widths are between 0.6 to 0.8 mm, yet no evidence corroborated this testimony. Docket No. 389-5 (Dr. Pokharna Expert Report). As a direct response to this criticism that no corroborating evidence exists, Dr. Tuckerman sought evidence that could corroborate his and Mr. Eriksen's representation that the channel width is less than 1 mm. *Id.* As such, Exhibit 275 does not appear to be a new opinion but a permissible true rebuttal to criticism.

In addition, there was no meaningful harm to CoolIT. CoolIT argues that they were harmed because they were unable to seek fact discovery. *See* Docket No. 431-2 at 9-10 (citing *Balt. Baltimore Aircoil Co., Inc. v. SPX Cooling Techs. Inc.*, No. CV CCB-13-2053, 2016 WL 4426681, at *18–19 (D. Md. Aug. 22, 2016), *aff'd*, 721 F. App'x 983 (Fed. Cir. 2018)). CoolIT argues that Asetek did not bother to provide CoolIT Exhibit 275 prior to Dr. Tuckerman's deposition on December 21, 2021, and that they should have been afforded an English translation of the document, an opportunity to seek discovery on the other documents in the binder and any related documents,¹⁰ the opportunity to inspect the machining tool, blades and the measuring tool, and the opportunity to depose the Asetek employee who made the alleged measurement. *See id.*

*19 There is some prejudice because CoolIT did not have the chance for fact discovery regarding the untranslated document. *See* Docket No. 431-2 at 9. Nevertheless, CoolIT had months to consider Exhibit 275 and had multiple opportunities to address it. CoolIT's counsel initially did not follow up on Exhibit 275. Docket No. 414 at 5-6. Then two weeks later, in Dr. Pokharna's deposition, Dr. Pokharna offered his view that it was physically impossible to make something 0.9 mm wide using a 0.93 mm tool. *Id.* Judge Beeler granted CoolIT additional two hours of deposition time with Dr. Tuckerman, during which he defended his position that it was possible to get a narrower product using the tool. *Id.* Therefore, CoolIT questioned Dr. Tuckerman regarding this exhibit in his March deposition three months after the exhibit was produced, and CoolIT's expert also addressed the exhibit in his own deposition. *Id.* at 2. There are also still more than six months until the trial. As such, the delay is harmless, and Exhibit 275 need not be excluded under *Fed. R. Civ. Proc.* 26 and 37(c)(1). Nonetheless, Exhibit 275 is excluded on hearsay grounds.

2. Hearsay

According to CoolIT, Exhibit 275 must be excluded because it constitutes double hearsay and is not of a type reasonably relied upon by experts in the field as required by *Daubert* and *Rule 703*, especially when it was never translated, and the expert is unable to read the document. Docket No. 443 at 7-8 (citing *Tubular Rollers, LLC v. Maximus Oilfield Prod., LLC*, No. 4:19-CV-03113, 2021 WL 5991744, at *1–2 (S.D. Tex. Dec. 16, 2021) (excluding expert opinions grounded in double hearsay)); Docket No. 431-2 at 9.

Asetek argues that Dr. Tuckerman identified the English portions of the image as a “legend,” but the word “legend” is not used by Dr. Tuckerman. Dr. Tuckerman merely used these numbers and letters and deduced their significance. *See* Docket No. 389-3 at 261:20-264:15. Furthermore, although Asetek contends that Dr. Tuckerman could read portions of the exhibit because the box labeling was in English, the relevant portion is a truncated string of numbers and letters that read: “317 KEYW 25 50X1x1 ...” *See* Exhibit 275; Docket No. 414 at 12; Docket No. 414-4 (Ex. B, 3/18/22 Tuckerman Depo.) at 89:24-94:15. Dr. Tuckerman testified:

A. **It's my understanding that [Exhibit 275] Asetek's assertion that this is the blade that was used to cut the microchannels**, and it is evident from the picture that it had a [thickness] of 0.93 millimeters, which ... Asetek asserts that that box contains, I believe, the saw blades. And [from] the labeling on the box, I am making an **inference from the 50-by-1-by-13**, that the 50 is **probably a blade diameter**, and the 1 refers to the thick -- the nominal thickness of the cut that it's supposed to make. In other words, you know, if you're trying to make a nominal 1-millimeter cut, you're going to use a blade that is thinner than that because there's what's called a kerf width that you always get when you cut. So it always -- you always end up with a groove that's a little larger than your blade. But that

blade would be consistent with the kind of channels I saw on *Antarctica*.

Docket No. 389-3 at 261:20-264:15.

Asetek argues that a knowledgeable Asetek witness will establish the foundation and admissibility of Exhibit 275 at trial and that [Rule 703](#) allows experts to assume the truth of facts and hypotheticals in their opinions. Docket No. 414 at 14; Docket No. 422 at 10. Asetek also argues that because Dr. Tuckerman may base his expert opinions on hearsay if experts in the particular field would reasonably rely on them in forming an opinion under [Rule 703](#), he did not have to personally inspect the blades and could assume that the blades in Exhibit 275 were used to cut the channels of the *Antarctica* device. Docket No. 422 at 9. Finally, Asetek also argues that any doubt on Exhibit 275's reliance goes to the weight of the evidence rather than admissibility. *Id.* at 15.

“[D]ata relied on by the expert ‘need not be admissible for the opinion to be admitted’ if experts in the field would reasonably rely on such data.” *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348, 1373 (Fed. Cir. 2013) (quoting *Fed. R. Evid. 703*). However, this does not mean that an expert may base his opinions on any evidence, and “[t]he trial judge must have considerable leeway in deciding how to determine whether the expert's testimony is sufficiently reliable.” *Id.* (quoting *Kumho Tire Co.*, 526 U.S. at 152). In addition, the Federal Circuit noted that “[Rule 703](#) does not make admissible otherwise inadmissible evidence”:

***20** [A]lthough [Rule 703](#) “permit[ted] experts some leeway” in basing their opinions on inadmissible evidence, “a party cannot call an expert simply as a conduit for introducing hearsay under the guise that the testifying expert used the hearsay as the basis of his testimony.” Rather, the court explained, “[t]he appropriate way to adduce factual details of specific past events is, where possible, through persons who witnessed those events.”

[Rule 703](#) was not intended to abolish the hearsay rule and to allow a witness, under the guise of giving expert testimony, to in effect become the mouthpiece of the witnesses on whose statements or opinions the expert purports to base his opinion.

Wi-LAN Inc. v. Sharp Elecs. Corp., 992 F.3d 1366, 1375 (Fed. Cir. 2021) (quotation marks and citations omitted). In *Wi-LAN Inc.*, the Federal Circuit found that evidence “could not be

admitted under [Rule 703](#) because it was not authenticated and, as a result, [the plaintiff] was attempting to use [Rule 703](#) as a ‘backdoor’ to allow the admission into evidence of otherwise inadmissible declarations and other materials simply because they might assist the jury's evaluation of an expert's opinions.” *Id.* The Federal Circuit also held that the expert's testimony relying on the inadmissible evidence was also inadmissible because the plaintiff failed to establish that experts in the field “reasonably rely on” the unauthenticated source code. *Id.* at 1376 (“[I]t is the judge who makes the determination of reasonable reliance, and ... for the judge to make the factual determination under *Rule 104(a)* that an expert is basing his or her opinion on a type of data *reasonably* relied upon by experts, the judge must conduct an independent evaluation into reasonableness.”).

In *Tubular Roller*, the defendant disputed an expert's reliance on information that was provided to him by a person who never saw the product but watched a video and later passed what he gleaned from the video to the expert. *Tubular Rollers, LLC v. Maximus Oilfield Prod., LLC*, No. 4:19-CV-03113, 2021 WL 5991744, at *1 (S.D. Tex. Dec. 16, 2021). The court explained:

[Rule 703](#) contemplates that an expert can rely on hearsay or other inadmissible facts or data. This Court has not found any authority—nor has it been cited to any authority—that an expert can reasonably rely on double hearsay relayed to him/her by an employee of a party with a vested interest in the outcome of the case.

...

Neither party has suggested that this kind of hearsay is the kind of information that engineers normally rely upon while performing their day jobs. The Court, therefore, excludes all evidence based solely upon Dr. Wooley's reliance on Henkes' viewing of a video purporting to be Maximus' product. It might be a different story if Dr. Wooley had actually taken the trouble to view the film himself but relying on a third person to watch the video and tell him what was in it goes way beyond the boundaries of [Federal Rule of Evidence 703](#).

Id. at *1-*2.

Likewise, Dr. Tuckerman's reliance on inadmissible double hearsay is, in this instance, improper. Asetek's vague representation that an Asetek witness will lay out the foundation and admissibility of Exhibit 275 at trial is

insufficient. This is especially true when Dr. Tuckerman does not rely on Exhibit 275 for forming his own opinions but merely “corroborates” his own theory with an unidentified person's work without any analysis. Whether a specific device measured 0.93mm is not a fact that experts would reasonably rely on in the field. Furthermore, it is especially improper for Dr. Tuckerman to rely on another person's measurement when the expert opinion is the measurement itself rather than a fact he relies on. Therefore, Asetek's attempt to use the photo as corroborating evidence is an **attempt to adopt the hearsay document itself as expert opinion**. Although Dr. Tuckerman relies on Exhibit 275 in his testimony, he did not (and would not be able to) establish Exhibit 275 as a reliable authority because he was simply given the document by Asetek's counsel and does not know where the document came from and who took the photo.

*21 Accordingly, the Court **GRANTS** CoolIT's motion to strike Exhibit 275.

E. Motion to Strike Tuckerman Report (Docket No. 401)

Patent Local Rule 3–3(b) requires that the party opposing patent infringement and asserting invalidity identify “[w]hether each item of prior art anticipates each asserted claim or renders it obvious.” Patent L.R. 3–3(b). Patent Local Rule 3–3(c) requires invalidity contentions to include “an identification of any combinations of prior art showing obviousness.” The party must include “[a] chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found[.]” Patent L.R. 3–3(c). CoolIT seeks to strike allegedly new invalidity theories in Dr. Tuckerman's Invalidity Report and assertion of a reference that is estopped. Docket No. 401 at 2.

1. Belated Disclosure of a New Theory

According to CoolIT, Dr. Tuckerman's Invalidity Report now includes a new invalidity theory that a POSITA could have modified *Antarctica*'s heat spreader plate to form microchannels and separated the alleged “housing” and “plate” regions to insert a seal in between. *Id.*; Docket No. 433 at 2. Defendants accuse Dr. Tuckerman of attempting to assert these new theories after realizing that *Antarctica*'s channel widths exceed 1 millimeter. Docket No. 433 at 4. The Court considers whether Dr. Tuckerman's opinion is an impermissible new obviousness theory or “permissible specifications of [a] previously disclosed theor[y.]” Docket No. 433 at 4-5 (quoting *Finjan, Inc. v. Sophos, Inc.*, No. 14-

CV-01197-WHO, 2016 WL 2988834, at *13 (N.D. Cal. May 24, 2016)).

a. Microchannel

Asetek argues that Dr. Tuckerman's Invalidity Report does not raise new invalidity theories because Asetek had already disclosed that *Antarctica* has microchannels in its obviousness claim charts, in line with Dr. Tuckerman's opinion that *Antarctica* has microchannels. *See, e.g.*, Docket No. 401-3 at 2; Docket No. 401-4 at 2; Docket No. 401-5 at 1; Docket No. 401-6 at 1.

Asetek primarily relies on *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12-CV-03587-WHO, 2015 WL 757575, at *31 (N.D. Cal. Feb. 20, 2015) to argue that the Patent Local Rules do not require an explanation of motivation. However, this case is inapposite. In *Fujifilm*, Motorola's expert reports included explanations of motivation to combine that were significantly different from those that were previously disclosed. *See id.* However, Motorola argued that “the Patent Local Rules do not require the disclosure of motivations to combine, so long as the accused infringer's invalidity contentions include otherwise adequate explanations of why the relevant prior art references render the asserted claims obvious.” *Id.* The court noted that the prior local rule required the disclosure of the motivation to combine, but the then current rule does not have this requirement. *Id.* at *32. Therefore, Fujifilm failed to show that “the undisclosed motivations to combine it seeks to strike constitute new invalidity theories, as opposed to more specific articulations of previously disclosed ones.” *Id.*

*22 Unlike Motorola, Asetek did not identify the microchannels as an obviousness theory. Although the entire claim chart contains the heading: “Anticipated by *Antarctica* or obvious in view of *Antarctica*,” there is no indication that microchannels will be considered under an obviousness theory. In contrast, other obviousness theories are clearly indicated. For example, Asetek's obviousness theory that if the housing and the plate in *Antarctica* were “not connected, it also would have been obvious to provide a gasket [i.e., a seal] between the plate and the housing [of *Antarctica*] to seal the inlet and outlet openings and prevent short-circuiting of the fluid” is clearly stated in the invalidity contentions. Docket No. 401-3 at 5, 8-9, 11; Docket No. 401-4 at 9, 20, 29; Docket No. 401-5 at 2; Docket No. 401-6 at 14. Because Asetek had not disclosed this obviousness theory

regarding the microchannel in its invalidity contentions, Dr. Tuckerman's obviousness theory that *Antarctica* could have been modified to form microchannels constitutes an impermissible new theory. *Illumina, Inc. v. BGI Genomics Co.*, 559 F. Supp. 3d 1072, 1078 (N.D. Cal. 2021) (“a party may not use an expert report to introduce new ... new invalidity theories ... not disclosed in the parties’ infringement contentions or invalidity contentions.”).

Accordingly, the Court **GRANTS** CoolIT's motion to strike regarding the obviousness theory regarding the microchannels.

b. Separation of the Plate and Housing

Asetek's invalidity contentions state the following:

The housing and the plate in *Antarctica* are connected to create a seal therebetween. If they were not connected, it also would have been obvious to provide a gasket between the plate and the housing to seal the inlet and outlet openings and prevent short-circuiting of the fluid.

Docket No. 401-3 at 5, 8-9, 11; Docket No. 401-4 at 9, 20, 29; Docket No. 401-5 at 2; Docket No. 401-6 at 14.

According to CoolIT, Asetek's invalidity contention above is limited to a monolithic housing spaced apart from a plate. Docket No. 433 at 5. Therefore, CoolIT seeks to strike Asetek's new theory that it would have been obvious to deconstruct *Antarctica*'s plastic mold and separate the “plate” and “housing” such that using a gasket would have been obvious. *Id.* Specifically, CoolIT seeks to strike a prior art, Danger Den-RBX, brought up for the first time almost two years after Asetek's disclosure deadline, and despite the fact that the Court's limitation to six prior art references per patent. Docket No. 42; Docket No. 401 at 5.

Dr. Tuckerman distinguishes Danger Den-RBX from *Antarctica* as having “separate housing and plate that are mated together with a seal therebetween” which *Antarctica* lacks because of the Court's “seal” construction. *Id.* CoolIT contends that Asetek attempts to use the Danger Den-RBX

as prior art that supplies this missing limitation in *Antarctica*. Docket No. 401 at 5, 11; Docket No. 433 at 6. CoolIT argues that Dr. Tuckerman treats Danger-RBX as an analog to *Antarctica* by stating that if a POSITA could modify its minichannels to be microchannels,¹¹ it could satisfy the seal limitation unlike *Antarctica*, and render the '330 and '284 patents obvious. Docket No. 401 at 11. According to CoolIT, Dr. Tuckerman attempts to improperly use Danger Den-RBX as invalidating prior art, because his report (1) recites a priority date for the device, (2) treats Danger Den-RBX to fill gaps between *Antarctica* and the claims, and (3) color-codes components to the patent claim limitations and points to the device as “an obvious design alternative or modification of the *Antarctica*.” Docket No. 401 at 11; Docket No. 433 at 6, n.6.

*23 Asetek responds that Dr. Tuckerman did not use Danger-Den RBX as a reference to fill gaps in *Antarctica*, because he has not opined that *Antarctica* would have been modified in view of Danger-Den RBX nor that *Antarctica* would have been combined with it. Docket No. 419 at 11-12; Docket No. 419-3 (Ex. A 12/20/21 Tuckerman Depo.) at 163:10-164:6 (Dr. Tuckerman testifying that he is not “combining” *Antarctica* and Danger Den-RBX, nor is he saying that “Danger Den could stand alone on its own and be an obviousness ground”), 172:15-23. Rather, it was used merely as a background reference to establish knowledge of a POSITA and the state of the art (that (1) using “split-flow to improve thermal efficiency” was well-known prior to CoolIT's alleged invention, and (2) fluid heat exchangers with separate “housing” and “plate” and a “seal” in between were known in the field of computer liquid cooling by August 2007 —*i.e.*, the date of CoolIT's purported invention) as well as a motivation to modify *Antarctica*. Docket No. 419 at 11.

According to Asetek, Dr. Tuckerman does not “rely” on Danger Den-RBX; instead, he merely discusses that “to have a separate seal versus a monolithic seal is ... an obvious change” and provides the Danger Den-RBX as “supplemental color” to his analysis. *Id.* at 12; Docket No. 419-3 (Ex. A 12/20/21 Tuckerman Depo.) at 165:25-166:24. Dr. Tuckerman testified to the following regarding this matter:

A. Well, what I'm saying is the '330 patent is obvious in view of *Antarctica* I show the housing and plate as being a monolithic sealed assembly, but, you know, you could have separated them. It's a design choice. Chang was cited as one example. Danger Den was cited as another example ...

A. ... [W]hat I'm doing is using Danger Den as just additional support for the idea that the housing and plate can be separate, because they certainly did that. Similarly, using Chang as a support for the obvious. It's not saying that I had to use it because it's obvious -- it's obvious in its own right that you can separate the monolithic things and put a seal between them, but really just additional -- you know, for color on that point ...

Docket No. 419-3 (Ex. A 12/20/21 Tuckerman Depo.) at 175:23-176:9, 176:13-177:11.

“Courts in this district have generally, though not uniformly, declined to strike previously undisclosed references where they are being used only as ‘background’ material, and not as anticipation or obviousness references.” *Finjan, Inc.*, 2016 WL 2988834, at *11. In *Finjan*, the patentee argued that the defendant's expert was “using [the challenged] information as a means of bringing in previously undisclosed prior art references to support its obviousness theories” and “that much of the information is organized in the form of limitation-by-limitation analyses.” *Id.* The defendant argued that the expert used the information merely ‘to aid in his analysis’ and for ‘background and foundational purposes,’ not as a means of introducing ‘new obviousness combinations.’ ” *Id.* The court granted the motion to strike “to the extent that the references are being used as invalidating prior art references” but denied the motion “to the extent that the references are being used merely as background material.” *Id.* The court further clarified that the defendant was prohibited “from using previously undisclosed references to show that the prior art disclosed ‘other ... limitations not covered by [the] prior art references’ disclosed in its invalidity contentions and listed in its Final Election of Asserted Prior Art.” *Id.* (citation omitted). In another case, *Largan*, the court struck portions of an expert report, noting:

[The expert] references paragraph 105 of the Shinohara ‘829 reference not in his background section, but as an example of a reference that teaches the benefits of the selective aberration compensation provided by an inflection point and that would motivate modifying the Kwon ’111 reference to include an inflection point on a surface of the third lens

element. **That is not background; it is asserted prior art.**

*24 *Largan Precision Co., Ltd. v. Genius Elec. Optical Co.*, No. 13-CV-02502-JD, 2014 WL 6882275, at *6 (N.D. Cal. Dec. 5, 2014).

Like *Largan*, the reference to Danger Den-RBX is not merely discussed in the background section. It is discussed as examples of prior art, with their components extensively discussed in color-coded comparison to the patent claim limitations. *See* Docket No. 401-8 (Tuckerman Invalidity Report) at 14, 27-29. Asetek claims that *Largan* runs afoul of Federal Circuit precedents that background references establishing state of the art and the knowledge and perspective of a POSITA are to be consulted in finding a motivation to combine or modify. However, these cases only suggest in a general manner that references used merely as background art should be considered by courts. *Genzyme* broadly states that “the Board may consider a prior art reference to show the state of the art at the time of the invention, regardless of whether that reference was cited in the Board's institution decision.” *Genzyme Therapeutic Prod. Ltd. P'ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1369 (Fed. Cir. 2016) (“[S]uch references can legitimately serve to document the knowledge that skilled artisans would bring to bear in reading the prior art identified as producing obviousness.” (quotation marks and citation omitted)). The *Ariosa* court found that an exhibit, which was used for the proposition that “[m]assively parallel sequencing methods were in routine use by 2008” “had to be considered by the Board even though it was not one of the three pieces of prior art presented as the basis for obviousness.” *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359, 1365 (Fed. Cir. 2015) (finding that it would be erroneous to decline “to consider [the exhibit], even as evidence of the background understanding of skilled artisans ... simply because the brochure had not been identified at the petition stage as one of the pieces of prior art defining a combination for obviousness”). In *Rea*, the Federal Circuit found that the PTAB failed to account for critical background information that could easily explain why an ordinarily skilled artisan would have been motivated to combine or modify the cited references to arrive at the claimed inventions.

Randall relied on [prior art to show] a familiar, even favored, approach to bulkhead stowage. ... The Board's

failure to consider that evidence—its failure to consider the knowledge of one of skill in the art appropriately—was plainly prejudicial. Once it is established that a prevalent, perhaps even predominant, method of stowing a bulkhead panel was to raise it to the ceiling, it is hard to see why one of skill in the art would not have thought to modify Aquino to include this feature—doing so would allow the designer to achieve the other advantages of the Aquino assembly while using a stowage strategy that was very familiar in the industry.

Rea, 733 F.3d at 1362-63 (Fed. Cir. 2013). However, unlike *Rea* and *Ariosa*, Dr. Tuckerman does not merely discuss the Danger Den-RBX as a well-known or favored design at the time despite his and Asetek's representation. *See Pavo Sols. LLC, Kingston Tech. Co., No. 8:14-cv-01352-JLS-KES, 2019 WL 8138163 at *11 (C.D. Cal. Nov. 20, 2019)* (noting that “the Court must look past [Defendant's] labeling and analyze whether that which [expert] terms ‘background’ is really being used as ‘invalidating prior art,’” and finding an expert's opinions to be “attempt[s], through clever labeling, to end run the Patent Local Rules and their requirement that prior art be disclosed in the invalidity contentions.”). Dr. Tuckerman first introduces Danger Den-RBX and *Antarctica* (asserted prior art) together “as examples of prior art devices that utilize split-flow to improve thermal efficiency.” Docket No. 401-8 (Tuckerman Invalidity Report) at 14. Dr. Tuckerman then notes that “the Danger Den-RBX is very similar to *Antarctica* in structure, function, and operation, except that the Danger Den-RBX has separate housing and plate that are mated together with a seal therebetween, whereas *Antarctica* has a single-piece housing and plate.” *Id.* at 27. He argues that the well-known features of the Danger Den-RBX could be used to improve *Antarctica*, such as a compliant seal that proves better contact and sealing between the plate and the heat spreader plate to force fluid to flow through the microchannel. *Id.* at 14, 29-30. He further argues that “Although the Danger Den-RBX does not include microchannels, it would have been obvious to replace the mini-channels ... in the Danger Den-RBX with microchannels.” *Id.* at 29. Such “repeated use of claim terms (i.e., [seal/seal extending between the housing and the plate]) and the Court's claim construction language in analyzing the [Danger Den-RBX] to demonstrate that [it]

discloses the claim limitations.... goes beyond the use of the [Danger Den-RBX] as a mere background reference and crosses the line into prior art bearing on invalidity.” *Pavo Sols. LLC v. Kingston Tech. Co., Inc., No. 814CV01352JLSKES, 2019 WL 8138163, at *11 (C.D. Cal. Nov. 20, 2019), aff'd, 35 F.4th 1367 (Fed. Cir. 2022)*; *see also Largan Precision, 2014 WL 6882275, at *6* (distinguishing using a reference only as background material with using it “in support of a particular claim element being anticipated or obvious”).

*25 As such, the Court **GRANTS** the motion regarding the Danger Den-RBX.

2. Prior Art Chang

Previously, CoolIT had asked this Court to strike Anderson, Chang, and Hamilton as “patents or printed publications that reasonably could have been raised during Asetek's previously filed inter partes review” under 35 U.S.C. § 315(e)(2). This Court granted CoolIT's motion to strike the invalidity contentions as follows:

The issue at the heart of each party's motion to strike is whether the respective parties are estopped from raising certain prior art references as grounds for invalidity ... CoolIT has provided sufficient evidence that a skilled searcher performing a diligent search would have found the disputed references, and thus the references reasonably could have been raised at the time Asetek petitioned for IPR. ... Given that a skilled searcher performing a diligent search could have located Hamilton, Chang, and Anderson, ... the Court **GRANTS** CoolIT's Motion to Strike.

Docket No. 98 at 5, 13-14.

Statutory estoppel under 35 U.S.C. § 315(e)(2) states:

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written

decision ... may not assert ... in a civil action arising in whole or in part under section 1338 of title 28 ... that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

35 U.S.C. § 315(e)(2). IPR is limited to invalidity grounds “that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. § 311(b). Estoppel under § 315(e)(2) thus requires: (1) a final written decision; (2) that the challenged grounds fall under §§ 102 or 103; and (3) that the challenged grounds were raised or reasonably could have been raised during the IPR.

However, Courts have found IPR estoppel to not apply to prior art references when they could not have been raised in combination with another product at IPR. *See Polaris Indus., Inc. v. Arctic Cat Inc.*, No. CV 15-4475 (JRT/TNL), 2019 WL 3824255, at *2–*3 (D. Minn. Aug. 15, 2019) (rejecting IPR estoppel with respect to defendant's obviousness combinations because they could not reasonably have raised the combinations during the IPR because § 315(e)(2) estoppel does not apply to products); *Gen. Access Sols., Ltd. v. Sprint Spectrum LLC*, No. 2:20-CV-00007-RWS, 2021 WL 5154085, at *4 (E.D. Tex. July 21, 2021) (“IPR estoppel does not apply here. Systems art cannot be raised in IPR. Thus, the Navini System—either alone or in combination with Toshimitsu—was not raised and could not have been raised as an invalidity ‘ground’ in Sprint's IPR.”).

Asetek disclosed its invalidity grounds that CoolIT's patent was “Obvious in View of *Antarctica* and Rendered Obvious by *Antarctica* in View of Chang”—in its Invalidity Contentions. Docket No. 401-2 at 4. Because the Court struck Asetek's original invalidity contentions ground on the Chang reference against the '330 patent under IPR estoppel after Asetek challenged and failed to invalidate the '330 claims, CoolIT argues that Dr. Tuckerman's reliance on Chang contravenes IPR estoppel. *See* Docket No. 98. CoolIT points out that Dr. Tuckerman asserts that “Chang discloses every limitation of the asserted claims, including a seal extending between the housing and the plate” and that the claim chart includes Chang disclosures for all limitations.¹² Docket No. 401 at 7. Therefore, CoolIT argues that Asetek merely uses *Antarctica* to skirt IPR estoppel under 35 U.S.C. § 315(e)

(2) and the Court's Order striking its Chang-based grounds without actually relying on it.

*26 Asetek responds that Dr. Tuckerman's Invalidity Report does not advance an anticipation position based on Chang. Docket No. 419. Rather, it raises an obviousness combination based on *Antarctica* in view of Chang, which is not estopped. *Id.* Asetek assures that Dr. Tuckerman will not argue at trial that Chang alone, without being combined with *Antarctica*, invalidates CoolIT's '330 patent claims. *Id.* Furthermore, Asetek argues that there is no order from the Court striking the Chang reference itself from Asetek's invalidity contentions. Rather, CoolIT only moved to estop the prior art references as charted in the invalidity claim charts — i.e., invalidity grounds based solely on the references, and not in combination with the *Antarctica* prior art system. Docket No. 419 at 19. Asetek points out that the estoppel statute prohibits invalidity grounds rather than specific prior art references. *Id.* (citing 35 U.S.C. § 315(e)(2) (precluding “any ground that the petitioner raised or reasonably could have raised during [a prior IPR].”)).

Here, the *Antarctica* device is not a patent or printed publication. Therefore, it is prior art that could not have been raised at IPR under § 315(e)(2). It would not have been possible for the Chang reference to have been considered in combination with the *Antarctica* patent at IPR. As such, IPR estoppel does not apply. *See Arctic Cat Inc.*, 2019 WL 3824255, at *2–*3; *Sprint Spectrum LLC*, 2021 WL 5154085, at *4. Furthermore, CoolIT's concern that Asetek will argue a theory involving Chang by itself and not combined with *Antarctica* seems to be simply resolved by Asetek's representation that Dr. Tuckerman will not argue at trial that Chang alone invalidates the patent without being combined with *Antarctica*. Docket No. 419 at 18.

As such, IPR estoppel does apply, and the Court **DENIES** this motion as to the Chang reference.

F. Asetek's Late-Disclosed Noninfringing Design-Arounds

1. Motion to Strike Late-Disclosed Alternatives (Docket No. 390)

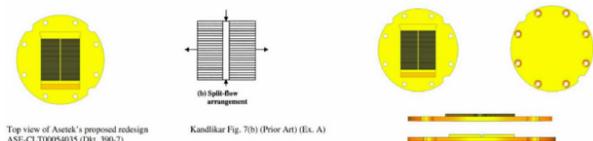
CoolIT seeks to strike Asetek's expert opinions based on Asetek's alleged design-arounds due to (1) late disclosure and (2) failure to meet the standard for reliability required by *Daubert*. CoolIT argues that 3D CAD files regarding these design-arounds were provided in Asetek's rebuttal expert reports more than three months after the close of

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fact discovery, and their samples were produced over five months after the close of discovery. In the alternative, CoolIT requests leave for further 30(b)(6) deposition testimony regarding these design-arounds and to serve reply reports on infringement and damages. Docket No. 390 at 2.

On June 25, 2019 and November 5, 2020, CoolIT requested information on “any anticipated or future changes” and explanations as to “each change that [Asetek] have made or plan to make to the design, operation, and/or use of the ASETEK ACCUSED PRODUCTS as a result of or in response to this LITIGATION and/or the COOLIT PATENTS-IN-SUIT” in its interrogatories. Docket No. 390 at 3, 5; Docket Nos. 391, Ex. 2, 3, 18, 19. Asetek’s response identified a design around “side-to-side flow arrangements in the microchannel arrays, instead of the center-to-side/split-flow arrangement.” Docket No. 391 Ex. 4 (First Suppl. Resp. to Interrog.) at 2. The redesign was specifically described as follows: “in the microchannel arrays on the heat spreader plates/heat-exchanging interfaces, cooling liquid enters each microchannel and exists at the opposite end of the microchannel. This contrasts with CoolIT’s claimed inventions where cooling liquid bifurcates into two sub-flows within each microchannel and proceeds outwardly toward the end of the microchannel.” *Id.* Asetek also provided unlabeled computer-generated images.



Id.; Docket No. 391 Ex. 6; Docket No. 390 at 6.

According to Asetek, its disclosure of the redesigns was timely because these two-dimensional (2D) CAD drawings were provided, and these 2D CAD drawings were marked and discussed during the deposition of Asetek’s 30(b)(6) witness on non-infringing alternatives, Mr. Eriksen, on August 24-25. Docket No. 424 at 3-4. CoolIT did not indicate that they did not understand the 2D drawings nor requested 3D CADs at that time. *Id.*

*27 Mr. Eriksen testified that these designs were “Plan B” alternative designs “that is non split-flow” in case they lost the case, that it a “work in progress” that achieves the same performance levels as the Asetek Gen 4, 5, 6, and 7 products accused of infringement in this action. Docket No. 390-4 at 194:14-25, 200:5-8. Although he was aware that the documents were created by someone in Asetek’s thermal

department, he did not know the author of those documents nor when they were created. *Id.* at 189:10-14, 196:21-24.

Asetek argues that although Mr. Eriksen was unable to answer exactly by who and when the design was created, they were not specific Rule 30(b)(6) deposition topics. *Id.* at 4-5. Even so, Asetek provided this information in less than one week, on August 31 (the last day of fact discovery) in its fourth supplemental response. *Id.*; *See* Docket No. 390 Ex. 10 (Fourth Supp. Resp. Interrogatories) at 14.

The interrogatory responses also included an alleged simulation result of the supposed design-around, without information about how or based on what the result was produced, other than the name of the person who performed the simulation and that it took approximately 20-30 hours. *See* Docket No. 390 Ex. 9 (Third Supp. Resp. Interrogatories), Ex. 10 (Fourth Supp. Resp. Interrogatories) at 14-15. CoolIT notes that its drawings had no labels but specified that the side-to-side design was created in the second quarter of 2021 and that they were readily available in 2019 and before. *Id.*

Asetek also identified for the first time a new modification of the gasket that sits atop and seals the microchannels, explaining that Asetek could “square off the angled portion of the gasket” and “move the outlet ports of the outlet headers ... from near the outermost fins to a central location of the outlet headers” as circled below. Docket No. 390-9 (Ex. 10, Fourth Supp. Resp. Interrogatories) at 15. However, Asetek did not provide any drawing of this alleged design and provided only pictures of an existing gasket and generic descriptions of modifications that could be made to it:



Docket No. 391 Ex. 10 (Fourth Supp. Resp. Interrogatories) at 15. Asetek responds that these modifications to the gasket

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were only conceptual at the time, and no design drawings or CADs had existed at that point. Fourth Supp. Resp. Interrogatories at 15.

CoolIT's opening report on September 16, 2021, and supplemental infringement report on November 3, 2021 acknowledged Asetek's redesigns but did not address them. *Id.* at 8; *see* Docket No. 325. On December 8, 2021, Asetek produced, for the first time, 3D CAD files regarding these design-arounds in Dr. Stein's rebuttal expert report and sent them to CoolIT's counsel.¹³ *See* Docket No. 390 at 7; Docket No. 391 Ex. 12 (Stein Report) ¶¶ 4, 11. The 3D CADs first became available on November 19, 2021. Docket No. 424 at 7. Expert depositions were taken one month later. At Dr. Pokharna's deposition on January 6 and 10, 2022, Dr. Pokharna refused to answer questions about the redesigns, claiming that he needed proof that the redesign was manufacturable to opine on whether the alternative design infringed CoolIT's patents. *Id.* at 9; Docket No. 438-2 at 10. Dr. Abraham, CoolIT's expert on Asetek's patents, also did not opine on Asetek's redesign. Docket No. 242 at 10.

***28** Samples for the redesigns were made and available starting January 26, 2022. Docket No. 242 at 10. Asetek's counsel offered to deliver them to CoolIT's counsel on February 15, 2022 and delivered the physical samples on February 22, 2022. Docket No. 390 at 9; Docket No. 242 at 10.

Asetek argues that the samples and files were delivered as they first became available and that the redesign was made available to CoolIT by 2D images during fact discovery, and that CoolIT never requested any 3D CADs for months. *Id.* at 12-13. Asetek emphasizes that CoolIT should have sought clarification earlier if the 2D CADs were insufficient, as the parties had active communications and were accommodating during discovery. Docket No. 424 at 14; *Illumina, Inc.*, 559 F. Supp. 3d 1072 (denying motion to strike a theory that was new and filed after the close of fact and expert discovery as untimely); *accord Finjan, Inc. v. Blue Coat Sys., Inc.*, No. 13-CV-03999-BLF, 2015 WL 3640694, at *5 (N.D. Cal. June 11, 2015) (refusing to strike deficient infringement theories when the defendant did not timely move to strike and never provided notice of the deficiencies).

According to CoolIT, the 2D CADs are irrelevant because Dr. Stein's report relies exclusively on the belated 3D files. Docket No. 438-2 at 1. CoolIT points out that the 2D and 3D CAD files depict different designs because (1) the 2D and 3D CAD images do not resemble each other, and (2)

the 2D design was described as a redesign of only the cold plate while the 3D CAD files described in Dr. Stein's report discuss changes to both the cold plate and the gasket. CoolIT argues that Asetek impermissibly introduces a new theory based on new evidence by embodying a design-around incorporating changes to both the cold plate and the gasket. Docket No. 438-2 at 8. According to CoolIT, the two were distinct alternatives, and a redesign combining the two is a new theory that CoolIT first became aware of with Asetek's rebuttal expert reports on December 8, 2021, which Asetek had no chance to address. Docket No. 438-2 at 6-7.

CoolIT contends that Asetek's late introduction of a new design around constitutes a new theory, and Asetek is obligated to timely disclose its theories and evidence during fact discovery. Docket No. 390-2 at 12-13. The rebuttal expert reports do not rely on a new theory. In the Fourth supplemental response dated August 31, 2021, Asetek first discussed the alternative design describing the plate and the alternative design modifying the gasket. *See* Fourth Supp. Resp. Interrogatories at 14-15. Asetek identified these two different potential areas of redesign without any indications that they would be implemented together or only separately, and CoolIT does not cite a case wherein a combination of possible redesigns constituted a new theory.

Furthermore, Asetek's delayed production of the 3D CAD files is substantially justified and harmless under *Fed. R. Civ. Proc. 37(c)(1)*. Asetek's lack of production of the 3D CAD files until November 19, 2021 is justified because they became available on November 19, 2021, and harmless because neither party could rely on these files until that point. *See Airborne Athletics, Inc. v. Shoot-A-Way, Inc.*, No. CIV. 10-3785 SRN/JJK, 2012 WL 3612035, at *6 (D. Minn. Aug. 21, 2012) (“Under *Fed.R.Civ.P. 37(c)*, the failure to disclose the redesign[] ... was substantially justified, particularly as [it] did not exist during the discovery period.”). The delay between November 19 and the date the expert reports were due on December 8, 2021, such that only Asetek's experts could rely on them for the rebuttal reports, was not substantially justified. However, this delay was harmless because Dr. Pokharna refused to consider any CAD files in his report. Dr. Pokharna did not opine on the redesigns using the 2D CADs. Even after reading Asetek's rebuttal report discussing the 3D CADs, Dr. Pokharna refused to even open the 3D CADs before his deposition held a month later, claiming that it would not have been prudent for him to provide an opinion on Asetek's redesigns just based on a set of CADs. Docket No. 424 at 19; Docket No. 424, Ex. F (Dr.

Pokharna Dep.) at 94:2-9, 94:23-95:4. Dr. Pokharna testified in his deposition:

*29 “I -- I believe it's not really prudent if we just looking at some set of CAD only in the absence of knowing if this has ever been made or if it is manufacturable to spend a lot of time on that to, you know, create an informed opinion about a design.

If it were manufacturable, if you will -- if it were made, if it were introduced in a market, then I could look at the CAD and say, “Okay. I mean, this CAD is to present their -- what they are proposing.” Right now it's just Asetek's imagination maybe.”

Docket No. 424, Ex. F (Dr. Pokharna Dep.) at 94:2-20.¹⁴ Therefore, although CoolIT had a month to address the new CADs, its expert chose not to do so. Dr. Pokharna's refusal to consider the CADs because they are “just Asetek's imagination” rather than a manufacturable or manufactured product suggests that earlier production of the CADs or an additional period of time to address them would not have made a difference. Therefore, the late disclosure of the 3D CAD files was harmless.

Accordingly, the Court **DENIES** CoolIT's motion to strike.

2. Motion to Exclude Portions of Dr. Mody's Expert Report (Docket No. 392)

CoolIT requests the Court to exclude portions of the rebuttal damages report by Asetek's damages expert, Dr. Nisha Mody. Docket No. 392 at 2. The rebuttal report identifies two redesigns of Asetek products discussed above, and the parties argue whether the alleged alternatives were available and acceptable.

The Patent Act provides: “the court shall award [the patent owner] damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer.” 35 U.S.C. § 284. The burden of proving damages falls on the patentee. *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed. Cir. 2009). Two alternative categories of infringement compensation are the patentee's lost profits and the reasonable royalty he would have received through arms-length bargaining. *Id.*

The reasonable royalty compensates the patent owner for the claimed invention's incremental improvement over the prior art or the next best commercially acceptable noninfringing

alternatives if any such alternatives are shown to be available during the period of infringement. *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010) (affirming admissibility of expert's reliance on Georgia-Pacific factors in his reasonable royalty determination, including the lack of “acceptable non-infringing alternatives ... at the time of the hypothetical negotiation”); *Illumina Inc. v. BGI Genomics Co.*, No. 20CV01465WHOTSH, 2020 WL 7047708, at *2 (N.D. Cal. Dec. 1, 2020) (citation omitted). “To prove the absence of acceptable, non-infringing alternatives, the patentee may prove either that the potential alternative was not acceptable to potential customers or was not available at the time.” *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 875 F.3d 1369, 1380 (Fed. Cir. 2017).

When an alleged alternative is not on the market during the accounting period, a trial court may reasonably infer that it was not available as a noninfringing substitute at that time. The accused infringer then has the burden to overcome this inference by showing that the substitute was available during the accounting period. Mere speculation or conclusory assertions will not suffice to overcome the inference. After all, the infringer chose to produce the infringing, rather than noninfringing, product. Thus, the trial court must proceed with caution in assessing proof of the availability of substitutes not actually sold during the period of infringement.

*30 *Grain Processing Corp. v. Am. Maize-Prod. Co.*, 185 F.3d 1341, 1353 (Fed. Cir. 1999) (citations omitted).

Here, there is a reasonable inference that the alleged alternative was not available as a noninfringing substitute because it was not on the market during the accounting period. *See id.* As such, the accused infringer—Asetek—has the burden to overcome this inference by showing that the substitute was available. *See id.* Whether a purported noninfringing alternative was “available” requires an assessment of whether Asetek had the “necessary materials, equipment, know-how, and experience to make

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an alternative product during the relevant time frame.” *TV Interactive Data Corp. v. Sony Corp.*, 929 F. Supp. 2d 1006, 1013 (N.D. Cal. 2013) (citations omitted); *Grain Processing*, 185 F.3d at 1353.

CoolIT points out that the product designs were never implemented and that there is no evidence to show the availability of its redesigns beyond mere speculation because Dr. Mody's opinion is not supported by any independent evidence or analysis. Docket No. 436-3 at 1-2. She relies solely on undocumented conversations she had with Andre Eriksen and testimony by Dr. Tuckerman and Dr. Stein. Docket No. 392. Therefore, Asetek has not met the burden of proving the availability and acceptability of non-infringing alternatives. See Docket No. 436-3 at 1 (citing *CBOE v. ISE*, No. 07 C 623, 2013 WL 12323444, at *2 (N.D. Ill. Mar. 7, 2013) (excluding expert testimony on non-infringing alternatives that fails to cite evidence that the accused infringer contemplated the non-infringing substitute during the period of infringement)).

Asetek responds that Dr. Mody does not purport to opine on the availability or acceptability of the alternatives. Rather, she assumed that they were for the purpose of her analysis, which is permissible under Rule 703, which allows experts to assume the truth of facts and hypotheticals. Docket No. 415-3 at 5. Asetek points out that Dr. Mody relied on (1) Asetek's interrogatory responses that stated that the design was available in 2019 and before, (2) testimony from Andre Eriksen, and (3) the opinions of technical experts Dr. Tuckerman and Dr. Stein. *Id.* (citing Docket No. 392-3 ¶¶ 39–40 (Dr. Tuckerman's opinion that the redesign would avoid infringement and have comparable or materially better performance); Docket No. 390-12 ¶¶ 76-81 (Dr. Stein performing computer simulations of the redesign and showing that they were comparable or improved in performance and thus be an acceptable substitute); Docket No. 392-4 (Eriksen providing estimated costs and the timeline for implementing the redesign and stating that he considered the redesigns to be acceptable “with hundred percent certainty”)). These arguments fail for the reasons discussed below.

First, Dr. Mody's reliance on Asetek's interrogatory responses stating that the design was available in 2019 is insufficient. Dr. Mody merely copied and pasted the relevant interrogatory responses, stating that Asetek “explained” that it “could readily and easily switch to an alternative design.”¹⁵ Such “100% ... regurgitation of what he was told” is insufficient as

an expert opinion regarding a non-infringing design-around. See *Webasto Thermo & Comfort N. Am., Inc. v. BesTop, Inc.*, No. 16-CV-13456, 2019 WL 3334563, at *5 (E.D. Mich. July 25, 2019); Docket No. 392-3 ¶ 39.

*31 Second, Asetek's reliance on Dr. Stein and Dr. Tuckerman's testimony is also insufficient. Here, the issue is not that Mr. Mody may not rely on other experts' testimony and opinions. However, Dr. Mody's opinion rises and falls with Dr. Stein's and Dr. Tuckerman's opinions on availability and acceptability. See Docket No. 436-4; Docket No. 392-3 at 19 (“I understand that Dr. ... Tuckerman and Dr. ... Stein have also expressed opinions concerning the availability and acceptability of non-infringing designs which I have considered. I also understand, ... that ... if [its Gen 5, 6, and 7 products do not infringe], Asetek's Gen 5, 6, and 7 products would be non-infringing alternatives.”). Yet, Dr. Tuckerman's opinion and Dr. Stein's opinion that the redesign would be comparable and acceptable as a substitute only show the acceptability of the technology (thermal performance results) and do not discuss the acceptability of the technology to Asetek's customers or their availability without any discussions of Asetek's equipment, know-how, and experience to implement the alternative. Therefore, Dr. Tuckerman only addressed whether the redesigns would provide comparable performance. Docket No. 436-3 at 2. In fact, Dr. Tuckerman did not opine on Asetek's Gen 1 and Gen 2 products at all and admitted that he was not familiar with the Asetek Gen 3 device and that he never inspected the Cooler Master product. Docket No. 436-4 at 6-7; see Docket No. 390-12 (Ex. 13, 12/8/21 Tuckerman Report). Similarly, Dr. Stein was merely asked to simulate the redesigns. Neither opined on Asetek's ability to implement these redesigns in 2014. Docket No. 436-3 at 2; Docket No. 390-12.

The last remaining basis for Dr. Mody's opinion is Mr. Eriksen's representation that the redesigns would be acceptable to Asetek's customers. Dr. Mody relies on an undocumented conversation with Mr. Eriksen for the following information: Asetek has salaried employees who could modify the designs of Asetek's products. Docket No. 392-3 at 19. Asetek estimates that it would take approximately \$250,000 to redesign and the retooling costs estimated for modifying each generation. *Id.* In total, Asetek estimates implementing a redesign for all four products would cost approximately \$367,500 and could be implemented in a matter of months, and would not require any customer review, as the change would not be considered material. *Id.*

Although an expert is permitted to rely on foundational factual testimony from witnesses who will be available to testify at trial to their personal knowledge of them, *Oracle Am., Inc. v. Google Inc.*, No. C 10-03561 WHA, 2011 WL 5914033, at *1 (N.D. Cal. Nov. 28, 2011), Dr. Mody again does not provide any analysis into the acceptability of the redesign beyond relaying Mr. Eriksen's opinion that the redesigns would be acceptable and “would not require any customer review, as the change would not be considered material.” Docket No. 392-3 at 19; *Webasto Thermo & Comfort N. Am., Inc. v. BesTop, Inc.*, No. 16-CV-13456, 2019 WL 3334563, at *6 (E.D. Mich. July 25, 2019) (striking accused infringer's damages expert's testimony supported only by a conversation he had with the accused infringer's director of engineering, a lay witness); *Conceptus, Inc. v. Hologic, Inc.*, 771 F. Supp. 2d 1164, 1179 (N.D. Cal. 2010) (finding that an expert testimony that alternatives were available based on an unsworn report of its own expert that relied exclusively on private conversations with [the defendant's] personnel was double hearsay and insufficient); *BesTop, Inc.*, 2019 WL 3334563, at *6 (“[A]ny opinion that the proposed design would ... be an acceptable alternative to consumers would involve explaining to a jury what consumers valued in the [patent] and why and how the alleged proposed alternative design-around satisfied those customer preferences and demands.”).¹⁶

Asetek also argues that Dr. Mody only rebutted the opinions of CoolIT's damages expert, Mr. Hansen, and did not opine on the availability and acceptability of Asetek's redesign options. See Docket No. 392-3. Mr. Hansen had criticized that Asetek had not provided any “evidence that it would be able to offer a commercially acceptable desktop product for sale without utilizing the CoolIT Patents-in-Suit.” *Id.* ¶ 35. However, while it is permissible for an expert to rebut the criticisms of another expert, expert opinions must still be reliable. Dr. Mody's response is, at best, a “regurgitation of what he was told” by Asetek without his own input. *Webasto Thermo & Comfort N. Am., Inc. v. BesTop, Inc.*, No. 16-CV-13456, 2019 WL 3334563, at *5 (E.D. Mich. July 25, 2019) (“Mr. Robinson's Report and his testimony ... demonstrate ... that his entire opinion on the alleged non-infringing design around is 100% a regurgitation of what he was told in conversation ...”).

*32 Furthermore, Dr. Mody concedes that she never performed an analysis regarding whether Asetek's 2012 Gen 1, 2, 3, and the Cooler Master Liquid 240R products would still be commercially acceptable years later. Docket No. 392 at 7 (Ex. 1 (citing 12/8/2021 Mody Reb. Rpt.) ¶ 37; Ex. 3

(1/4/2022 Mody Depo. Tr.) at 148:16-23. Dr. Mody merely points to Asetek's responses to interrogatories. 1/4/2022 Mody Depo. Tr. at 148:16-23 (Q: How did you determine that the products Asetek sold through 2012 would be acceptable to customers in 2018, 2019 and 2020? ... A: So I've not done that specific analysis that you talk of ... But ... I explain there are responses to interrogatories regarding what would be modified[.]). The sole reference to the Cooler Master product was also a direct copy of Asetek's interrogatory that “Asetek could also easily implement an alternative design with a side-to-side flow arrangement in the microchannel arrays like that in the Cooler Master MasterLiquid 240R[.]” Docket No. 392-3 at 7, n.45. Again, Dr. Mody's reliance on interrogatories is insufficient. See *Acceleration Bay LLC v. Activision Blizzard Inc.*, No. 1:16-CV-00453-RGA, 2019 WL 4194060, at *8 (D. Del. Sept. 4, 2019) (excluding a damages expert's assumption that earlier versions of a product are non-infringing alternatives and any damages conclusions stemming from that assumption because “none of its technical experts have opined that the earlier games are non-infringing” and “[a] damages' expert's assumption is not sufficient to support a damages opinion based on a particular non-infringing alternative”).

For the foregoing reasons, the Court **GRANTS** CoolIT's motion regarding the availability and acceptability of Asetek's noninfringing alternatives.

G. Motion in Limine to Exclude Hansen Opinions (Docket No. 405)

“Reasonable royalty damages are deemed the minimum amount of infringement damages ‘adequate to compensate for the infringement’ ... Such damages must be awarded ‘for the use made of the invention by the infringer.’” *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 66–67 (Fed. Cir. 2012) (citing 35 U.S.C. § 284). Analysis of reasonable royalty can look to comparable license agreements, which in turn consider whether the licenses are technologically and economically comparable and whether they arise under comparable circumstances. See, e.g., *id.*; *Bio-Rad Lab'ys, Inc. v. 10X Genomics Inc.*, 967 F.3d 1353, 1372–73 (Fed. Cir. 2020). “[A]llegedly comparable licenses may cover more patents than are at issue in the action, include cross-licensing terms, cover foreign intellectual property rights, or, ... be calculated as some percentage of the value of a multi-component product.” *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1227 (Fed. Cir. 2014). “Testimony relying on licenses must account for such distinguishing facts when invoking them to value the patented invention.” *Id.*

“[T]he fact that a license is not perfectly analogous generally goes to the weight of the evidence, not its admissibility.” *Id.* However, “alleging a loose or vague comparability between different technologies or licenses does not suffice.” *LaserDynamics, Inc.*, 694 F.3d at 79; *see also Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1312 (Fed. Cir. 2018) (a “surface similarity” supported by “conclusory statements” is insufficient). A district court may not rely on licenses without even a “discernible link to the claimed technology.” *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 870 (Fed. Cir. 2010) (“the fact that the infringing products in [the prior license] were also in the computer security field and that [the infringer involved in the prior license] was a competitor” is insufficient).

CoolIT retained Mr. Hansen as a damages expert. In his report, Mr. Hansen calculated, through a hypothetical license negotiation between CoolIT and Asetek under the multi-factor *Georgia-Pacific* framework, a reasonable royalty for CoolIT's patents-in-suit equal to 7% of U.S. sales of Asetek's accused products. *See* Docket No. 404-5 (Ex. 4 (Hansen Rpt.)). Asetek disputes (1) the “non-apportioned” royalty rate of 7% and (2) the “non-apportioned” royalty base totaling approximately [redacted] Specifically, Asetek argues that the 7% royalty rate is unreliable because Mr. Hansen erroneously considered a previous license agreement between Asetek and Corsair (the “Asetek-Corsair license”) as a comparable license and relied on technical expert Dr. Abraham's unreliable opinions. Regarding the royalty base, Asetek argues that Mr. Hansen failed to apportion the royalty base based on the incremental value of CoolIT's patents-in-suit to the accused product and improperly added an additional [redacted] that allegedly represents Asetek's sales of infringing products to Corsair that were subsequently resold in the U.S.

1. Comparability of the Asetek-Corsair License and Mr. Hansen's Reliance on Dr. Abraham's Technical Expert Opinion

*33 Asetek argues that Mr. Hansen arrived at a 7% royalty rate by using the Asetek-Corsair license as a reference point without sufficiently establishing its comparability. *See* Docket No. 404-3 at 13-14 (citing *LaserDynamics, Inc.*, 694 F.3d at 67–70 (“[w]hen relying on licenses to prove a reasonable royalty, alleging a loose or vague comparability between different technologies or licenses does not suffice.”); *ResQNet.com, Inc.*, 594 F.3d at 896, 871–72 (“This court has long required district courts performing reasonable royalty calculations to exercise vigilance when considering past

licenses to technologies other than the patent in suit.”)). Asetek Specifically contends that Mr. Hansen failed to consider “the differences between (1) the licensed Asetek patents (which cover full liquid cooling product systems) and corresponding royalty base in the Asetek-Corsair license as compared to (2) the CoolIT patents (which cover only the cold plate) and the corresponding smaller royalty base in the hypothetical negotiation.” *See* Docket No. 404-3 at 13.

In response, CoolIT argues that the Asetek-Corsair license is a comparable license and that it is appropriate to use comparable licenses to establish a reasonable royalty rate without performing apportionment. *See* Docket No. 418 at 6-10; Docket No. 417-3 (citing *Vectura Ltd. v. Glaxosmithkline LLC*, 981 F.3d 1030, 1041 (Fed. Cir. 2020) (“[A] party relying on a sufficiently comparable license can adopt the comparable license's royalty rate and royalty base without further apportionment and without proving that the infringing feature was responsible for the entire market value of the accused product.”) (citation and quotation omitted)). Specifically, CoolIT argues that the “Asetek-Corsair license is itself apportioned because Asetek did not invent the ‘all-in-one’ cooling system as it claims” because “[i]f it did, then the royalty rate would have been closer to 100% instead of 1%–7%.” Docket No. 418 At 8. Therefore, the 7% Mr. Hansen derived from the Asetek-Corsair license already “reflects the incremental value that the CoolIT patents add to the Asetek cooling system.” Docket No. 418 at 8.

A reasonable royalty analysis based on comparable licenses requires only a showing of “baseline comparability” and “the issue of comparability is often one of sufficiency of the evidence, not admissibility.” *Bio-Rad Laboratories, Inc.*, 967 F.3d at 1373–74. As such, CoolIT argues that as long as Mr. Hansen's opinions permit the jury to properly evaluate the differences between the previous and the hypothetical licenses, the degree of comparability is “a factual issue best addressed through cross examination” rather than exclusion. Docket No. 418 at 9-10 (citing *Bio-Rad Laboratories, Inc.*, 967 F.3d at 1374; *ActiveVideo Networks, Inc. v. Verizon Commc'ns, Inc.*, 694 F.3d 1312, 1333 (Fed. Cir. 2012) (“The degree of comparability of the [two] license agreements as well as any failure on the part of ActiveVideo's expert to control for certain variables are factual issues best addressed by cross examination and not by exclusion.”)).

Here, Mr. Hansen has sufficiently shown “baseline comparability” by relying on Dr. Abraham's opinion that the

Asetek cooling patents are directed toward solving similar problems for similar products and are technically comparable:

“Technical Comparability:

...

***34** Based on input from Dr. Abraham that the Asetek Cooling Patents are directed towards solving similar problems for similar products as the CoolIT Patents-In-Suit, I understand that they are technically comparable. However, I understand that it is Dr. Abraham's opinion that the technology claimed in each of the CoolIT Patents-In-Suit is more valuable than the technology claimed in the Asetek Cooling Patents because, as stated above, the CoolIT Patents-In-Suit disclose the simultaneous use of microchannels and split flow features that yield an optimal thermal and pressure design.”

Hansen Rpt. ¶¶ 69-70.

Mr. Hansen also finds economic comparability based on the facts that “(1) the Asetek/Corsair license involves Corsair, a primary customer of both Asetek and CoolIT, and a named defendant in this matter of both Asetek and CoolIT; (2) includes the same types of covered products (e.g., liquid cooling products); and (3) are directed to similar end users and applications (e.g., computer gaming enthusiasts, data centers).” See Hansen Rpt. ¶ 71.

Asetek suggests that Mr. Hansen's finding of comparability is ungrounded because he erroneously considered Dr. Abraham's unreliable and overly conclusory opinions. See Docket No. 404-3 at 14. In addition to technical comparability, Dr. Abraham also opined that CoolIT's patents are “more valuable” than Asetek's and that “the cold plate (CoolIT's patents-in-suit) is at least as important as the other systems (five primary systems in Asetek's accused cooling devices), contributing at least 20% of the value of the product.” Hansen Rpt. ¶¶ 91, 96. Asetek disputes the reliability of Dr. Abraham's input, arguing that they did not draw upon customers' evaluations but merely Dr. Abraham's “experience,” which cannot substitute quantitative or scientific analysis as a reliable basis for expert opinions. See Docket No. 404-3 at 7-8 (citing *GPNE Corp. v. Apple, Inc.*, No. 12-CV-02885-LHK, 2014 WL 1494247, at *6 (N.D. Cal. Apr. 16, 2014) (noting that “30 years of experience does not constitute sufficient facts or data, or reliable principles and methods”) (citation and quotation omitted); *Open Text S.A. v. Box, Inc.*, No. 13-CV-04910-JD, 2015 WL 349197, at

*6 (N.D. Cal. Jan. 23, 2015) (excluding a damages expert's opinions because “[r]ather than spelling out the steps she took to go from the data to the royalty rate opinion, [the expert] cites her ‘experience’—an abstraction not visible to the eyes of the Court, the jury, and opposing counsel, or testable in the crucible of cross-examination.”)). Asetek further points out that Dr. Abraham considers the 20% he provides as a “performance value” rather than a monetary valuation, he has never seen the Asetek-Corsair license, and his expert report emphasizes the *differences* between the Asetek and CoolIT patents rather than provides a comparability opinion. See Docket No. 448-3 at 4-6; Docket No. 448-3; Abraham Jan. 5 Depo. at 107:9-109:3, 147:19-148:6; Docket No. 405-9; Hansen Depo. at 204:4-205:8; Docket No. 404-4. Asetek thus argues that it is unknown how Dr. Abraham's input played into Mr. Hansen's economic analysis. Docket No. 404-3 at 17.

With respect to CoolIT's argument that any potential issue with Mr. Hansen's reliance on Dr. Abraham's input can be remedied through cross-examination, Asetek notes that expert opinions must have sufficient explanation and analysis rather than just conclusive statements to be effectively cross-examined, and “Mr. Hansen have provided no facts or data” for his comparability analysis on which a jury can rely on. Docket No. 448-3 at 6 (citing *GPNE Corp.*, 2014 WL 1494247, at *6 (“Without a methodology ... cross-examination is futile.”)).

***35** Here, Mr. Hansen's opinions are not merely conclusory. Dr. Abraham's input is permissible because “it is routine and proper for a damages expert in a technical patent case to rely on a technical expert for background” because “[a]n expert cannot be an expert in all fields, and it is reasonable to expect that experts will rely on the opinion of experts in other fields as background material for arriving at an opinion.” *DataQuill Ltd. v. High Tech Computer Corp.*, 887 F. Supp. 2d 999, 1026 (S.D. Cal. 2011) (citation omitted). Mr. Hansen also opines that Corsair is a primary customer of both Asetek and CoolIT, the licenses include the same types of covered products (e.g., liquid cooling products), and the products are directed to similar end users and applications (e.g., computer gaming enthusiasts, data centers). Hansen Rpt. ¶¶ 69-71. What Mr. Hansen provides amounts to more than a “discernable link” or a “surface similarity” between the patents. Rather than simply stating that “both patents cover [similar] technology,” Mr. Hansen does explain the “functionality enabled by the patent-in-suit as well as the functionality purportedly covered by the licensed patent and compare their economic importance.” *LaserDynamics, Inc.*

v. *Quanta Computer, Inc.*, No. 2:06-CV-348-TJW-CE, 2011 WL 7563818, at *3 (E.D. Tex. Jan. 7, 2011). As such, Mr. Hansen establishes more than baseline comparability in light of the cases where the Federal Circuit found sufficient basis for comparability. See *Bio-Rad Laboratories, Inc.*, 967 F.3d at 1374 (finding baseline comparability because both the patents-in-suit and the patents in prior licenses “related to microfluids”).

The fact that Dr. Abraham also provides an opinion on the differences between Asetek's and CoolIT's patents does not invalidate his opinion regarding their technical and functional similarities. See *ActiveVideo Networks, Inc.*, 694 F.3d at 1333; *Virnetx, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1331 (Fed. Cir. 2014) (noting “differences between the licenses at issue and the circumstances of the hypothetical negotiation,” but concluding that “[t]he jury was entitled to hear the expert testimony and decide for itself what to accept or reject”) (citation and quotation omitted).

In sum, Mr. Hansen provides enough factual basis for comparability that allows the royalty rate from the Asetek-Corsair license to serve as a reference point for his reasonable royalty analysis.

2. The 7% Royalty Rate

The Court considers whether Mr. Hansen erred in applying the maximum 7% rate under the Asetek-Corsair license without taking into account that the Asetek-Corsair license covers a full liquid cooling system while the CoolIT patents cover only the cold plate. CoolIT contends that the 1–7% royalty rate in the Asetek-Corsair license “is itself apportioned because Asetek did not invent the ‘all-in-one’ cooling system.” Docket No. 418 at 8. CoolIT emphasizes that “the only allegedly novel aspect of Asetek's Patents was limited to the ‘single receptacle’ concept” and having claims “drafted to cover the entire cooling system by listing various conventional components ... does not automatically make the entire cooling system novel.” *Id.* at 11. Therefore, the 1–7% rate in the Asetek-Corsair license correctly reflects the *incremental value* of Asetek's invention. *Id.* Asetek responds that Asetek's invention cannot be limited to, as CoolIT claims, the “single receptacle” concept but covers many elements in an entire cooling system. See Docket No. 448-3 at 8-9 (citing *Asetek Danmark A/S v. CMI USA, et al.*, Case No. 3:13-cv-00457-JST, Docket No. 219 at 3-4).¹⁷

Mr. Hansen's focus on the incremental value of Asetek's invention in relying on the 1–7% rate in the Asetek-Corsair license was not erroneous. See *Elbit Sys. Land & C4I Ltd. v. Hughes Network Sys., LLC*, 927 F.3d 1292, 1301 (Fed. Cir. 2019) (“When the accused technology does not make up the whole of the accused product, apportionment is required.”). “[T]here is no blanket rule of quantitative apportionment in every comparable license case” and courts accept “‘built in apportionment’ for a comparable license agreement.” *Bio-Rad Laboratories, Inc.*, 967 F.3d at 1376–77. This idea of “built-in” apportionment is supported by Mr. Hansen's testimony. In response to questions regarding whether he used apportionment to account for the different scopes of the Asetek and CoolIT patents, Mr. Hansen explained that apportionment was already reflected in the analysis of the relative value of the patents. See Hansen Depo. at 188:11–190:15. As for the argument that the prior license relied on is not comparable or the most comparable one, the jury is free to hear evidence that the license is not comparable. See *Rad Laboratories, Inc.*, 967 F.3d at 1376–77.

***36** “Built-in apportionment effectively assumes that the negotiators of a comparable license settled on a royalty rate and royalty base combination embodying the value of the asserted patent.” *Vectura Limited*, 981 F.3d at 1041. “[A] party relying on a sufficiently comparable license can adopt the comparable license's royalty rate and royalty base without further apportionment and without proving that the infringing feature was responsible for the entire market value of the accused product.” *Id.* (citation and quotation omitted) (emphasis added). As such, the question is whether CoolIT meets its burden to prove that the license is not just comparable but “‘sufficiently comparable’ in that ‘principles of apportionment were effectively baked into’ the purportedly comparable license” without further apportionment. *Omega Pats., LLC v. CalAmp Corp.*, 13 F.4th 1361, 1377 (Fed. Cir. 2021) (citing *Vectura Limited*, 981 F.3d at 1041).

Here, Mr. Hansen relied on a technical expert to conclude that Asetek's patents are “directed towards solving similar problems for similar products” as CoolIT's patents. Hansen Rpt. ¶ 70. He also opined that the real and hypothetical licenses involve the same primary customer, both include liquid cooling products, and are both directed to similar end users and applications. As such, there is sufficient comparability. See *Vectura Limited*, 981 F.3d at 1040 (finding that although the comparable license encompassed rights to more than 400 patents, the key component of the license covered “roughly very similar technologies”).

Even if the Court finds built-in apportionment, Mr. Hansen is still required to explain why he adopted the maximum 7% figure from the Asetek-Corsair license. See *ResQNet.com, Inc.*, 594 F.3d at 873 (district court erred by considering certain licenses and adjusting “upward” the reasonable royalty rate “without any factual findings that accounted for the technological and economic differences between those licenses”). Here, Mr. Hansen relied on Dr. Abraham’s opinion that CoolIT’s patents are more valuable because they “disclose the simultaneous use of microchannels and split flow features that yield an optimal thermal and pressure design.” Hansen Rpt. ¶ 70. Asetek argues that Dr. Abraham based his opinion on his “experience,” which does not constitute a reliable methodology. Docket No. 404-3 at 15-16. However, Dr. Abraham elaborates that he has designed and helped install the technology and worked with people who use the devices in opining that “cold plate is at least as important as the other system and contributes 20 percent of the value of the product.” See Abraham Jan. 7 Depo. at 176:17-178:7; Docket No. 405-10.¹⁸ Dr. Abraham repeatedly explained that the 20% figure is not a precise value he assigned to the cold plate but simply means that he identified five systems in Asetek’s methodology described products, and the cold plate is no less important than any other component. Abraham Jan. 5 Depo. at 111:24-113:3. He also explained that he did not need to talk to customers “about what features provide value to the Asetek products” because he “design[s] these things” and he states in his report the features that are “valuable to customers who are trying to cool electronics.” Abraham Jan. 5 Depo. at 113:4-114:2. It is unclear, and Asetek has not explained why Dr. Abraham’s failure to consult customers in the context of this lawsuit is fatal to the reliability of his opinion regarding what functions of a cooling system for electronics are important.

*37 In *NetFuel, Inc. v. Cisco Systems Inc.*, a technical expert found that “security, reliability, and availability” represent at least 33% of the accused product without explaining the features that comprise the 67% of remaining value or providing some economic or factual basis other than his own “experience,” “knowledge,” and “understanding” of the product. See 2020 WL 1274985, at *7 (N.D. Cal. Mar. 17, 2020). A damages expert relied on the number and arrived at a 33% apportionment rate. See *id.* at *6. The court excluded the damages expert’s opinion as an impermissible “black box” without “sound economic and factual predicates.” See *id.* at *7. Here, the 20% figure represents Dr. Abraham’s evaluation of the relative value of different components rather than his

precise assignment of value, and Asetek also understands that “Dr. Abraham’s ‘analysis’ related to a *relative ‘performance value’* and is not an indication that CoolIT’s patents contribute 20% of the revenue or profit.” Docket No. 404-3 at 17. Moreover, Mr. Hansen did not take Dr. Abraham’s 20% figure as it is but appears to have considered it in conjunction with other factors in arriving at his final 7% royalty rate. For example, the fact that “Asetek agreed to accept a lower royalty rate from Corsair for increased annual purchase volumes by Corsair from Asetek [but] no such royalty discounts in exchange for increased purchases would exist in the hypothetical license” puts upward pressure on the royalty rate. Hansen Rpt. ¶ 73. “The patents in the hypothetical negotiation are also assumed to be valid and infringed, which places upward pressure on the royalty rate relative to agreements that do not assume validity and infringement of the licensed patents.” Hansen Rpt. ¶ 80. It thus does not follow that Mr. Hansen erroneously relied on Dr. Abraham’s technical input based on unreliable “black box.” In sum, Mr. Hansen appears to have adequately based his proposed 7% royalty rate on a comparable prior license and provided explanations for adjustments based on the differences between the patents. See *Whitserve, LLC v. Computer Packages, Inc.*, 694 F.3d 10, 31 (Fed. Cir. 2012) (“[W]hile mathematical precision is not required, some explanation of both why and generally to what extent the particular factor impacts the royalty calculation is needed.”). The factual basis and methodologies for his opinions are clear enough to be challenged through cross-examination.

3. Use of Asetek’s Full Sales Revenue of [redacted] as the Royalty Base

Asetek complains that Mr. Hansen has neither shown that the [redacted] royalty base is limited to revenue specifically attributed to CoolIT’s asserted patents nor opined that CoolIT’s asserted patents drove Asetek’s products’ demand. See *id.* at 10. Asetek notes that because Mr. Hansen calculated the profit attributed to CoolIT’s cold plate to be 2.9% of the revenue from Asetek’s accused products, the proper royalty base should be no more than [redacted]—2.9% of the [redacted] revenue. See *id.* at 12.

CoolIT contends that the 2.9% figure—profit from Asetek’s accused products attributable to the SSPPU (smallest salable patent-practicing unit)—is only a guidepost for Mr. Hansen’s analysis. Docket No. 418 at 13. Mr. Hansen properly considered Dr. Abraham’s technical input that CoolIT’s cold plate (the SSPPU) contributed 20% of the *functional* or *performance* value of Asetek’s accused products, which

informed Mr. Hansen's own opinion on the relative *monetary* value.¹⁹ *See id.* at 13-14. As such, because the value of a technology enabling a product to function is not necessarily limited to the cost of the specific parts, and the 2.9% already *indicates royalty rate*, the [redacted] royalty base cannot be apportioned by multiplying it by 2.9%. *See id.* at 14; Hansen Rpt. ¶ 93 (“[2.9%] understates the value of the CoolIT Patents-In-Suit and their contribution to the Asetek Accused Products. Accounting for the importance and contribution of the CoolIT Patents-In-Suit, the analysis of the profits attributable to the SSPPU supports a reasonable royalty of 7%[.]”)

Apportionment between the patented features and the non-patented features is generally required when asserting damages unless it can be shown that the patented features of an accused product drive the demand for the entire multi-component product. *LaserDynamics, Inc.*, 694 F.3d at 67. This is because “calculating a royalty on the entire product carries a considerable risk that the patentee will be improperly compensated for non-infringing components of that product” and “care must be taken to avoid misleading the jury by placing undue emphasis on the value of the entire product.” *Commonwealth Sci. & Indus. Rsch. Organisation v. Cisco Sys., Inc.*, 809 F.3d 1295, 1302 (Fed. Cir. 2015) (“*CSIRO*”) (citation and quotation omitted).

Nevertheless, CoolIT is correct in pointing out that SSPPU does not dictate the calculation of a royalty rate. A rule that requires “all damages models to begin with the smallest salable patent-practicing unit ... is untenable. It conflicts with our prior approvals of a methodology that values the asserted patent based on comparable licenses.” *Id.* at 1303 (emphasis added). “[S]ophisticated parties routinely enter into license agreements that base the value of the patented inventions as a percentage of the commercial products’ sales price,” and thus “[t]here is nothing inherently wrong with using the market value of the entire product, especially when there is no established market value for the infringing component or feature, so long as the multiplier accounts for the proportion of the base represented by the infringing component or feature.” *Exmark Mfg. Co. Inc. v. Briggs & Stratton Power Prod. Grp., LLC*, 879 F.3d 1332, 1349 (Fed. Cir. 2018) (citing *Lucent Technologies, Inc.*, 580 F.3d at 1339).

*38 Moreover, a claim does not have to cover the infringing product as a whole in order for a damages expert to use the end product's entire market value as the royalty base. In *Cisco*, the court found the “[SSPPU] principle is inapplicable

[because] the district court did not apportion from a royalty base at all [but] began with the parties’ negotiations.” *Cisco*, 809 F.3d at 1302. The court concluded that it was proper to use a \$0.9 per unit royalty rate previously proposed by the accused infringer Cisco as the lower bound for the reasonable royalty analysis, noting that “this starting point for the district court's analysis already built in apportionment.” *Id.* at 1303. Similarly, in *Elbit*, the court found the damages expert's testimony “allowed the jury to find that the components at issue, for purposes of apportionment to the value of a larger product or service, were comparable to the components at issue in a [prior agreement], and [the defendant] introduced no evidence that precluded such a finding.” 927 F.3d at 1301. “As a result, when [the damages expert] used the [prior agreement] as his starting point, his analysis could reasonably be found to incorporate the required apportionment.” *Id.*

The issue here is thus not whether Mr. Hansen can choose a different starting point than SSPPU for his reasonable royalty analysis but related to the previous inquiry of whether he has presented a sufficiently comparable license that allows for built-in apportionment. *See Cisco*, 809 F.3d at 1303 (“Where the licenses employed are sufficiently comparable, this method is typically reliable because the parties are constrained by the market's actual valuation of the patent.”); *Vectura Limited*, 981 F.3d at 1041 (“[A] party relying on a sufficiently comparable license can adopt the comparable license's royalty rate and royalty base without further apportionment and without proving that the infringing feature was responsible for the entire market value of the accused product.”). Because the Asetek-Corsair license is sufficiently comparable, Mr. Hansen can adopt both the royalty rate and the base from the Asetek-Corsair license as his starting point and then make adjustments. *Cisco*, 809 F.3d at 1303.

4. Addition of Corsair's Estimated Resales in the U. S. to the Royalty Base

Asetek contends that Mr. Hansen improperly added [redacted] the downstream sales of Asetek's products that were ultimately shipped back to the US—to the royalty base because the figure is unreliable and largely based on speculation. *See* Docket No. 404-3 at 18-19. Mr. Hansen used Corsair's SEC filings to find that 35%–38% of Corsair's products had been sold in the U.S. Docket No. 418 at 15. While Asetek contends that the percentages are not specific to liquid cooling products but include a variety of Corsair's products, CoolIT argues that Corsair's entire business is focused on “high-performance gear for gamers and content

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creators” and “there is no reason to believe that the geographic breakdown for liquid cooling systems would be any different than the overall product mix.” Docket No. 404-3 at 18, n.7; Docket No. 418 at 15. Mr. Hansen multiplied Asetek’s worldwide sales to Corsair [redacted] by the percentages, arriving at the figures that represent Asetek’s U.S. revenue from sales to Corsair [redacted]. Docket No. 404-3 at 19. Mr. Hansen then treats any difference between this figure and Asetek’s documented U.S. sales to Corsair as “additional U.S. revenue.”²⁰ *Id.* at 19.

Asetek’s challenge to Mr. Hansen’s reliance on the SEC filing is unpersuasive. Mr. Hansen has met his burden to provide some reliable factual basis for his position that the proportion of Corsair’s liquid cooling systems resold to the U.S. is the same for its overall product mix. While Asetek suggests that “CoolIT and Mr. Hansen could have, and should have, obtained actual, reliable data from Corsair,” the Court is not required to exclude an expert opinion simply because of what is not included in the analysis. *See Raul Siqueiros, et al. v. General Motors LLC, 2022 WL 74182, at *6 (N.D. Cal. Jan. 7, 2022)* (“While [the defendant] observations about what was not included in [the expert’s] analysis is accurate, it does not necessarily follow that the facts and methodology on which [the expert] did rely are insufficient and unreliable.”). As such, the Court does not find the additional revenue he computed to be speculative. Asetek is free to cross-examine him and present contrary figures to the jury.

5. Inclusion of Revenue for Asetek USA between June 10, 2014, and October 21, 2015

*39 CoolIT argues that recovery for damages incurred between June 10, 2014, and October 21, 2015 should not be barred by the six-year limitation of 35 U.S.C. § 286 because the amended counterclaims adding Asetek USA as a defendant filed on October 22, 2021 relate back to the original filing of CoolIT’s counterclaims in April 2019 under the relation back doctrine. *See* Docket No. 404-3 at 20. The rule provides that the amended pleading relates back only if “the party to be brought in by amendment knew or should have known that the action would have been brought against it, but for a mistake concerning the proper party’s identity.” *Fed. R. Civ. P. 15(c)(1)(C)(ii)*. “Relation back under Rule 15(c)(1)(C) depends on what the party to be added knew or should have known, not on the amending party’s knowledge or timeliness in seeking to amend the pleading.” *Krupski v. Costa Crociere S. p. A., 560 U.S. 538 (2010)*. “[A] plaintiff may know generally what party A does while

misunderstanding the roles that party A and party B played in the ‘conduct, transaction, or occurrence’ giving rise to her claim. If the plaintiff sues party B instead of party A under these circumstances, she has made a ‘mistake concerning the proper party’s identity’ *notwithstanding her knowledge of the existence of both parties.*” *Id.* at 549 (emphasis added).

CoolIT argues that Asetek USA knew or should have known that CoolIT’s counterclaims would have been brought against it at the time CoolIT filed the original counterclaims, but for CoolIT’s mistake of naming the wrong Asetek entity as the defendant. *See* Docket No. 418 at 16-17. Both Asetek’s counsel and annual reports confirm that the officers of both Asetek entities, including the controller, were the same. *See id.* Therefore, CoolIT contends that Asetek should have known that it was involved in the infringement at issue here. *See id.* CoolIT also argues that this Court previously recognized that “CoolIT was not aware that entities other than Asetek Danmark made U.S. sales of the accused products.” *See* Docket No. 332; Docket No. 418 at 16. In response, Asetek argues that it did not know or had reason to know that the counterclaims would have been brought against it because it believed that CoolIT had made an informed decision not to name Asetek USA as a defendant. *See* Docket No. 448-3 at 15. Asetek argues that CoolIT made the informed decision because CoolIT knew Asetek USA’s involvement in the sales at issue 5 years before CoolIT filed the original counterclaims and because CoolIT knew Asetek USA and Asetek A/S were separate entities in a previous litigation and discussed the two as separate entities at the pretrial conference. *See id.*

This Court’s previous finding that CoolIT did not know that Asetek USA had made U.S. sales of the accused products is irrelevant because the question is whether Asetek, not CoolIT, knew or should have known that it would have been named as a defendant but for an error in identity. *Krupski, 560 U.S. at 548-49* (“Information in the plaintiff’s possession is relevant only if it bears on the defendant’s understanding of whether the plaintiff made a mistake regarding the proper party’s identity.”); *SMIC, Americas v. Innovative Foundry Techs. LLC, 473 F. Supp. 3d 1021, 1025 (N.D. Cal. 2020)*.

Asetek is correct in noting that “[w]hen the original complaint and the plaintiff’s conduct compel the conclusion that the failure to name the prospective defendant in the original complaint was the result of a fully informed decision as opposed to a mistake concerning the proper defendant’s identity, the requirements of Rule 15(c)(1)(C)(ii) are not met.” *Krupski, 560 U.S. at 552*. However, the alleged

“knowledge” that CoolIT was aware that Asetek USA was a separate entity is exactly what the Supreme Court found insufficient to “foreclose a finding that Rule 15(c)(1)(C)(ii) has been satisfied.” *Id.* at 549 (“We disagree, however, with respondent’s position that any time a plaintiff is aware of the existence of two parties and chooses to sue the wrong one, the proper defendant could reasonably believe that the plaintiff made no mistake.”). Nothing on the record “compels the conclusion” that CoolIT made a fully informed decision not to name Asetek USA when CoolIT brought its original counterclaims.

*40 Asetek fails to dispute CoolIT’s argument that “Asetek USA either knew or should have known the action would have been brought against it because Asetek treats its various entities as one, as Asetek’s counsel admitted that the decision makers and officers at Asetek are all of the same people.” Docket No. 418 at 16-17; Docket No. 316-3 at 15:15-17. As subsidiaries sharing the same name, officers, and counsel in this action, Asetek USA received sufficient notice of the action and knew or should have known that the action would have been brought against it, but for CoolIT’s mistake. *See VMG Salsoul, LLC v. Ciccone*, No. CV1205967BROCWX, 2013 WL 12129402, at *8 (C.D. Cal. July 11, 2013) (finding that affiliated companies sharing a common address and counsel shared a “community of interest,” and therefore, knew or should have known about the litigation); *Englebrick v. Worthington Indus., Inc.*, No. SACV0801296CJMLGX, 2011 WL 13131125, at *3 (C.D. Cal. Sept. 15, 2011) (“[A]s a matter of law, notice may be properly imputed to WCW because it is the subsidiary of WII[,] share the same attorney, and “are related corporate entities with very similar names[.]”). Thus, Rule 15(c)(1)(C) is satisfied.

Because Mr. Hansen bases his reasonable royalty analysis on a comparable license and other reliable facts, opinions, and methodologies, the Court **DENIES** the motion to exclude his opinions on CoolIT’s damages under Rule 702 and *Daubert*.

V. CONCLUSION

For the foregoing reasons, the Court:

- **GRANTS** CoolIT’s Motion to Strike Exhibit 275 (Docket No. 389);

- **DENIES** CoolIT’s Motion to Strike Last Disclosed Alleged Design Arounds (Docket No. 391);
- **GRANTS** CoolIT’s Motion in Limine to Exclude Dr. Mody’s Report (Docket No. 393);
- **GRANTS IN PART** CoolIT’s Motion in Limine to Exclude Tuckerman Opinions (Docket No. 397) regarding the non-infringing alternatives, **DENIES IN PART** the motion regarding the microchannels, and dismiss the motion regarding the impeller blades opinion as **MOOT**.
- Dismisses CoolIT’s Motion in Limine to Exclude Stein Report (Docket No. 399) as **MOOT**;
- **DENIES** Asetek’s Motion in Limine to Exclude Abraham Opinions (Docket No. 400);
- **GRANTS IN PART** CoolIT’s Motion to Strike Tuckerman Report (Docket No. 401) regarding the microchannels and the Danger Den-X prior art and **DENIES-IN-PART** the motion regarding the Chang prior art;
- **DENIES** Asetek’s Motion for Judicial Estoppel (Docket No. 402); and
- **DENIES** Asetek’s Motion in Limine to Exclude Hansen Opinions (Docket No. 405).

Out of an abundance of caution, the Court provisionally files the entirety of this order under seal. The Court orders the parties to meet and confer to determine which parts of this order should be filed under seal. The parties shall file their joint sealing request with respect to this order within one week.

This order disposes of Docket Nos. 389, 391, 393, 397, 399, 400, 401, 402 and 405.

IT IS SO ORDERED.

All Citations

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Footnotes

- 1 A qualified expert may give opinion testimony if: (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue; (b) the testimony is based on sufficient facts or data; (c) the testimony is the product of reliable principles and methods; and (d) the expert has reliably applied the principles and methods to the facts of the case. [Fed. R. Evid. 702](#).
- 2 Dr. Abraham notes that receptacle means “one that receives and contains something” under the Merriam-Webster Dictionary. Docket No. 420 at 4.
- 3 Previously, CoolIT had asked this Court leave to assert the defenses of collateral and judicial estoppel after learning of Asetek's inconsistent positions made during a hearing on Asetek's motion for contempt sanctions in CMI. [Asetek Danmark A/S v. CoolIT Sys. Inc., No. 19-CV-00410-EMC, 2022 WL 74160, at *1-*2 \(N.D. Cal. Jan. 7, 2022\)](#). The Court granted CoolIT's motion, and barred Asetek from arguing that a reservoir encompasses multiple receptacles. *Id.* Now, Asetek disputes CoolIT's attempt to take an inconsistent position.
- 4 Asetek fails to provide support for Dr. Tuckerman's lack of awareness.
- 5 Dr. Tuckerman was not involved in selecting the initial list of prior art for the invalidity contentions because he replaced another expert in the case.
- 6 For the noninfringement issue, Asetek points out that a non-split flow design is undisputedly a noninfringing design around, that CoolIT's own expert admitted that the Asetek Gen 3 has non-split flow designs, and that CoolIT's own analysis and witness states that the Cooler Master product has non-split flow designs and therefore do not infringe. Docket No. 422 at 18 (citing Ex. E, F, G).
- 7 CoolIT points out that the document Dr. Tuckerman relies on actually shows that the Cooler Master product has worse performance than Asetek's Gen 7 product. But this is not a question of admissibility.
- 8 Request for Production No. 99 recites “All Documents concerning the *Antarctica* ‘Water Chill’ Liquid Cooling Kit as it existed before August 9, 2007” and Request for Production No. 102 recites “All Documents concerning the design, structure, and operation of the *Antarctica* ‘Water Chill’ Liquid Cooling Kit as it existed before August 9, 2007, including but not limited to user manuals, installation manuals, technical manuals, specifications, engineering drawings, and other documentation.” CoolIT's RFP No. 99 sought all documents concerning the *Antarctica* device as it existed before August 9, 2007. *See* Docket No. 389-7 (CoolIT's RFP) at 2. Asetek objected to this request for “all documents” as overbroad, unduly burdensome and vague, but agreed to produce specific categories of documents related to the device in response to other RFPs. Docket No. 389-8 (Asetek's objections and responses to CoolIT's RFP) at 3.
- 9 CoolIT's RFP No. 102 similarly sought all documents concerning the design, structure, and operation of the *Antarctica* device as it existed before August 9, 2007. Docket No. 389-7 at 2. Asetek again objected to this request for “all documents” as overbroad, unduly burdensome, and vague, but agreed to conduct a reasonable search for documents sufficient to show the structure of the *Antarctica* device. Docket No. 389-8 at 5.
- 10 It is not clear from Exhibit 275 that there is a binder related to the document.
- 11 Regarding this point, Asetek responds that the suggestion to replace the minichannels to microchannels is innocuous because, just below that statement, Dr. Tuckerman notes that the *Antarctica* already has microchannels. Docket No. 401-8, ¶ 69 (“In fact, microchannels were used in highperformance heat sinks/fluid heat exchangers since the early 1980s. *See, e.g.,* Tuckerman Ph.D. Thesis, Bonde, Kandlikar, Bhatti,

Antarctica, Kang, Hamilton, Chang, etc.”). Therefore, Dr. Tuckerman is not relying on Danger Den-RBX to supply the allegedly missing “microchannels” limitation in *Antarctica*. Docket No. 419 at 13.

12 However, the full text clarifies:

Chang discloses every limitation of the asserted claims, including a seal extending between the housing and the plate. Specifically, Chang discloses a fluid heat exchanger having a separate housing and plate (unlike the single-piece housing and plate of the *Antarctica*). Chang further includes a seal extending between the housing and the plate, as shown below.

...

A person skilled in the art in August 2007 would have known been motivated to modify *Antarctica* in view of Chang to have a separate housing and plate and a seal therebetween because of the manufacturing advantages and cost-effectiveness of having separate housing and plate.

Docket No. 401-8, ¶¶ 73, 74.

13 Asetek had provided Dr. Stein with CAD files that were preprocessed for CFD analysis using Ansys SpaceClaim and, the Ansys SpaceClaim files were created by Dr. Stein as part of his expert analysis after the close of fact discovery, not by Asetek. *Id.* As such, these files were unavailable for Asetek to produce during fact discovery. *Id.*

14 The parties also argue whether Dr. Pokharna said that he needed a “manufactured product.” But his testimony states that “if it were manufacturable” then he could provide an opinion. *Id.*

15 The interrogatory response merely states: “Asetek could readily and easily switch to an alternative design” which “was created by Anders H. Saksager ... in approximately the second quarter of 2021[] but the design was readily available in 2019 and before, and there is no technological or other reason that Asetek could not have implemented them in 2019 or before.” Docket No. 392-3 ¶ 39.

16 Although Asetek argues that *Volterra Semiconductor Corp. v. Primarion, Inc.*, 796 F. Supp. 2d 1025, 1040 (N.D. Cal. 2011) is analogous, this case is inapposite because it did not discuss non-infringing alternatives and found that a declaration by an expert could be attached despite lacking supporting documents because the expert had extensive personal knowledge and personally reviewed the technical documents, unlike the current case.

17 The jury found that: “Asetek’s patented invention is directed to a closed loop liquid cooling system in which cooling liquid is pumped continuously between a pump head and a heat radiator (positioned remote from the pump head). *Id.* Rather than connecting together multiple separate components (as in the prior art), Asetek’s patented pump head design combines, into a single unit, a pump and the claimed “reservoir” that has, among other things, dual chambers and is bounded by a removable cold plate.” *Id.*

18 “Because I — I have — I have designed, I have helped — I have students ask me how to install these things and ask me how to reduce noise, how to reduce — how to improve heat transfer. Look, I have worked in this field for over two decades; so I know what customers want. Here’s what customers want. They want their chips to be cool; they want the system to work, and they want low noise. And the CoolIT patent does all three of those things exemplary. And so I did not talk to any CoolIT’s customers in the context of this litigation. But I have decades of experience working with people who use these devices. So I know what they want.”

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19 “Dr. Abraham informed me that the cold plate is one of five primary systems within the Asetek Accused Products, and that the cold plate is at least as important as the other systems, contributing at least 20% of the value of the product.” Hansen Rpt. ¶¶ 98.

20 This calculation effectively means CoolIT gets damages on 35% of Asetek's worldwide sales to Corsair, regardless of what Asetek's U.S. sales to Corsair is on record. See Docket No. 404-3 19; Hansen Depo. at 161:5–14:

Q. And it doesn't matter what Categories 1 through 3 are in actuality, when you add your category 4 to it, they will always sum to 35 percent of Asetek's sales to Corsair outside the U.S. because of the way you set up your math, right?

THE WITNESS: I believe that's mathematically correct, but I would want to relook at that.

End of Document

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United States District Court, E.D. Texas, Marshall Division.

Alfonso CIOFFI, et al., Plaintiffs,

v.

GOOGLE, INC., Defendant.

Case No. 2:13-CV-00103-JRG-RSP

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Signed 01/10/2017

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MEMORANDUM OPINION AND ORDER

ROY S. PAYNE, UNITED STATES MAGISTRATE JUDGE

*1 Plaintiffs move to exclude the opinion of Google's expert, Dr. Michael Kogan, regarding Google's recapture defense under 35 U.S.C. § 251. See Dkt. 156. Specifically, Plaintiffs seek to exclude the opinion concerning whether the inventors of the reissued patents-in-suit sought reissue claims for overlooked aspects described in the original patent. See Dkt. 148 (Google's motion for summary judgment on recapture). According to Plaintiffs, this opinion was not disclosed in a timely manner. Plaintiffs' motion is **DENIED** for the following reasons.¹

I. BACKGROUND

On August 12, 2016, Google served the invalidity report of Dr. Kogan, which opined that certain asserted claims violate the recapture rule under § 251. Dkt. 168-4 (Kogan Invalidity Report) ¶¶ 117-51. On September 14, 2016, Plaintiffs served the rebuttal validity report of Professor Buster Dunsmore that, in addition to addressing Dr. Kogan's opinions on recapture, argued that the claims at issue do not trigger the recapture test because the claims are directed to previously unidentified, overlooked aspects of the invention. 168-2 (Dunsmore Report) ¶¶ 483-84.

At his September 29, 2016, deposition, Dr. Kogan addressed Professor Dunsmore's rebuttal opinions on overlooked aspects:

Q.... [A]re there any opinions that you have relevant in this case that you believe are not currently expressed in your report?

A. Yes, I do have one opinion that is in rebuttal to Dr. Dunsmore's rebuttal report with respect to the overlooked aspects as they relate to surrender discussion. I'd like to render my opinion on that.

Q. Okay. I actually have questions about that, so I'm not going to—I'm not blowing you off at this moment. I promise to ask you about it a little bit later.

Ex. 168-3 (Kogan Dep.) at 7:20-8:5. Dr. Kogan later explained in detail why the two alleged overlooked aspects Professor Dunsmore identified were encompassed by the original claims of the '247 patent, were incidental features of the claimed invention, and thus were not overlooked. *Id.* at 190:3-195:12.

II. DISCUSSION

A court considers four factors in determining whether a Rule 26 violation, such as an alleged late discovery disclosure, is justified or harmless: (1) the party's explanation, if any, for its failure to disclose the information in a timely manner; (2) the prejudice to the opposing party if the evidence is admitted; (3) the possibility of curing such prejudice by granting a continuance; and (4) the importance of the evidence. See *Tex. A & M Research Found. v. Magna Transp. Inc.*, 338 F.3d 394, 402 (5th Cir. 2003).

As an initial matter, the Court does not consider Dr. Kogan's response regarding overlooked aspects within the scope of information required under Rule 26, at least not in the context of Google's recapture defense. Dr. Kogan's report describes the "complete statement" of his opinions regarding the three elements of Google's recapture defense. *See Fed. R. Civ. P. 26(a)(2)(B)(i)*; Dkt. 168-4 ¶¶ 29-32, 117-51. Whether reissued claims are directed to overlooked aspects is "a separate inquiry under reissue that is independent of whether or not the recapture rule applies." *In re Youman*, 679 F.3d 1335, 1347 (Fed. Cir. 2012). It was Plaintiffs' rebuttal to Google's recapture defense raised for the first time in their expert report that prompted Dr. Kogan's response.

*2 Even if Dr. Kogan's opinions were untimely or in violation of [Rule 26](#), exclusion of Dr. Kogan's opinions would not be warranted. With respect to the first factor relevant to whether a discovery violation is harmless, Google's explanation for the allegedly-late opinion is that the overlooked aspects issue was first raised in Plaintiffs' rebuttal expert report. Because Dr. Kogan was responding to new arguments by the Plaintiffs, exclusion is not warranted. *See Perdiemco, LLC v. Industrack LLC*, Case No. 2:15-CV-00727-JRG-RSP, Dkt. 259 at 3-4 (E.D. Tex. Oct. 24, 2016); *ZiiLabs Inc. v. Samsung Electronics Co.*, Case No.2:14-cv-203-JRG-RSP, [2015 WL 6690403](#), at *2 (E.D. Tex. Nov. 2, 2015).

With respect to the second factor, the prejudice to Plaintiffs is minimal. Dr. Kogan's opinions concerning recapture are based purely on the original and reissued claims and

the intrinsic record of the patents-in-suit, all of which is information Plaintiffs have known about since the inception the case. Dr. Kogan's rebuttal opinion is not based on new data or testing. In addition, Plaintiffs were given two days to depose Dr. Kogan about his opinion and learned during Dr. Kogan's deposition about the substance of his response to the rebuttal expert report. Since that time, Plaintiffs will have had nearly four months to prepare for Dr. Kogan's trial testimony. Because the prejudice is minimal under the second factor, the third factor has little relevance.

Finally, with respect to the fourth factor, Dr. Kogan's evidence is critically important to Google's recapture defense. Plaintiffs contend that the recapture rule does not apply because the threshold test has not been triggered. Google's primary support for the contrary position is based on Dr. Kogan's responsive opinion. Thus, the importance of the evidence weighs in favor of allowing Dr. Kogan's testimony, even assuming its untimeliness constitutes a violation of [Rule 26](#).

III. CONCLUSION

Plaintiffs' motion to strike the testimony of Dr. Kogan (Dkt. 156) is **DENIED**. Dr. Kogan's testimony concerning whether the recapture rule is triggered will be limited in scope to the opinions provided to Plaintiffs at his September deposition unless otherwise agreed to by the parties.

All Citations

Not Reported in Fed. Supp., 2017 WL 90756

Footnotes

- 1 Plaintiffs opening brief also seeks to exclude three additional opinions of Dr. Kogan, but pursuant to a subsequent agreement by the parties (*see* Dkt. 165), the dispute was narrowed to only the overlooked aspects opinion. *See* Dkt. 168 at 1. Any additional relief requested in Plaintiffs' motion (Dkt. 156) is **DENIED AS MOOT**.

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Only the Westlaw citation is currently available.
United States District Court, N.D. Oklahoma.

Shayla S. DAVIS, et al., Plaintiffs,
v.
Ahmed M. ADAM, et al., Defendants.

Case No. CIV-20-217-TDD-SH

|

Signed May 16, 2025

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ORDER

TIMOTHY D. DEGIUSTI, UNITED STATES DISTRICT JUDGE

*1 Before the Court is Plaintiff's Motion to Limit the Testimony of Kal Freight's Accident Reconstructionist, Robert W. Painter, Jr. [Doc. No. 90]. Plaintiff challenges the admissibility of portions of Defendant Kal Freight Inc.'s accident reconstructionist's proposed testimony under [Fed. R. Evid. 702](#) and for failing to comply with [Fed. R. Civ. P. 26\(a\)](#). For the reasons set forth below, the motion is granted in part and denied in part.

Background

This diversity action arises from a motor vehicle accident involving Plaintiff Shayla Davis and her six minor children.

On September 3, 2018, the front left tire of Ahmed Adam's tractor trailer blew out. Mr. Adam applied the brakes, and the truck careened toward the center barrier of a divided interstate highway. The impact sent debris toward oncoming traffic, causing a collision with Ms. Davis's vehicle. Plaintiff alleges the accident was caused by the negligence of Ahmed Adam, Kal Freight, Inc. (his employer ("Kal Freight" or "Defendant")), and by a defective tire manufactured by Hankook Tire & Technology Co.

Pertinent here, Robert Painter submitted an expert report pursuant to [Fed. R. Civ. P. 26\(a\)](#). The report sets forth a complicated series of mathematical calculations by which Mr. Painter concludes that Mr. Adam's application of the brakes immediately following the blowout did not contribute to the tractor trailer's loss of control, the impact of the accident to Ms. Davis's vehicle was "minimal," and the impact speed was insufficient to initiate deployment of her vehicle's airbags. Mr. Painter further elaborated on his opinions in his deposition and submitted a supplementary Declaration in support of Plaintiff's Response to the instant motion.

Plaintiff does not challenge any specific calculation used in Mr. Painter's report. Plaintiff instead argues that multiple parts of Mr. Painter's proposed testimony extend beyond the scope of his report because, in his deposition, Mr. Painter disagreed with several competing expert's conclusions without offering a rival methodology.¹ Plaintiff further argues Mr. Painter's additional testimony lacked a reliable basis. Lastly, in his deposition, Mr. Painter refers to a video-exhibit that a videographer had edited but was not submitted as part of his initial expert report. Plaintiff contends the failure to timely provide the edited video violated [Rule 26\(a\)\(2\)\(B\)\(iii\)](#).

Standard of Decision

Plaintiff contests the admissibility of Mr. Painter's proposed testimony under both [Fed. R. Civ. P. 26\(a\)](#) and [Fed. R. Evid. 702](#). The Court therefore provides the relevant standard of decision for both.

1. [Fed. R. Civ. P. 26\(a\)](#)

*2 [Fed. R. Civ. P. 26\(a\)\(2\)\(B\)](#) requires parties to disclose "a complete statement of all opinions the [expert] will express and the basis and reasons for them[.]" A party that "fails to provide information or identify a witness as required by [Rule 26\(a\)](#) ... is not allowed to use that information or witness to

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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) (emphasis added).

Courts generally consider the following factors when deciding whether a failure to comply with Rule 26(a) is substantially justified or harmless: “(1) the prejudice or surprise to the party against whom the testimony is offered; (2) the ability of the party to cure the prejudice; (3) the extent to which introducing such testimony would disrupt the trial; and (4) the moving party's bad faith or willfulness.” *Woodworker's Supply, Inc. v. Principal Mut. Life Ins. Co.*, 170 F.3d 985, 993 (10th Cir. 1999).

2. Fed. R. Evid. 702

Federal Rule of Evidence 702 codifies the Supreme Court's decision in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), sets forth the standards for admissibility of expert opinions, and defines the trial court's gatekeeper role. As explained by the Tenth Circuit:

“Under Rule 702, the district court must satisfy itself that the proposed expert testimony is both reliable and relevant, in that it will assist the trier of fact, before permitting a jury to assess such testimony. In determining whether expert testimony is admissible, the district court generally must first determine whether the expert is qualified by knowledge, skill, experience, training, or education to render an opinion. Second, if the expert is sufficiently qualified, the court must determine whether the expert's opinion is reliable by assessing the underlying reasoning and methodology, as set forth in *Daubert*.”

United States v. Nacchio, 555 F.3d 1234, 1241 (10th Cir. 2009) (en banc) (internal quotations and citations omitted). When the testimony of an expert is challenged, the proponent of the testimony bears the burden of establishing its admissibility. *Id.*

Here, Plaintiff does not dispute that Mr. Painter is qualified to provide opinions as an accident reconstructionist.² Plaintiff instead challenges whether those qualifications allow Mr. Painter to opine on the accuracy of testimony provided by experts from other fields using different methods and whether Mr. Painter's expert opinions are “reliable” under the principles set forth in *Daubert* and its progeny. Rule 702 requires Defendant to demonstrate “that it is more likely than not that: ... the testimony is the product of reliable principles and methods; and the expert's opinion reflects a reliable

application of the principles and methods to the facts of the case.” Fed. R. Civ. P. 702(c) and (d).

Discussion

Plaintiff makes eight separate contentions against the admissibility of portions of Mr. Painter's proposed testimony. The Court addresses each in turn.

1. Mr. Adam's Braking

Plaintiff argues Defendant violated Rule 26(a) by failing to disclose the basis of Mr. Painter's disagreements with competing experts on the degree to which Mr. Adam applied the brakes immediately following the blowout.

*3 Upon consideration of the parties' attachments, the Court agrees with Plaintiff in part. During his deposition, Mr. Painter expressed certain disagreements with competing experts, including Andrew Irwin and Ronald Blevins, but only in response to Plaintiff's counsel's questions. Such determinations are analogous to responding to questions posed during cross-examination and do not implicate Rule 26(a).

Rule 26(a) was, however, implicated in Mr. Painter's supplemental “Declaration.” There, Mr. Painter directly contradicted a statement made in his deposition and further disclosed an opinion not included in his expert report. During the deposition, when asked if he had undertaken “any kind of reconstruction analysis on what percentage of braking was being done at the time,” Mr. Painter confirmed that he had not. In his Declaration, Mr. Painter stated the tractor trailer “exhibit[ed] 29% braking with a resulting drag factor of .203 in order to reduce its speed from 71.5 to 68 mph.”

Mr. Painter's untimely disclosures were neither substantially justified nor harmless. Rule 26(a) disclosures are “necessary to allow the opposing party a reasonable opportunity to prepare for effective cross examination and perhaps arrange for expert testimony from other witnesses.” *Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 953 (10th Cir. 2002) (internal quotation marks omitted). In his Declaration, Defendant and Mr. Painter did not afford Plaintiff that opportunity. Mr. Painter instead directly contradicted his own testimony, placing Plaintiff in an unfair litigation position. Furthermore, no opportunity remains to cure the existing prejudice. Therefore, despite a lack of bad faith or immediate trial

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interruption, Defendant will be precluded from presenting Mr. Painter's supplemental calculations about the exact percentage of Mr. Adam's braking at trial pursuant to [Fed. R. Civ. P. 37\(c\)](#).

Plaintiff further argues that, contrary to [Fed. R. Evid. 702](#), Mr. Painter failed to set forth a reliable basis for his opinion.

In his report, Mr. Painter stated that he examined the scene of the accident and did not discover evidence of hard braking—finding only “swerve marks.” He further examined data produced by the truck's Engine Control Module (“ECM”) and calculated that Mr. Adam had only “2.5 seconds to react and respond,” which was “not enough time ... to recover the vehicle” even after what Mr. Painter described as “limited braking.” [Doc. No. 90-1, at p. 14-15 of 18].

The scope of admissibility under [Fed. R. Evid. 702](#) is broad. See [Compton v. Subaru of Am., Inc.](#), 82 F.3d 1513, 1518 (10th Cir. 1996) (stating that if there is a logical basis for an expert's opinion, the weaknesses in the underpinnings of the opinion go to the weight and not the admissibility of the testimony), *overruled on other grounds by Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137, 147 (1999). Stated another way, if there are “good grounds” for the expert's conclusion, it should be admitted. [Daubert](#), 509 U.S. at 590.

Upon consideration of the above-quoted portions of Mr. Painter's expert report, along with their context, the Court finds Defendant has met its burden under [Rule 702](#) to use Mr. Painter's proposed testimony regarding “limited braking.” Mr. Painter adequately presented the basis for his conclusions—the “swerve marks” and ECM data. He further set forth the reliability of his methodology by citing specific formula used when arriving at his opinion. Although, as Plaintiff points out, Mr. Painter did not engage in the same methodology as the experts he critiques, that is not what [Fed. R. Evid. 702](#) requires. See [Feltz v. Regalado](#), No. 18-CV-0298-SPF-JFJ, 2023 WL 3097247, at *5 (N.D. Okla. Mar. 16, 2023) (“an expert versus expert situation is rarely—very rarely—conducive to ejection of one expert from a case on the strength of the opposing opinions of an expert hired by the other side....”) (citing multiple circuit courts). Instead, Mr. Painter need only present a reliable basis and methodology for his own opinion. Having done so, Plaintiffs' challenges go to credibility, not admissibility. See [Daubert](#), 509 U.S. at 596 (“Vigorous cross-examination, presentation of contrary evidence, and careful instruction on the burden of proof are

the traditional and appropriate means of attacking shaky but admissible evidence.”).

2. Reflective Response Calculations

*4 Plaintiff argues Mr. Painter unfairly altered his testimony between his report and deposition. According to Plaintiff, the report represents that Mr. Adam's subconscious “reflective response” to the blowout lasted .75 seconds, but in the deposition, Mr. Painter stated that it lasted only .25 seconds.³

Assuming Plaintiff's characterization is accurate, the Court is not persuaded that the alteration is germane to admissibility. If, as Plaintiff contends, Mr. Painter provided inconsistent testimony, Plaintiff may cross-examine him on the subject at trial. See *id.*

3. Delta V

Plaintiff contends Mr. Painter's opinion on the Delta V, or change in velocity, of Ms. Davis's vehicle is inadmissible because Mr. Painter relied on data derived from Ms. Davis's vehicle's airbag control module (“ACM”) and did not engage in any independent testing.⁴

The Court has already addressed Plaintiff's nearly identical contention in an order concerning Defendant's motion to exclude Plaintiff's biomechanical expert. See Order [Doc. No. 151, at p.7-9] (finding Dr. Ziejewski's method “somewhat speculative, [but] based on inferences and objective data derived from the vehicle's ACM.”). The Court need not revisit the same argument here. It is sufficient only to repeat that ACM-derived data are not inherently unreliable and that Mr. Painter's conclusions are based on reasonable inferences therefrom.

4. Principal Direction of Force

During his deposition, Plaintiff's attorney asked Mr. Painter about the principal direction of force applied to Ms. Davis's vehicle. Mr. Painter responded that it occurred at “11:00” or “[–]30 degrees.” He then described his determination as a “rule of thumb.”

Plaintiff argues Mr. Painter's off-the-cuff statement is inadmissible because it falls outside the purview of his expert report and lacks a scientific basis.

The Court has already addressed the boundaries of Mr. Painter's expert report in the context of questions posed by

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Plaintiff's counsel. The Court further disagrees with Plaintiff that Mr. Painter lacked a sufficient scientific basis for his response. According to his report, Mr. Painter reviewed the accident video and photographs of the damaged vehicles. His extensive background combined with his independent investigation are more than sufficient to provide a "rule-of-thumb" determination when prompted during a deposition.

5. Biomechanical Testimony

During his deposition, and in response to Plaintiff's questions, Mr. Painter critiqued Plaintiff's biomechanical expert, Dr. Mariusz Ziejewski. Specifically, Mr. Painter disagreed with Dr. Ziejewski's opinion that Ms. Davis's vehicle experienced a Delta V of "four mph," the likelihood of injuries from crashes involving comparatively long "crash pulses," and Dr. Ziejewski's decision to reconstruct the resulting force's effect on Ms. Davis using a lateral angle of 90 degrees.

*5 Plaintiff asserts that Mr. Painter's criticisms are inadmissible for two reasons: (1) they extend beyond the scope of his expert report, and (2) Mr. Painter is unqualified as a biomechanical expert.

As stated previously, Mr. Painter is presumably free to respond on cross examination to any line of questioning that Plaintiff elicits. In the alternative, and to the extent it may be relevant on direct examination, the Court finds Mr. Painter's criticisms lie within his field of expertise.

In general, "an expert is permitted wide latitude[.]" (*Daubert*, 509 U.S. at 592), and "is not strictly confined to his area of practice" (*Wheeler v. John Deere Co.*, 935 F.2d 1090, 1100 (10th Cir. 1991)). The witness must only "possess skill, experience, or knowledge in the 'particular field' " at issue, or the field must "fall 'within the reasonable confines' of [the witness's] expertise." *Conroy v. Vilsack*, 707 F.3d 1163, 1169 (10th Cir. 2013) (citations omitted); see also *Wheeler*, 935 F.2d at 1100 ("an expert is not strictly confined to his area of practice, but may testify concerning *related applications*[.]" (emphasis added)).

A close review of Mr. Painter's deposition testimony reveals that Mr. Painter limited his critiques to specific portions of Dr. Ziejewski's report that concern a related application of his own field of expertise. Ms. Davis's vehicle's Delta V, the likelihood of injury from crashes involving longer time intervals, as well as the angle of force applied to Ms. Davis herself, either lie comfortably within Mr. Painter's knowledge of general physics, or are sufficiently adjacent

to that knowledge, such that his related opinions survive a challenge under [Fed. R. Evid. 702](#).

6. Vehicle Crush Stiffness Coefficients

In his deposition, counsel for Defendant Hankook Tire & Technology Co. asked Mr. Painter to opine on a variable used by a rival expert to calculate Ms. Davis's vehicle's Delta V. Although Mr. Painter's report never mentions the variable at issue, "vehicle crush stiffness coefficients," Mr. Painter critiques his rival's opinion.

Plaintiff challenges that portion of Mr. Painter's proposed testimony as failing to comply with [Fed. R. Civ. P. 26\(a\)](#).

Here, unlike in the previously addressed circumstances, Mr. Painter provided an opinion in response to his co-defendant's counsel's questions. See [Doc. No. 90-3, at p. 111-12, 121-22]. Moreover, in Kal Freight's response to the instant motion, Kal Freight does not provide any argument as to how Mr. Painter's criticisms relate to his expert report.

Upon consideration of the four factors enunciated in *Woodworker's*, the Court finds that Mr. Painter's deposition testimony on vehicle crush stiffness coefficients extended beyond the scope of his expert report in a manner that was neither justified nor harmless. As other judges have noted, "[t]imely and careful compliance with the requirements of [Rule 26\(a\)\(2\)](#) is essential, both as a matter of fairness to litigants and as a matter of orderly procedure during the series of interdependent scheduled events which occur in the final phases of discovery, motion work and trial preparation." *Allertein Therapeutics, LLC v. ARL Biopharma, Inc.*, No. CIV-16-152-F, 2017 WL 9471781 (W.D. Okla. Dec. 6, 2017), at *1. (emphasis omitted). Had Mr. Painter included his criticisms of vehicle crush stiffness coefficients in his expert report, he would have alerted Plaintiff of the need to consult her own experts, submit supplemental documents, or alter her strategy during Mr. Painter's deposition. Because Mr. Painter did not include such information, Plaintiff was placed in an unfair litigation position. Now, over 18 months since the deposition, resulting prejudice is not reasonably amenable to cure. Plaintiff's motion is therefore granted as to this point; Defendant will not be allowed to present Mr. Painter's testimony on the accuracy of Plaintiff's vehicle crush stiffness coefficients at trial.

7. Tire Testimony

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*6 During his deposition, Mr. Painter expressed disagreements with Plaintiff's accident reconstructionist, Ronald Blevins, about whether Mr. Adam's tires were in a usable condition prior to the accident.

In its response to the instant motion, Defendant concedes the issue, stating Mr. Painter will not be used to offer opinions on tire forensics. The motion to exclude his testimony as to this issue is therefore granted.

8. Edited Witness Video

Defendant disclosed an edited video prior to Mr. Painter's deposition that was not provided to Plaintiff until after the due date to submit Mr. Painter's expert report. In his deposition, Mr. Painter described the edited video as "zoomed in," including added "text," and making certain "sound adjustments." Plaintiff argues the video must be excluded under [Fed. R. Civ. P. 26\(a\)](#) and [37\(c\)](#).

[Fed. R. Civ. P. 26\(a\)\(2\)\(B\)\(iii\)](#) and [\(a\)\(2\)\(D\)](#) require parties to disclose "any exhibits that will be used to summarize or support" an expert's opinion, and to do so "at the

times and in the sequence that the court orders." Here, unlike in previous determinations, however, the Court finds Defendant's noncompliance both substantially justified and harmless. According to Defendant, the videographer did not complete the edits on time because of a family members' sickness and later death. The edits were finished a couple of weeks before Mr. Painter's deposition and provided to Plaintiff's counsel at that time. The Court does not see how the failure to comply with the strict letter of [Rule 26\(a\)](#) prejudiced Plaintiff under these circumstances.

IT IS THEREFORE ORDERED that Plaintiff's Motion to Limit the Testimony of Kal Freight's Accident Reconstructionist, Robert W. Painter, Jr. [Doc. No. 90] is **GRANTED** in part and **DENIED** in part as set forth herein.

IT IS SO ORDERED this 16th day of May 2025.

All Citations

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Footnotes

- 1 Specifically, Mr. Painter disagreed with (1) Andrew Irwin, Defendant's other accident reconstructionist, about the extent to which Mr. Adam applied the brakes after the blowout; (2) Dr. Mariusz Ziejewski, Plaintiff's biomechanical expert, about the force of the collision and Ms. Davis's lateral movement inside the vehicle; and (3) Ronald Blevins, Plaintiff's accident reconstructionist, about the force of the collision and state of Mr. Adam's tires before the accident.
- 2 The Court agrees and finds Mr. Painter qualified. See [Cornwell v. Union Pac. R.R., No. 08-CV-638-JHP, 2010 WL 3521674, at *4 \(N.D. Okla. Sept. 7, 2010\)](#) ("There is no contention here that Painter is not qualified as an accident reconstructionist.").
- 3 Defendant responds, arguing Plaintiff mischaracterizes Mr. Painter's testimony. According to Defendant, Mr. Painter has consistently represented that the first .25 seconds constituted initial "knee-jerk" reflexive braking that then continued for a total .75 seconds.
- 4 Drawing on information from Ms. Davis's vehicle's "CDR download," Mr. Painter concluded that Ms. Davis's airbags should have deployed if Ms. Davis's vehicle experienced a Delta V greater than 5 mph. Because they did not deploy, Mr. Painter concluded the vehicle's Delta V was less than five.

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Only the Westlaw citation is currently available.
United States District Court, W.D. Texas, El Paso Division.

FAMILIAS UNIDAS POR LA EDUCACIÓN, Plaintiff,

v.

**EL PASO INDEPENDENT
SCHOOL DISTRICT**, Defendant.

EP-20-CV-170-DB

|

Signed July 22, 2022

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**MEMORANDUM OPINION AND ORDER
GRANTING MOTION TO STRIKE SUPPLEMENTAL
EXPERT REPORT AND PORTIONS OF SUR-
REBUTTAL REPORT OF ANDRES BERNAL**

DAVID BRIONES, SENIOR UNITED STATES DISTRICT JUDGE

*1 On this day, the Court considered Plaintiff Familias Unidas Por La Educación's ("Familias Unidas") "Opposed Motion to Strike Supplemental Expert Report and Portions of Sur-Rebuttal Report of Andres Bernal" ("Motion to Strike"), filed on April 29, 2022. ECF No. 85. Familias Unidas asks that the Court strike portions of Mr. Bernal's Sur-Rebuttal Report and the entirety of his Supplemental Report. Mot. to Strike 2, ECF No. 85. Defendant El Paso Independent School District ("EPISD") filed a Response. ECF No. 91.

Familias Unidas argues in its Motion to Strike that EPISD has violated federal rules that govern the manner in which expert

reports must be filed and responded to, and it argues that parts of those reports should therefore be excluded. It raises three specific issues: (1) whether Mr. Bernal's Supplemental Report is masquerading as a supplement in order to present new, untimely arguments in defiance of the Court's deadlines, (2) whether portions of Mr. Bernal's Sur-Rebuttal Report contain novel analyses that should have been included in his original report and therefore fall outside of limits of the sur-rebuttal allowed by the Court, and (3) whether, if these disclosures were untimely or improper, they should nonetheless be admitted because any violations were substantially justified or harmless.

EPISD argues in its Response that Mr. Bernal's Supplemental Report was truly supplemental because it responded to one of Familias Unidas's expert's criticisms that hadn't been raised before, and it argues that Mr. Bernal's Sur-Rebuttal Report was within the scope of the Court's order allowing a sur-rebuttal because Mr. Bernal did not perform a new analysis but merely explained "what the proper analysis would be." Resp. 7–11, ECF No. 91. Thus—EPISD argues—neither the Supplemental Report nor any portion of the Sur-Rebuttal violates the rule governing the disclosure of expert reports, and neither should be stricken. *Id.*

The Court finds that both reports contain novel, untimely arguments and therefore violate [Rule 26 of the Federal Rules of Civil Procedure](#). Additionally, the Court finds that the violations of [Rule 26](#) are not substantially justified or harmless, and thus, the reports will be excluded. [Fed. R. Civ. P. 37\(c\)\(1\)](#). That being the case, the Court will grant the Motion to Strike.

BACKGROUND

The Motion to Strike now before the Court is part of a lawsuit charging that EPISD intentionally discriminated against Mexican and Mexican American students, in violation of the Fourteenth Amendment's Equal Protection Clause and of Title VI of the Civil Rights Act, when it closed three elementary schools. Compl. ¶¶ 300, 305, 311, ECF No 24. The lawsuit was brought by Familias Unidas, a nonprofit made up of parents, guardians and caregivers of the children who attended the schools that were closed. *Id.* ¶ 5.

To prove or disprove that EPISD intentionally discriminated against students, both parties designated experts who would produce reports about whether the closure of the three schools

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had a disparate impact on Mexican and Mexican American students: Stephen Bronars for Familias Unidas and Andres Bernal for EPISD. Designation of Expert Witnesses by Familias Unidas 2, ECF No. 41; Def.'s Designation of Expert Witnesses, ECF No. 51.

*2 The production and exchange of those expert reports was expected to comply with [Federal Rule of Civil Procedure 26\(a\)\(2\)\(A\) and \(B\)](#) as well as the Court's own Scheduling Order. [Fed. R. Civ. P. 26\(a\)\(2\)\(A\), \(B\)](#); Revised Scheduling Order, ECF No. 37. At the time the reports were filed, the Court's Scheduling Order allowed for each party's expert to produce an original report and for the opposing party to produce a rebuttal report. Revised Scheduling Order ¶ 1, ECF

No. 37. Rebuttal reports were due fourteen days after receipt of the opposing expert's report. Revised Scheduling Order ¶ 1, ECF No. 37. The Scheduling Order did not allow for sur-rebuttal reports or other reports. However, the Court later issued an Order authorizing EPISD to file a sur-rebuttal report that responded to Dr. Bronars's May 28, 2021 Report. Order Granting Motion for Extension of Rebuttal Expert Deadlines, ECF No. 64.

The dispute at the heart of this Motion to Strike turns on the relationships between the reports ultimately produced by Dr. Bronars and Mr. Bernal. The following chart shows all the reports that were filed:

Original Report	Rebuttal Report	Sur-rebuttal Report
March 26, 2021 – Familias Unidas's expert Dr. Bronars timely submitted his original report. ECF No. 41.	EPISD did not designate a rebuttal expert to Dr. Bronars's original report in the fourteen days that followed.	N/A
May 14, 2021 – EPISD's expert Andres Bernal timely submitted his original report. ECF No. 51.	May 28, 2021 – Familias Unidas timely designated Dr. Bronars as a rebuttal expert to Mr. Bernal and served his rebuttal expert report on EPISD. ECF No. 56.	June 25, 2021 – With the Court's permission, EPISD timely served a sur-rebuttal report in response to Dr. Bronars's rebuttal report (Sur-Rebuttal Report). ECF No. 65.
January 17, 2022 – EPISD –without notice to the Court— produced a third report authored by Mr. Bernal (Supplemental Report). ECF No. 85.		

Familias Unidas argues that Mr. Bernal's Supplemental Report is only masquerading as a “supplemental” report and in fact offers a new analysis based on data that was available to him at the time of his original report. Mot. to Strike 2,

ECF No. 85. It also argues that portions of Mr. Bernal's Sur-Rebuttal are an untimely rebuttal of Dr. Bronar's original report—rather than a sur-rebuttal addressing Dr. Bronar's May 28th report—and are therefore outside of the scope of

what was allowed by the Court's order authorizing a sur-rebuttal. *Id.* EPISD disagrees, arguing that the Supplemental Report is properly supplementary and that the entirety of the Sur-Rebuttal Report falls squarely within the limits of the Court's authorization. Resp. 7–11, ECF No. 91.

ANALYSIS

Rule 26 of the Federal Rules of Civil Procedure governs the production and exchange of expert reports is governed by, and it will guide the Court's analysis. First, the Court will look at whether Mr. Bernal's Supplemental Report is truly supplemental in that it corrects a prior filing that it later learned was incorrect or incomplete as allowed by Federal Rule of Civil Procedure 26(e)(1)(a). Second, the Court will consider whether Mr. Bernal's Sur-Rebuttal Report exceeds the scope of the sur-rebuttal allowed by the Court's order and violates Rule 26's requirement that an expert's original report contain all of the opinions a witness will express. *See Fed. R. Civ. P. 26(a)(2)(B)* (an expert's *original* report must contain “a complete statement of all opinions the witness will express.”). Third, the Court will examine whether any violations of Rule 26 and the Court's order are substantially justified or harmless per Rule 37(e)(1).

1. Mr. Bernal's Third Report is Not a Supplemental Report But an Untimely Submission that Violates Rule 26.

Mr. Bernal's Supplemental Report analyzed Dr. Bronars's disparate impact calculations and performed a new statistical calculation. Bernal January 17, 2022 Rep., ECF No. 85–3. Familias Unidas argues that this Report violates Rule 26(a)(2)(B) because it masquerades as a supplemental report when in actuality it “offers a new statistical analysis and new opinions that depart from the analysis and opinion in his First Report.” Mot. to Strike 4, ECF No. 85.

a. Legal Standard for Supplemental Reports

*3 Testifying experts are required to produce a report containing the opinions they will express and the basis and reasons for them, among other things. *Fed. R. Civ. P. 26(a)(2)(B)(i)*. Experts are required to supplement that report if they learn that it is incorrect or incomplete. *Rule 26(a)(2)(E)*. Importantly, supplemental disclosures “are not intended to provide an extension of the deadline by which a party

must deliver the lion's share of its expert information.” *Sierra Club, Lone Star Chapter v. Cedar Point Oil Co. Inc.*, 73 F.3d 546, 571 (5th Cir. 1996). The duty to supplement extends to information included in the expert's report and given during the expert's deposition. *Fed. R. Civ. P. 26(e)(2)*. Apart from the original expert report, and any necessary supplements to that report, experts may also produce rebuttal reports in response to the expert reports provided by the opposing party. *Fed. R. Civ. P. 26(a)(2)(D)(ii)*.

b. Mr. Bernal's Third Report is not supplemental.

“Courts routinely reject untimely ‘supplemental’ expert testimony where the opinions are based upon information available prior to the deadline for expert disclosures and disclosure ‘departs from [or] expands upon [the] original report in [any] material respects.’” *Holcombe v. United States*, 516 F. Supp. 3d 660, 670 (W.D. Tex. 2021); *see Pratt v. Landings at Barksdale*, No. CIV.A. 09-1734, 2013 WL 5375951, at *2 (W.D. La. Sept. 24, 2013) (striking a declaration after finding that it “contains new opinions, not mere logical extensions, that go beyond those previously presented” and that “appear to be based upon information available prior to the deadline for service of initial expert reports.”). In a recent opinion from the Western District of Texas, a court struck an expert report that posed as a supplemental report but in fact contained an entirely new statistical analysis. *Daedalus Blue LLC v. SZ DJI Tech. Co.*, No. W-20-CV-00073-ADA, 2022 WL 831619, at *2 (W.D. Tex. Feb. 24, 2022). That case was factually similar to this case in one particularly notable way. In this case, Mr. Bernal admitted that his supplemental report was in response to criticisms by the opposing party. Resp. to Mot. to Strike 8, ECF No. 91. In *Daedalus Blue* the expert “conceded [] it was [the opposing party's] rebuttal report that prompted the filing of [the] second report.” *Id.* at *5.

The Court agrees with Familias Unidas that Dr. Bernal's Supplemental report is not truly supplementary, and it agrees with other courts that have found that untimely reports that undergo novel analyses should be stricken. Mr. Bernal clearly used his Supplemental Report to perform a new analysis with data that he had available to him at the time he wrote his original report. In Mr. Bernal's own words, “for this supplemental report, I took the analysis a step further and only looked at the populations of the students in the 15 schools closed.” Bernal January 17, 2022 Report ¶ 6, ECF No. 85–3 at 4. This contradicts his first report, where he used the entire

Hispanic population of elementary school students within EPISD to perform his disparate impact calculations. Bernal First Report ¶ 5, ECF No. 85–1 at 3.

EPISD argues that Dr. Bernal's supplemental report is appropriate because it was in response to a criticism raised by Familias Unidas's expert Dr. Bronars for the first time during Dr. Bronars's deposition on December 7, 2021. Resp. to Mot. to Strike 8, ECF No. 91. “After learning of this new criticism for the first time on December 7, 2021, counsel for EPISD, Mr. Osborn, asked Mr. Bernal to redo the analysis from his First Report by changing the denominator.” *Id.*

However, supplemental expert reports are meant to correct prior “incomplete or incorrect” expert disclosures based on information in the expert's original report that was later found to be incomplete or incorrect. [Fed. R. Civ. P. 26\(e\)\(2\)](#). The Rule is not designed to provide additional opportunities for experts to rebut the opposing party's criticisms, as the Defendant is attempting to do here. This is made clear by the text of [Rule 26\(e\)](#) which states that parties have a duty to supplement material when it is later found to be “incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to other parties during the discovery process or in writing.” [Fed. R. Civ. P. 26\(e\)](#) (emphasis added). This language shows that supplemental reports are designed to ensure the opposing party has correct and complete information about prior disclosures, not to provide additional opportunities for rebuttal. Thus, Dr. Bernal's supplemental report is not “supplemental” and violates [Rule 26](#).

2. Portions of Mr. Bernal's Sur-Rebuttal Report Exceed the Scope of the Sur-Rebuttal Allowed by the Court.

*4 Mr. Bernal's Sur-Rebuttal Report critiques the statistical method used by Dr. Bronars in his March 26th report to evaluate disparate impact, suggests that he should have instead performed a multivariate regression analysis, and performs that new analysis. Bernal June 25, 2021 Rep., ECF No. 85–2. Familias Unidas alleges that paragraphs 5, 10, and 11, chart 2, and pages 11–12 of Mr. Bernal's Sur-Rebuttal report should be stricken for two reasons. First, it alleges that these portions of the report do not respond to the criticisms contained in Dr. Bronars's May 28 rebuttal report, but instead address Dr. Bronars original analysis contained in his March 26th report, when the Court specifically granted Mr. Bernal permission to rebut the May 28 expert report. Mot. to Strike 6,

ECF No. 85; Order Granting Motion for Extension of Rebuttal Expert Deadlines, ECF No. 64. Second, it alleges that these sections of the report present a new analysis and opinion that is inconsistent with Mr. Bernal's original report. Mot. to Strike 6, ECF No. 85.

EPISD argues that Mr. Bernal does not perform a new analysis in his Sur-Rebuttal Report, but merely says that Dr. Bronars *should have* performed a different type of analysis. Resp. 10, ECF No 91. EPISD also argues that none of Mr. Bernal's Sur-Rebuttal Report should be stricken because Familias Unidas may cross-examine Mr. Bernal regarding the report, and thus, it has suffered no harm or prejudice. *Id.*

a. Legal Standard for Sur-Rebuttal Reports

[Rule 26](#) requires that an expert's original report must contain “a *complete* statement of *all* opinions the witness will express.” [Fed. R. Civ. P. 26\(a\)\(2\)\(B\)](#) (emphases added). Thus, it “allows for the designation of a rebuttal expert witness ‘solely to contradict or rebut evidence on the same subject matter identified by another party under [Rule 26\(a\)\(2\)\(B\)](#)’” [Rex Real Estate I, L. P. v. Rex Real Estate Exchange, Inc.](#), No. A-19-CV-00696-RP, 2022 WL 1014139, at *2 (W.D. Tex. Apr. 5, 2022) (citing [Fed. R. Civ. P. 26\(a\)\(2\)\(D\)\(ii\)](#)). The Federal Rules do not authorize sur-rebuttal reports in every case, and to read them as doing so would be nonsensical as it would “open[] the door to an infinitely iterative process whereby each new report necessitates not only a counter-report but also a repeat deposition.” [Wal-Mart Stores, Inc. v. Texas Alcoholic Beverage Commission](#), 1:15-cv-134-RP, 2017 WL 9480314, at *2 (W.D. Tex. May 22, 2017).

However, a sur-rebuttal report may be authorized in a particular case by a district court. [U.S. v. Moody](#), 903 F.2d 321, 330–31 (5th Cir. 1990) (citations omitted) (“The decision to permit surrebuttal falls within the discretion of the trial court”). [Rule 26](#) requires that the scope of such a sur-rebuttal report be limited to evidence that contradicts or rebuts the testimony and opinions contained within the rebuttal report. *See, e.g., Shen Wei (USA) Inc. v. Sempermed USA, Inc.*, No. 05 C 6004, 2009 WL 674364 at *2 (N.D. Ill. Mar. 12, 2009) (finding that a sur-rebuttal report exceeded the permissible scope by bringing up novel arguments rather than refuting opposing counsel's expert's opinion with evidence contained in previous reports). A sur-rebuttal report that “raise[s] new arguments or opinions that were not introduced in the first report” thus violates [Rule 26](#). [U.S. Bank Nat'l Ass'n v. Verizon](#)

Commc'ns Inc., No. 3:10-CV-1842-G, 2012 WL 12885083, at *1 (N.D. Tex. Aug. 3, 2012).

b. Paragraphs 5, 10, and 11, Chart 2, and Pages 11–12 of Mr. Bernal's Sur-Rebuttal Report do not comply with the Court's order allowing a Sur-Rebuttal Report and because they introduce new analyses in violation of Rule 26.

Sur-rebuttal expert reports were not contemplated in the Scheduling Order in force when the expert reports were filed. Revised Scheduling Order, ECF No. 37. The Court subsequently issued an order, consistent with the requirements of Rule 26, that allowed EPISD to “designate [a] rebuttal expert *in response to the May 28, 2021 expert report of Stephen Bronars* [Familias Unidas's expert]” and serve his report. Order Granting Motion for Extension of Rebuttal Expert Deadlines, ECF No. 64 (emphasis added). Mr. Bernal was thus authorized to respond only to Dr. Bronars's May 28, 2021 expert report. Any arguments not responsive to that report are thus in violation of both the Court's order and Rule 26. The Court turns now to the issue of whether Mr. Bernal's Sur-Rebuttal Report contains any such arguments. Revised Scheduling Order 1, ECF No. 37.

*5 Paragraph 5 of Mr. Bernal's Sur-Rebuttal Report contains an admission by Mr. Bernal that he is rebutting Dr. Bronars's March 26th report, not his May 28 report: “Based on my review and analysis of the work completed by Dr. Stephen Bronars, and his rebuttal on March 26, 2021, I have determined that his analysis remains statistically flawed” *Bernal June 25, 2021 Rep.* ¶5, ECF No. 85–2. Mr. Bernal then goes on to propose a new analysis, a multivariate regression analysis, to determine the role of race in the closure of the three elementary schools. *Id.* Paragraphs 10 and 11 further discuss the multivariate regression analysis and argue that Dr. Bronars should have performed that analysis. *Id.* at ¶¶ 10, 11. Chart 2 and pages 11–12 of the report appear to show the results of a multivariate regression analysis performed by Mr. Bernal. *Id.* at 6, 11–12.

Reports that include “new arguments, analyses and opinions” should be excluded. *Wal-Mart Stores, Inc.*, 2017 WL at *2. A court in the Western District of Texas recently found that a second report that included a new regression analysis that attempted to “control for confounding variables” was excludable because Rule 26 does not allow additive reports. *Id.* at 3. Dr. Bernal's Sur-Rebuttal Report, like the one at issue

in *Wal-Mart*, attempts to perform an entirely new analysis to show “that other factors should have been considered in [Dr. Bronars's] statistical analysis.” *Id.*; *Bernal June 25, 2021 Rep.* ¶11, ECF No. 85–2.

Because they contain a novel analysis and respond to Mr. Bronars's May 28 report and not his March 26th report, portions of Mr. Bernal's Sur-Rebuttal report run afoul of Rule 26 and the scheduling order permitting the report. Thus, paragraphs 5, 10, 11, chart 2, and pages 11–12 of Mr. Bernal's Sur-Rebuttal Report violate Rule 26.

3. EPISD's Failure to Comply With Rule 26 is Not Substantially Justified or Harmless. Thus, per Rule 37(c)(1), They Should be Stricken.

Rule 37 defines the sanction for violations of Rule 26. The Court now determines whether Rule 37 requires that the Supplemental Report and portions of the Sur-Rebuttal report, which the Court has determined to have violated Rule 26, must be stricken.

a. Legal Standard for Striking Evidence

“If a party fails to provide information ... as required by Rule 26(a) ... the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or harmless.” *Fed. R. Civ. P. 37(c)(1)*. The burden of proving that the failure to disclose was substantially justified or harmless is on the party facing sanctions. *Sanchez v. Swift Transp. Co. of Arizona, LLC*, 4:15CV15-LG, 2017 WL 2829703, at *2 (W.D. Tex. June 29, 2017) (citations omitted).

In *Sierra Club, Lone Star Chapter v. Cedar Point Oil Co. Inc.*, the Fifth Circuit set out four factors to evaluate whether a failure to disclose information in discovery was substantially justified or harmless: “(1) the importance of the witnesses' testimony; (2) the prejudice to the opposing party of allowing the witnesses to testify; (3) the possibility of curing such prejudice by granting a continuance; and (4) the explanation, if any, for the party's failure to comply with the discovery order.” 73 F.3d 546, 572 (5th Cir. 1996) (citing *Bradley v. United States*, 866 F.2d 120 125 (5th Cir. 1989).

b. The information contained in the reports subject to being stricken is not important enough to be substantially justified.

With respect to Mr. Bernal's Supplemental Report, EPISD argues that it is important "because it mimics Dr. Bronars' analysis with the correction of accounting for the variation in the size of the schools being studied, it accounts for Dr. Bronars' criticism first raised in his deposition, and the results show there is no disparate impact when the variation in the size of [] schools [] is accounted for." Resp. 9, ECF No. 91. With respect to Mr. Bernal's Sur-Rebuttal Report, EPISD does not appear to address the importance of the potentially excludable report other than to say that it contains "evidence that bears directly on the merits of Plaintiff's claims." Resp. 11, ECF No. 91.

*6 Familias Unidas argues that neither the Supplemental Report nor portions of the Sur-Rebuttal Report are important because Mr. Bernal had the data necessary to run the analyses in his first report, and he chose not to. Mot. to Strike 9, ECF No. 85. Additionally, it argues that the information that EPISD alleges was first raised in Dr. Bronars's deposition, was actually raised in his sur-rebuttal report in May, before EPISD filed its sur-rebuttal report. Mot. to Strike 8, ECF No. 85. Lastly, Familias Unidas also argues that the importance of the portions of the reports at issue is diminished by the fact that Mr. Bernal would still be able to testify as to the analysis he performed in his first report.

The Court agrees with Familias Unidas. Even if the reports are stricken, EPISD retains the ability to present the analysis it performed in its first report and to present the arguments in its Sur-Rebuttal Report that properly responded to Mr. Bronars's May 28 report. Additionally, the non-importance of the analyses is shown by the fact that they weren't performed in the first two opportunities Mr. Bernal had to perform them. As another district court stated, "[i]f the tests were that important, defendant should have conducted them earlier, and if that were not possible, it should have sought the Court's permission to conduct them later." *Phillips v. Gen. Motors Corp.*, No. CIV.A.99-3423, 2000 WL 1285380, at *5 (E.D. La. Sept. 12, 2000).

c. Allowing the Court to consider Mr. Bernal's supplemental report and portions of his sur-rebuttal report would prejudice Familias Unidas.

If the reports were allowed in, they would prejudice Familias Unidas. Allowing a supplemental report prejudices the opposing party when that party would "lack[] the appropriate time to properly consider the new report and prepare an adequate rebuttal due to Defendants' untimel[iness]." *Kumar v. Frisco Indep. Sch. Dist.*, 476 F. Supp. 3d 439, 470 (E.D. Tex. 2020). The Court agrees with Familias Unidas that the sections of the reports at issue in this case "introduced new opinions and analyses under the guise of sur-rebuttal and supplemental reports, depriving Plaintiff of any meaningful opportunity to rebut them with a report from its own or additional rebuttal experts." Resp. 9, ECF No. 85.

d. The prejudice to Familias Unidas from the reports cannot be cured through a continuance.

Thirdly, allowing a continuance would not cure the prejudice to Familias Unidas because of the burden it would place on Familias Unidas to designate a rebuttal expert at the last minute due to EPISD's untimely filings. Mot. to Strike 10, ECF NO. 85. Additionally, deadlines in this case have already been postponed four times, and trial is less than two months away. Order Granting Motion to Extend Fourth Scheduling Order Deadlines, ECF No. 76; Order Resetting Bench Trial, ECF No. 108. Thus, the court will not grant a further continuance.

e. There is no valid explanation for EPISD's failure to comply with Rule 26 and the Court's scheduling orders.

Per the Court's scheduling orders, EPISD had the opportunity to provide a rebuttal report to Mr. Bronar's first report in April of 2021. EPISD did not designate a rebuttal expert at the time. Instead, EPISD requested an additional opportunity to submit a sur-rebuttal report in June 2021. ECF No. 65. Even though sur-rebuttal expert reports are not routine, and were not initially contemplated in the Court's scheduling order, the Court granted EPISD an opportunity to submit an additional report. Furthermore, the order granting the Sur-Rebuttal Report by Mr. Bernal was limited in scope. There was no reason for EPISD to introduce new analyses in its Sur-

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Rebuttal Report or to produce a Supplemental Report without permission by the Court.

CONCLUSION

*7 Plaintiff Familias Unidas moves to strike expert witness Andres Bernal's Supplemental Report and paragraphs 5, 10, and 11, chart 2, and pages 11–12 of his Sur-Rebuttal Report, arguing that these reports violate [Federal Rule of Civil Procedure 26](#). The Court finds that Mr. Bernal's reports do violate [Rule 26](#) and that these violations are not substantially justified or harmless under [Rule 37](#) and must be stricken. Familias Unidas's Motion to Strike will therefore be granted.

Accordingly, **IT IS HEREBY ORDERED** that Plaintiff Familias Unidas Por La Education's "Opposed Motion to Strike Supplemental Expert Report and Portions of Sur-Rebuttal Report of Andres Bernal," ECF No. 85, is **GRANTED**.

IT IS FURTHER ORDERED that paragraphs 5, 10, 11, chart 2, and pages 11–12 of "Bernal June 25, 2021 Report" and "Bernal January 17, 2022 Report," ECF Nos. 85-2 and 85-3 are **STRICKEN** from the record.

All Citations

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2014 WL 3353232
 United States District Court,
 E.D. Louisiana.

In re POOL PRODUCTS DISTRIBUTION
 MARKET ANTITRUST Section: R(2) LITIGATION.

This Document Relates to all Cases.

MDL No. 2328.
 |
 Signed July 9, 2014.

ORDER AND REASONS

SARAH S. VANCE, District Judge.

*1 Defendants move to strike the supplemental report by Dr. Gordan Rausser, expert for the Direct Purchaser Plaintiffs' ("DPPs"), that was provided to defendants on July 7, 2014. For the following reasons, defendants' motion is GRANTED.

I. BACKGROUND

The Court issued Pretrial Order No. 20 ("PTO # 20") in this case on October 21, 2013.¹ PTO # 20 provided that the parties would simultaneously exchange their expert reports on April 10, 2014, and simultaneously exchange their reply expert reports on June 10, 2014.² In addition, Magistrate Judge Wilkinson issued an Order in this case on April 23, 2014, setting July 10 and 11, 2014 for the deposition of DPPs' expert Dr. Rausser.³ The parties exchanged reports and reply reports in accordance with the schedule set out in PTO # 20, and are scheduled to depose Dr. Rausser on Thursday and Friday of this week in accordance with Judge Wilkinson's Order.

On July 7, 2014, defendants filed this motion, contending that they had just received a new reply report issued by Dr. Rausser, over three weeks after the deadline for reply reports and only three days before his scheduled deposition. Defendants assert that the new reply report is substantively different from Dr. Rausser's previous reports, as it responds to some of the criticisms and analysis from defendants' experts' reply reports, employs new methodology in multiple instances, and reaches new conclusions. They also assert that if admitted, the new report will require their experts to

conduct an entirely new analysis and that the new analysis would take several weeks. Defendants ask the Court to exclude this evidence because it was produced after the deadline for the expert reports set forth in PTO # 20.

The Court issued an order requiring DPPs to file a response to defendants' motion to strike by the end of the day on July 8, 2014.⁴ DPPs did so.⁵ In response to the motion to strike, DPPs claim that the supplemental report is only to "correct a misunderstanding regarding PoolCorp's pricing data" and to make "minor refinements" or "adjustments" to respond to critiques from defendants' experts' reply reports.

II. DISCUSSION

[Federal Rule of Civil Procedure 16\(b\)](#) authorizes district courts to control and expedite the discovery process through a scheduling order. *See Fed.R.Civ.P. 16(b)*. Consistent with this authority, the Court has "broad discretion" to enforce its scheduling order. *Geiserman v. MacDonald*, 893 F.2d 787, 790 (5th Cir.1990). The Federal Rules of Civil Procedure specifically authorize the Court to sanction a party for failing to comply with its scheduling order by excluding evidence. *See Fed.R.Civ.P. 16(f), 37(b)(2)*.

In *Geiserman*, the Fifth Circuit listed four factors that a court should consider in exercising its discretion to exclude evidence that is not produced in accordance with a court's order: (1) a party's explanation for its failure to produce the evidence; (2) the importance of the proposed evidence; (3) potential prejudice in allowing the admission of the evidence; and (4) the availability of a continuance to cure such prejudice. *Geiserman*, 893 F.3d at 791; *see also Betzel v. State Farm Lloyds*, 480 F.3d 704, 707 (5th Cir.2007). "[A] trial court's decision to exclude evidence as a means of enforcing a pretrial order 'must not be disturbed' absent a clear abuse of discretion." *Geiserman*, 893 F.3d at 790 (quoting *Davis v. Duplantis*, 448 F.2d 918, 921 (5th Cir.1971)).

*2 With regard to the first *Geiserman* factor, DPPs have failed to produce a good explanation for its failure to produce the new contents of Dr. Rausser's supplemental report in accordance with the schedule set out in PTO # 20. DPPs first contend that the report seeks primarily to correct a misunderstanding—a misunderstanding that Dr. Rausser and DPPs attempt to lay at the feet of PoolCorp—about PoolCorp's pricing data. But this explanation does not account for the other admitted "refinements" and "adjustments" in Dr. Rausser's new report. These changes, DPPs contend,

“arise from judgment calls to nuanced features in [Dr. Rausser’s] analysis, and were made in response to critiques by Defendants’ experts in their reply reports, in particular those of Vandy Howell.”⁶ Far from being an explanation that would excuse the need for a late-filed supplemental report, this reason demonstrates exactly why reply reports beyond those set out in PTO # 20 were not permitted in the first place. In initial discussions over the sequencing of expert reports, defendants wished to receive plaintiffs’ reports first and then have the opportunity to respond. In a compromise, and in an effort to curtail an endless spiral of reply reports, the Court determined that the parties would exchange both initial and reply reports simultaneously. Now, DPPs attempt to position themselves to advantage by unilaterally seeking to have the last word. This they cannot do. Accordingly, because DPPs have failed to provide a good explanation for why they did not keep to the schedule for producing expert reports, the first factor weighs strongly in favor of exclusion of the evidence.

Turning to the second *Geiserman* factor, it is unclear whether the evidence in question is important to plaintiff’s case. Nothing in the motion to strike or response thereto informs the Court as to whether the “misunderstandings” that Dr. Rausser seeks to correct in his new report could be satisfactorily cleared up in his deposition, scheduled to begin tomorrow. This factor thus does not weigh strongly for or against exclusion.

The third *Geiserman* factor examines the potential prejudice involved if the report should be admitted. Here, for the reasons described above, it’s clear that the timing of this new report prejudices the defendants in their ability to appropriately prepare for discovery and briefing. Most importantly, defendants only received Dr. Rausser’s new report on Monday of this week, three days before Dr. Rausser’s deposition is scheduled to begin in San Francisco. This gives defendants no time to have their own experts review the report to assist them with their preparation for the deposition. Accordingly, the third *Geiserman* factor weighs in favor of exclusion.

Finally, the Court considers the fourth *Geiserman* factor, the availability of a continuance. Under the PTO # 20, briefs for summary judgment motions, motions for class certification, and *Daubert* motions are due only two months from now,

on September 10, 2014. Defendants aver that admitting the supplemental report will require their experts to conduct entirely new analyses and that this analysis will take several weeks. Defendants also aver that they would need a third day of deposition for Dr. Rausser, to take place some time after their experts have been able to complete their new analyses. Even assuming that defendants’ experts could complete their new analyses in three weeks, and that the parties could schedule a third day of deposition for Dr. Rausser the very next week, that would leave only a month between the close of depositions and the date upon which briefs for multiple substantive motions are due. This is to say nothing of how tight the schedule would be if either the analysis or the deposition could not be completed within the next month.

*3 The briefing schedule has already been continued once, and the current briefing schedule has been set since October of last year. More importantly, this is a complex antitrust MDL, involving the time of multiple parties and many counsel. At no point during the *month* between when DPPs received defendants’ experts’ reply reports on June 10, 2014 and when DPPs attempted to issue Dr. Rausser’s supplemental report on July 7, 2014 did DPPs ever attempt to seek leave of court to produce a supplemental report. Instead, DPPs made the unilateral decision to produce a report that was not provided for in the much-discussed and carefully crafted schedule for discovery and briefing in this case. Therefore, a continuance solely to accommodate DPPs’ actions is highly undesirable at this stage. “Moreover, a continuance would not deter future dilatory behavior, nor serve to enforce ... court imposed scheduling orders.” *Geiserman*, 893 F.2d at 792 (citing *Bradley v. United States*, 866 F.2d 120, 126 (5th Cir.1989)).

The first, third, and fourth *Geiserman* factors weigh in favor of excluding the evidence, and the second factor is a draw. Thus, the Court finds that admission of Dr. Rausser’s supplemental report would undermine “the integrity and purpose” of the Pretrial Order. *Geiserman*, 893 F.2d at 790. Accordingly, Defendants’ motion to strike is GRANTED.

All Citations

Not Reported in F.Supp.3d, 2014 WL 3353232, 2014-2 Trade Cases P 78,837

In re Pool Products Distribution Market Antitrust Litigation, Not Reported in F.Supp.3d...

2014 WL 3353232, 2014-2 Trade Cases P 78,837

Footnotes

- 1 R. Doc. 334.
- 2 *See id.*
- 3 R. Doc. 411.
- 4 R. Doc. 428.
- 5 R. Doc. 429.
- 6 R. Doc. 429 at 4.

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Jones v. Harley-Davidson, Inc., Not Reported in Fed. Supp. (2016)

2016 WL 5395952

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Only the Westlaw citation is currently available.

United States District Court, E.D. Texas, Marshall Division.

Mark JONES & Pamela Jones, Plaintiffs,

v.

HARLEY-DAVIDSON, INC. [Harley-Davidson Motor Company Group](#), LLC, Defendants.

Case No. 2:14-cv-694-RWS-RSP

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Signed 09/26/2016

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Filed 09/27/2016

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MEMORANDUM ORDER

ROY S. PAYNE, UNITED STATES MAGISTRATE JUDGE

*1 Pending before the Court is Defendants Harley-Davidson, Inc. and Harley-Davidson Motor Company Group, LLC's ("Harley-Davidson") Motion to Exclude Untimely "Supplemental" Report of Plaintiffs Mark Jones and Pamela Jones's ("the Joneses") Expert, Timothy Lovett. (Dkt. No. 44.) Harley-Davidson asserts that the supplemental expert report from Mr. Lovett should be excluded from evidence because it constitutes brand-new testing and is not a proper supplement to existing opinions. (Dkt. No. 44 at 3-4.) Harley-Davidson also argues that Mr. Lovett's supplemental testimony is an attempt to untimely designate Lovett on new areas and to offer wholly new areas of testimony. (Dkt. No. 44 at 4.) The Joneses counter by stating that Mr. Lovett's supplemental testimony is timely under [Federal Rule of Civil Procedure 26\(e\)\(2\)](#) and properly supplements an indication to perform further testing described by Mr. Lovett during an earlier deposition (Dkt. No.

52 at 5.) The Court finds that Harley-Davidson's Motion (Dkt. No. 44) is **DENIED**.

APPLICABLE LAW

In excluding supplemental expert reports or testimony, the following four factors are considered: "(1) the importance of the excluded testimony, (2) the explanation of the party for any failure to comply with the court's order, (3) the potential prejudice that would arise from allowing the testimony, and (4) the availability of a continuance to cure such prejudice." [EEOC v. Gen. Dynamics Corp.](#), 999 F.2d 113, 115 (5th Cir. 1993).¹ This Court has also previously said that exclusionary sanctions may be considered in some instances as the "last resort."²

ANALYSIS**A. The Importance of Mr. Lovett's Supplemental Testimony**

*2 The Joneses contend that Mr. Lovett's supplemental testimony regarding how the accident occurred and how ABS could have prevented the accident is crucial to establishing their case. (Dkt. No. 52 at 5.) Harley-Davidson makes no commentary on the importance of Mr. Lovett's supplemental testimony, but states that it contains the testing results of three Harley Davidson motorcycles. (Dkt. No. 44 at 3.) The Joneses further add that the results of the testing performed by Mr. Lovett and described in his supplemental testimony illustrate the difference between braking with the aid of ABS and braking without it, which will help the jury understand how this accident could have been prevented had the Joneses' motorcycle been equipped with ABS. (Dkt. No. 52 at 5-6.)

On balance, it appears that the Joneses have a compelling reason for having Mr. Lovett's supplemental testimony allowed. Therefore, the Court finds that as to the first factor of the four-part test from the *EEOC* case, Mr. Lovett's testimony has importance to the case at hand.

B. Justification for Filing Mr. Lovett's Supplemental Report When The Joneses Did

The Joneses also note that their pretrial disclosures were not due until a future date because the Court had recently requested that the parties propose a revised scheduling order extending the discovery deadline by approximately

two months, which pushed back the pretrial disclosure deadline and by extension, the deadline to supplement expert disclosures. (Dkt. No. 52 at 4.) Therefore, they argue, Mr. Lovett's supplemental testimony is timely under [Federal Rule of Civil Procedure 26\(e\)\(2\)](#). (Dkt. No. 52 at 4.) Harley-Davidson appears to not make any arguments about the timeliness or untimeliness of Mr. Lovett's supplemental testimony or the Federal Rules of Civil Procedure, focusing instead on how Mr. Lovett is attempting to untimely perform the proper analysis needed to support the opinions found in his original report through the "brand-new testing" of three Harley-Davidson motorcycles. The Joneses add that Mr. Lovett's deposition revealed an area where additional testing would enable him to better assist the trier of fact, which would be a reasonable basis for conducting additional testing. (Dkt. No. 52 at 5.) Although the Joneses do not directly connect this reasonable basis to timeliness, the Court finds that their arguments weigh in favor of declaring the importance of the additional testing as a proper justification for any untimely delay in the filing of Mr. Lovett's supplemental testimony.

C. Potential Prejudice Arising from Allowing Mr. Lovett's Supplemental Testimony

The Joneses argue that Harley-Davidson cannot claim prejudice based on the additional information contained within Mr. Lovett's supplemental report because "[w]hether a late disclosure is prejudicial depends on whether the expert testimony was unexpected and left the other party without adequate opportunity to prepare for it." [Michelson v. Desmarais](#), 25 Fed. Appx. 155, 158 (4th Cir. 2002). (Dkt.

No. 52 at 6.) Because Mr. Lovett's opinions haven't changed at all, and also because any additional testing only bolsters the position the Joneses held throughout the litigation, the Joneses argue that Harley-Davidson cannot assert prejudice or surprise with regards to Mr. Lovett's supplemental report. (Dkt. No. 52 at 6.) In fact, Harley-Davidson does not even make any arguments about experiencing prejudice in its motion. Therefore, the Court agrees with the Joneses that no unfair prejudice to Harley-Davidson arises from the allowance of Mr. Lovett's supplemental testimony.

D. The Availability of a Continuance to Cure any Prejudice

The extension of the discovery schedule after the filing of this motion, together with the absence of unfair prejudice, makes it unnecessary for the Court to consider further continuances.

CONCLUSION

*3 For the reasons above, the Court will not exclude Mr. Lovett's supplemental report. Harley-Davidson's Motion to Exclude (Dkt. No. 44) Mr. Lovett's supplemental testimony is **DENIED**.

SIGNED this 26th day of September, 2016.

All Citations

Not Reported in Fed. Supp., 2016 WL 5395952

Footnotes

- 1 Harley-Davidson cites a similar four-part test stating that a court, in exercising its discretion to decide whether to permit newly disclosed trial testimony from a supplemental expert report, should consider: "(1) the explanation for making the supplemental disclosure at the time it is made; (2) the importance of the supplemental information to the proposed testimony of the expert, and the expert's importance to the litigation; (3) potential prejudice to an opposing party; and (4) the availability of a continuance to mitigate any prejudice." [Nunn v. State Farm Mut. Auto. Ins. Co., Cause No. 3:08-CV-1486-D, 2010 U.S. Dist. Lexis 61740, *39-40, 2010 WL 2540754 \(N.D. Tex. Jun. 22, 2010\)](#).
- 2 "The plaintiffs contend, correctly, that the Young supplemental report was disclosed after the December 13, 2004, deadline for disclosing expert reports. According to the briefs, counsel could not get together after the disclosure of the supplemental report for a deposition. Nonetheless, exclusionary sanctions are the last resort, and, given that the plaintiffs have been in possession of the supplemental report since January 18, 2005, the court is hard-pressed to find they would be surprised at trial by the opinions." [Fed. R. Civ. P. 37](#)

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(“court in which the action is pending may make such orders in regard to the failure as are just”). *Preston v. Schneider Nat'l Carriers, Inc.*, Cause No. 2:04-CV-19, 2005 U.S. Dist. Lexis 46884, *4-5, 2005 WL 6227361 (E.D. Tex. Mar. 22, 2005)

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Mayo v. Halliburton Co., Not Reported in F.Supp.2d (2010)

2010 WL 4366908

2010 WL 4366908

Only the Westlaw citation is currently available.

United States District Court,
S.D. Texas,
Houston Division.

Anna MAYO, Plaintiff,

v.

HALLIBURTON COMPANY; d/b/a KBR
Kellogg Brown & Root, et al, Defendants.

Civil Action No. H–10–1951.

|
Oct. 26, 2010.

Attorneys and Law Firms

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MEMORANDUM OPINION AND ORDER

KENNETH M. HOYT, District Judge.

I. Introduction

*1 Pending before the Court is the defendants', Halliburton Company d/b/a KBR Kellogg Brown & Root (KBR) ("Halliburton"); Kellogg Brown & Root Services, Inc.; Kellogg Brown & Root International, Inc.; Kellogg Brown & Root, LLC;¹ Kellogg Brown & Root, Inc.;² Kellogg Brown & Root, S. de R.L.; Kellogg Brown & Root (KBR), Inc.; KBR Technical Services, Inc.; KBR, Inc.³ (collectively, "KBR"); and Service Employees International, Inc. (SEII)⁴ (collectively with KBR, "the defendants"),⁵ motion to dismiss (Docket Entry No. 19). The plaintiff, Anna Mayo, filed a response in opposition (Docket Entry No. 25) to the defendants' motion, to which the defendants filed a reply (Docket Entry No. 26). The defendants also filed a notice of supplemental authority in further support of their motion (Docket Entry No. 27) and an amended notice of supplemental authority (Docket Entry No. 28). The plaintiff filed a sur-reply (Docket Entry No. 36) to the defendants

reply. After having carefully considered the pleadings, the motion, the responses and the applicable law, the Court determines that the defendants' motion should be granted in part, and that the rest of the proceedings should be stayed, pending the outcome of a case currently on appeal to the Fifth Circuit.⁶

II. Factual Background

The plaintiff entered into an employment contract with SEII as an Operations Specialist in Houston, Texas on October 31, 2008. From November 1, 2008 through November 30, 2009, she lived and worked at Joint Air Base in Balad, Iraq. She was housed in living quarters provided by her employer that consisted of an outfitted room in a shipping container, placed in a row of similar structures. During the relevant time period, the plaintiff worked the night shift. She alleges that on November 30, 2009, a sub-contract worker for KBR broke into her room, then beat and raped her. Her employment agreement stated, "Employee's sole recourse for any injury, illness, or death against Employer and/or any other parent or affiliate of Employer arising out of or in the course of your employment under this Agreement shall be as determined under the provisions of the Defense Base Act ['DBA']." See [Docket Entry No. 20, Ex. 1, p. 1, ¶ 3].

The parties do not dispute that on December 10, 2009, the defendants submitted a claim to the Department of Labor and the defendants' insurer Chartis Insurance on the plaintiff's behalf, seeking benefits for alleged injuries resulting from the alleged assault. Chartis then contacted the plaintiff, and she began receiving benefits of \$1224.66 per week, effective December 1, 2009.⁷

III. Contentions of the Parties**A. The Defendants' Contentions**

The defendants maintain that Halliburton is entitled to dismissal because the plaintiff did not allege any claims against Halliburton and because the plaintiff never worked for the defendants while the defendants were under Halliburton's control. The defendants also maintain that the other defendants should be dismissed for the following reasons. The defendants maintain that the plaintiff cannot state a claim for intentional infliction of emotional distress ("IIED") under applicable Texas law. The defendants argue that the plaintiff cannot state a claim for breach of contract because her claim is not based on any breach of SEII's obligations under her employment contract. The defendants also aver that

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the plaintiff's claim of "agency, joint venture, joint enterprise, direct corporate liability" must be dismissed because that claim does not state a cause of action. Additionally, the defendants maintain that the plaintiff's state law claims (negligence, negligent undertaking, breach of contract, fraud in the inducement to enter the employment contract, fraud in the inducement to agree to arbitration and IIED are barred by the DBA. Lastly, the defendants maintain that this Court should not interpret the DBA in keeping with the *Fisher* case analysis because that case is currently on appeal to the Fifth Circuit.

B. The Plaintiff's Contentions

*2 The plaintiff claims that she was awakened by a knock on her Containerized Housing Unit at approximately 10:30 a.m. on November 27, 2009. She claims to have believed the man knocking was a maintenance department employee and let him into her quarters.⁸ She says that the man checked her bathroom, then left a few moments later. The plaintiff claims to have mentioned that man's visit to several co-workers and to the supervisor of the Operations and Maintenance Department. She claims that the supervisor told her that "SCW's" were not supposed to enter her room without an "Expat." She alleges that on November 30, 2009, that same maintenance man broke into her room, then beat and raped her.

The plaintiff has asserted the following claims against some or all of the defendants: (1) IIED;⁹ (2) breach of contract;¹⁰ (3) agency, joint venture, joint enterprise, direct corporate liability;¹¹ (4) negligence;¹² (5) negligent undertaking;¹³ (6) fraud in the inducement to enter the employment contract;¹⁴ and (7) fraud in the inducement to agree to arbitration.¹⁵

The plaintiff asserts that the DBA does not provide her exclusive remedy against the defendants because: (1) she was not raped in the course and scope of her employment; (2) she was not attacked because of her employment; (3) she suffered an intentional injury not covered by the DBA; and (4) the defendants' motion is not ripe because the parties have not conducted discovery regarding the "course and scope" of the plaintiff's employment.

IV. Standard of Review**A. FED. RULE CIV. P. 12(b)(1) Standard¹⁶**

Rule 12(b)(1) permits the dismissal of an action for the lack of subject matter jurisdiction. FED. R. CIV. P. 12(b)(1). "If [a federal] court determines at any time that it lacks subject-matter jurisdiction, [it] must dismiss the action." FED. R. CIV. P. 12(h)(3); see also, *Berkshire Fashions, Inc. v. M.V. Hakusan II*, 954 F.2d 874, 879 n. 3 (3d Cir.1992) (citing *Rubin v. Buckman*, 727 F.2d 71, 72 (3d Cir.1984)) (reasoning that "[t]he distinction between a Rule 12(h)(3) motion and a Rule 12(b)(1) motion is simply that the former may be asserted at any time and need not be responsive to any pleading of the other party."). Because federal courts are considered courts of limited jurisdiction, absent jurisdiction conferred by statute, they lack the power to adjudicate claims. See, e.g., *Stockman v. Fed. Election Comm'n*, 138 F.3d 144, 151 (5th Cir.1998) (citing *Veldhoen v. United States Coast Guard*, 35 F.3d 222, 225 (5th Cir.1994)). Therefore, the party seeking to invoke the jurisdiction of a federal court carries "the burden of proving subject matter jurisdiction by a preponderance of the evidence." *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 748 (5th Cir.2009) (citing *New Orleans & Gulf Coast Ry. Co. v. Barrois*, 533 F.3d 321, 327 (5th Cir.2008); see also, *Stockman*, 138 F.3d at 151.

*3 When evaluating jurisdiction, "the [federal] court is free to weigh the evidence and satisfy itself as to the existence of its power to hear the case." *MDPhysicians & Assoc., Inc. v. State Bd. of Ins.*, 957 F.2d 178, 181 (5th Cir.1992) (citing *Williamson v. Tucker*, 645 F.2d 404, 413 (5th Cir.1981)); see also, *Vantage Trailers*, 567 F.3d at 748 (reasoning that "[i]n evaluating jurisdiction, the district court must resolve disputed facts without giving a presumption of truthfulness to the plaintiff's allegations."). In making its ruling, the Court may rely on any of the following: "(1) the complaint alone; (2) the complaint supplemented by undisputed facts evidenced in the record; or ... (3) the complaint supplemented by undisputed facts plus the court's resolution of disputed facts." *MDPhysicians*, 957 F.2d at 181 n.2 (citing *Williamson*, 645 F.2d at 413).

B. FED. RULE CIV. P. 12(b)(6) Standard¹⁷

A defendant may move to dismiss a plaintiff's complaint for "failure to state a claim upon which relief may be granted." FED. R. CIV. P. 12(b)(6). Under the requirements of a Rule 12(b)(6) motion, "[t]he plaintiff's complaint is to be construed in a light most favorable to the plaintiff, and the allegations contained therein are to be taken as true." *Oppenheimer v. Prudential Sec., Inc.*, 94 F.3d 189, 194 (5th Cir.1996) (citing *Mitchell v. McBryde*, 944 F.2d 229, 230 (5th Cir.1991)).

Dismissal is appropriate only if the “[f]actual allegations [are not] enough to raise a right to relief above the speculative level ... on the assumption that all the allegations in the complaint are true (even if doubtful in fact).” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007) (internal citations omitted). Moreover, in light of *Federal Rule of Civil Procedure 8(a)(2)*, “[s]pecific facts are not necessary; the [allegations] need only ‘give the defendant fair notice of what the ... claim is and the grounds upon which it rests.’” *Erickson v. Pardus*, 551 U.S. 89, 93, 127 S.Ct. 2197, 167 L.Ed.2d 1081 (2007) (per curiam) (quoting *Twombly*, 550 U.S. at 555). Even so, “a plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to relief’ requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” *Twombly* at 555 (citing *Papasan v. Allain*, 478 U.S. 265, 286, 106 S.Ct. 2932, 92 L.Ed.2d 209 (1986)).

More recently, in *Ashcroft v. Iqbal*, the Supreme Court expounded upon the *Twombly* standard, reasoning that “[t]o survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, —U.S.—, —, 129 S.Ct. 1937, 1949, 173 L.Ed.2d 868 (2009) (quoting *Twombly* at 570). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Ashcroft*, 129 S.Ct. at 1949 (citing *Twombly* at 556). “But where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged—but it has not ‘show[n]’—‘that the pleader is entitled to relief.’” *Ashcroft* at 1950 (quoting *FED. R. CIV. P. 8(a)(2)*). Nevertheless, when considering a 12(b)(6) motion to dismiss, a court’s task is limited to deciding whether the plaintiff is entitled to offer evidence in support of his claims, not whether the plaintiff will eventually prevail. *See, Twombly* at 563 n. 8 (citing *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S.Ct. 1683, 40 L.Ed.2d 90 (1974) (overruled on other grounds)); *see also, Jones v. Greninger*, 188 F.3d 322, 324 (5th Cir.1999).

V. Analysis and Discussion

A. Halliburton Dismissal

*4 The parties agree that Halliburton should be dismissed from this suit. Despite the parties’ agreement, the plaintiff has not yet conferred with the defendants regarding a stipulation of dismissal for Halliburton pursuant to *Federal Rule of Civil Procedure 41(a) (1)(A)(ii)*, nor has she voluntarily dismissed

Halliburton. Accordingly, the Court grants the defendants’ motion to dismiss Halliburton pursuant to *Federal Rule of Civil Procedure 12(b)(6)*.

B. IIED

The plaintiff has alleged that the defendants acted intentionally and/or recklessly in an extreme and outrageous manner, thereby causing the plaintiff severe emotional distress. The Court grants the defendants’ motion to dismiss the plaintiff’s IIED claims because her IIED claims rely only on facts alleged for her other tort claims.¹⁸ The Texas Supreme Court has stated that IIED is “first and foremost, a ‘gap filler’ tort, judicially created for the limited purpose of allowing recovery in those rare instances in which a defendant intentionally inflicts severe emotional distress in a manner so unusual that the victim has no other recognized theory of redress.” *Hoffman-La Roche v. Zeltwanger*, 144 S.W.3d 438, 447 (Tex.2004) (internal citation omitted) (“Where the gravamen of a plaintiff’s complaint is really another tort, [IIED] should not be available.”). The Fifth Circuit also recognizes that IIED is a “gap filler.” *Day v. Rogers*, 2007 U.S.App. LEXIS 29617, at *9 (5th Cir. Dec. 21, 2007). Moreover, the tort of IIED was “never intended to supplant or duplicate existing statutory or common-law remedies.” *Creditwatch, Inc. v. Jackson*, 157 S.W.3d 814, 816 (Tex.2005). This is true even if a plaintiff’s other claims are barred. *See, Creditwatch*, 157 S.W.3d at 816.

In this case, the gravamen of the plaintiff’s IIED claim is identical to her claims for negligence and negligent undertaking because all of her claims are based on the same alleged facts. *See* [Docket Entry No. 1, The Plaintiff’s Original Complaint, ¶¶ 9–22, 62–63]. Under Texas law, the plaintiff may not recover for IIED when she has other avenues of redress, regardless of her ultimate success on the alternative available claims. *See, Creditwatch* at 816. Because the plaintiff has other causes of action under which she could potentially recover—even if those claims are ultimately barred by the DBA¹⁹—the plaintiff fails to state a claim for IIED. The plaintiff’s IIED claim duplicates her negligence and negligent undertaking claims because all three claims are based on the same alleged facts. Therefore, the Court grants the defendants’ motion to dismiss the plaintiff’s IIED claim.

C. Breach of Contract

The plaintiff has alleged that SEII breached its contract with the plaintiff by breaching implied and specific warnings that

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SEII allegedly owed to the plaintiff. The Court dismisses the plaintiff's breach of contract claim because of the plain language of her employment contract.²⁰ A breach of contract occurs when a party fails to perform an act that it has expressly or impliedly promised to perform. *Case Corp. v. Hi-Class Bus. Sys. Of Am., Inc.*, 184 S.W.3d 760, 769–70 (Tex.App.-Dallas 2005, pet. denied) (internal citation omitted). Indeed, whether a contracting party has breached the contract is generally a question for the Court, which determines as a matter of law what the contract requires of the parties. *See, Dew, Inc. v. Local 93, Liu*, 957 F.2d 196, 199 (5th Cir.1992) (internal citations omitted). “[W]hether a contract is ambiguous is also a question of law,” and a contract is not ambiguous simply because the parties disagree about its requirements. *Dew, Inc.*, 957 F.2d at 199 (internal citations omitted). Thus, disagreement about the meaning of contract terms will not change an issue of law into an issue of fact. *Id.*

*5 Terms within a contract are given “their plain, ordinary, and generally accepted meaning unless the contract itself shows that particular definitions are used to replace that meaning.” *Bituminous Cas. Corp. v. Maxey*, 110 S.W.3d 203, 208–09 (Tex.App.-Houston [1st Dist.] 2003, pet. denied) (internal citation omitted). If a contract is worded such that it “can be given a definite or certain legal meaning,” then it is unambiguous and enforceable as written. *Nat'l Union Fire Ins. Co. of Pittsburgh, Pa. v. CBI Indus.*, 907 S.W.2d 517, 520 (Tex.1995).

Only if a contract is susceptible to multiple reasonable interpretations must a court adopt the interpretation most favorable to the movant. *Nat'l Union Fire Ins. Co.*, 907 S.W.2d at 520. Nevertheless, a court will not find a contract ambiguous merely because the parties offer contradictory interpretations. *See, Cent. States, Se. & Sw. Areas Pension Fund v. Creative Dev. Co.*, 232 F.3d 406, 414 n. 28 (5th Cir.2000) (quoting *Wards Co. v. Stamford Ridgeway Assocs.*, 761 F.2d 117, 120 (2d Cir.1985) (internal quotation marks and citation omitted)) (“A Court will not torture words to import ambiguity where the ordinary meaning leaves no room for ambiguity, and words do not become ambiguous simply because lawyers or laymen contend for different meanings.”); *see also, Kelley-Coppedge, Inc. v. Highlands Ins. Co.*, 980 S.W.2d 462, 465 (Tex.1998).

The plaintiff attempts to support her breach of contract claim by citing certain portions of her employment agreement with SEII. *See* [Docket Entry No. 1, The Plaintiff's Original Complaint, ¶¶ 43–46]; *see also* [Docket Entry No. 20, Ex.

1, Employment Agreement, pp. 9–10, ¶¶ 15(a), 16, 16(a), 16(b), 16(m), and 16(n)]. However, those portions to which she cites refer to *her obligations* to SEII rather than to *SEII's obligations* to her. The plaintiff cannot distort the contract's unambiguous language to succeed on a breach of contract allegation.

Moreover, the plaintiff did not respond to the defendants' motion to dismiss the plaintiff's breach of contract claim in her response (Docket Entry No. 25).²¹ The “failure to brief an argument in the district court waives that argument.” *Magee v. Life Ins. Co. of N. Am.*, 261 F.Supp.2d 738, 748 & n. 10 (S.D.Tex.2003) (citing *Lookingbill v. Cockrell*, 293 F.3d 256, 264 (5th Cir.2000)); *see also*, S.D. Tex. Local Rule 7.4 (“Failure to respond will be taken as a representation of no opposition.”). Therefore, the Court determines that the Plaintiff has waived her response to the defendants' arguments with respect to her breach of contract claim and grants the defendants' motion to dismiss that claim.

D. The Plaintiff's “Agency, Joint Venture, Joint Enterprise, Direct Corporate Liability” Claim

The plaintiff asserts the “claim” of “agency, joint venture, joint enterprise, direct corporate liability” against the defendants. The Court holds that these assertions are not legal causes of action and dismisses these claims. Here, the plaintiff alleges theories of liability under which the defendants could potentially be liable—not legal causes of action. *See, Western Oil & Gas. JV, Inc. v. Griffiths*, 91 Fed. Appx. 901, 904 (5th Cir.2003) (“Like alter ego, the single business enterprise doctrine is an equitable remedy and not a cause of action. Absent a cognizable cause of action, this remedy is unavailable”) (internal citation omitted); *O'Bryan v. Holy See*, 556 F.3d 361, 370 n. 1 (6th Cir.2009) (“[R]espondeat superior is not a cause of action. It is a basis for holding the [defendant] liable for the acts of its agents. Thus, *respondeat superior* will factor in to our discussion of the other claims advanced by plaintiffs but will not be treated separately.”).

*6 Additionally, the plaintiff did not respond to the defendants' motion to dismiss this “claim” from the plaintiff's original complaint.²² Thus, the Court dismisses the plaintiff's “agency, joint venture, joint enterprise, direct corporate liability” claim because the plaintiff has waived her response to the defendants' argument. *See*, Section V.C., *supra*.

E. The DBA

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The Court stays these proceedings with respect to the plaintiff's remaining claims of negligence, negligent undertaking, fraud in the inducement to enter the employment contract and fraud in the inducement to agree to arbitration. These remaining claims implicate the DBA, and the Fifth Circuit is currently determining how to interpret a portion of the DBA that is integral to the Court's holding in the present case. See, *Fisher v. Halliburton*, 703 F.Supp.2d 639, 665 (S.D.Tex.2010), appeal filed, No. 10–20202 (Mar. 26, 2010), *pet. for permission to file appeal filed*, No. 10–11 (Apr. 5, 2010), *reconsideration denied*, 2005 WL 2196268 (S.D.Tex. May 27, 2010), No. H–06–1168. The DBA established a uniform federal compensation scheme for defense contractors and employees working outside the United States. See, e.g., *AFIA/CIGNA Worldwide v. Felkner*, 930 F.2d 1111, 1112 (5th Cir.1991); see also, *Royal Indem. Co. v. Puerto Rico Cement Corp.*, 142 F.2d 237, 239 (1st Cir.1944) (the purpose of the DBA “was to provide a system of workmen's compensation both uniform and adequate in all the far-flung places occupied and to be occupied by the United States for military purposes.”). The DBA extended the preexisting Longshore and Harbor Workers' Compensation Act (“LHWCA”)²³ to include relief for injuries occurring at military bases acquired from foreign governments or in “any lands occupied or used by the United States for military or naval purposes ... outside the continental United States.” 42 U.S.C. § 1651(a)(2). The DBA also covers contractors engaged in “public work,” which is defined as “projects or operations under service contracts and projects in connection with the national defense or with war activities.” 42 U.S.C. § 1651(b)(1). The parties do not dispute that the plaintiff was hired specifically to contribute to the performance of a contract with the United States military, which constitutes public work under the DBA. See, 42 U.S.C. § 1651(b) (1).

When the DBA applies, the benefits it affords to contractor employees are “exclusive and in place of all other liability” of the employer, thereby eliminating claims for injuries covered by the DBA. 42 U.S.C. § 1651(c); see also, 33 U.S.C. § 905(a) (stating that the LHWCA's remedies “shall be exclusive and in place of all other liability of such employer to the employee ... entitled to recover damages from such employer at law or in admiralty on account of such injury or death.”). Thus, the DBA replaces state law damages claims, admiralty claims and state workers' compensation claims. *Carr v. Lockheed Martin*, 1999 WL 33290613, at *2 (“[i]t is undisputed that the [DBA] provides [the plaintiff] his sole remedy if his injury made the basis of [his claims] was suffered by him in the course and scope of his employment.”).

*7 The DBA is silent as to what qualifies as an “injury” under the act. However, “injury” is defined by the LHWCA as follows:

accidental injury or death *arising out of and in the course of employment*, and such occupational disease or infection as arises naturally out of such employment or as naturally or unavoidably results from such accidental injury, and includes an injury caused by the willful act of a third person directed against an employee *because of his employment*.

33 U.S.C. § 902(2) (emphasis added). The extent to which “arising out of and in the course of employment” differs from “because of employment” is the issue currently pending before the Fifth Circuit. *Id.*; see, *Fisher v. Halliburton*, 703 F.Supp.2d at 665.

In *Fisher*, the Southern District Court stayed its own proceedings and certified, *sua sponte*, an interlocutory appeal to the Fifth Circuit on the following issues:

Whether the DBA covers only accidents, how to define an accident under the act, whether the willful act of a third party should be narrowly or broadly construed, or if all the foregoing inquiries should be subsumed in an intentional tort exception, the scope of which must also be determined without regard to the facts of the instant case.

Fisher at 665. Because the as-yet undetermined issues in *Fisher* are essential to the Court's determination of the motion currently pending in this case, the Court stays the plaintiff's remaining claims of negligence, negligent undertaking, fraud in the inducement to enter the employment contract and fraud in the inducement to agree to arbitration, pending the outcome of the *Fisher* appeal. See, *id.*

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VI. Conclusion

Based on the foregoing discussion, the Court determines that the defendants' motion to dismiss should be granted in part and that the plaintiff's remaining claims should be stayed, pending the outcome of the *Fisher* appeal. The Court dismisses KBR, Inc. and Halliburton from the suit. The Court also grants the defendants' motion to dismiss the following claims against the defendants: IIED, breach of contract and "agency, joint venture, joint enterprise, direct corporate liability." The Court stays the proceedings on the plaintiff's

remaining claims of negligence, negligent undertaking, fraud in the inducement to enter the employment contract and fraud in the inducement to agree to arbitration, pending the Fifth Circuit's decision in the *Fisher* case.

It is so **ORDERED**.

All Citations

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Footnotes

- 1 The defendants maintain that this business entity is actually "Kellogg Brown & Root LLC."
- 2 The defendants allege that the plaintiff identifies Kellogg Brown & Root, Inc. twice: (1) once as Kellogg Brown & Root, Inc. and (2) again improperly as Kellogg Brown & Root (KBR), Inc. The defendants further allege that Kellogg Brown & Root, Inc. is no longer an active company.
- 3 Although KBR, Inc. appears in the caption, the defendants assert that KBR, Inc. has not been named as a party in this case because the Plaintiff omitted KBR, Inc. from the "Parties" section of the plaintiff's original complaint (Docket Entry No. 1). KBR, Inc. nonetheless returned a waiver of service out of "an abundance of caution." Because the plaintiff has not included KBR, Inc. in the "Parties" section, has not asserted any claims against KBR, Inc., and has not contested KBR, Inc.'s requested dismissal, the Court determines that the plaintiff has abandoned its claims against KBR, Inc. and dismisses it from this suit.
- 4 The defendants maintain that this business entity is actually "Service Employees International Inc."
- 5 The plaintiff also sued John Doe (Rapist), but he is not a movant in this proceeding.
- 6 *See, Fisher v. Halliburton*, 703 F.Supp.2d 639 (S.D.Tex.2010), appeal filed, No. 10–20202 (Mar. 26, 2010), pet. for permission to file appeal filed, No. 10–11 (Apr. 5, 2010), reconsideration denied, 2005 WL 2196268 (S.D.Tex. May 27, 2010), No. H–06–1168 ("the *Fisher* case").
- 7 The parties dispute the nature of these benefits. The defendants contend that these were DBA benefits, whereas the plaintiff asserts that they were paid gratuitously.
- 8 The parties agree that the alleged rapist was a sub-contract worker for KBR.
- 9 The plaintiff asserts this claim against the defendants and John Doe (rapist).
- 10 The plaintiff asserts this claim against SEII.
- 11 The plaintiff asserts this "claim" against the defendants.
- 12 The plaintiff asserts this claim twice, once against KBR and once against the defendants.
- 13 The plaintiff asserts this claim against the defendants.

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14 *Ibid.*

15 The plaintiff asserts this claim against KBR. She also asserted claims against John Doe for (8) sexual assault.

16 This standard is relevant for the Court's analysis of whether some or all of the plaintiff's claims are barred by the DBA, considered *infra* at Section **V.E.**

17 This standard is relevant for the Court's analysis of KBR, Inc. and Halliburton's presence in this suit, considered *supra* at n. 3 and *infra* at Section **V.A.**, respectively. It is also relevant for the Court's analysis of the plaintiff's claims of IIED, breach of contract and “agency, joint venture, joint enterprise, direct corporate liability,” considered *infra* at Sections **V.B–V.D.**, respectively.

18 The Court here only considers the plaintiff's IIED claims with respect to the defendants. John Doe is not a movant in the present proceedings, and the Court does not address the plaintiff's claim of IIED against John Doe.

Under Texas law, to recover damages for IIED, “a plaintiff must prove that (1) the defendant acted intentionally or recklessly, (2) the conduct was extreme and outrageous, (3) the actions of the defendant caused the plaintiff emotional distress, and (4) the resulting emotional distress was severe. See, *Standard Fruit & Vegetable Co. v. Johnson*, 985 S.W.2d 62, 65 (Tex.1998) (internal quotation and citation omitted).

19 See, Section **V.F.**, *infra*.

20 To prevail on a cause of action for breach of contract, a plaintiff must prove: “(1) the existence of a valid contract; (2) performance or tendered performance by the plaintiff; (3) breach of the contract by the defendant; and (4) damages sustained by the plaintiff as a result of the breach.” *Mullins v. TestAmerica, Inc.*, 564 F.3d 386, 418 (5th Cir.2009) (citing *Aguilar v. Segal*, 167 S.W.3d 443, 450 (Tex.App.-Houston [14th Dist.] 2005, pet. denied)).

21 Despite the fact that the plaintiff finally mentioned her breach of contract claim in her sur-reply (Docket Entry No. 36), she cited no case law to counter the defendants' arguments on this issue.

22 Again, despite the fact that the plaintiff finally mentioned this “claim” in her sur-reply (Docket Entry No. 36), she cited no case law to counter the defendants' arguments on this issue.

23 33 U.S.C. §§ 901–950.

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Only the Westlaw citation is currently available.

United States District Court,

E.D. Louisiana.

MIKE HOOKS DREDGING CO., INC,

v.

ECKSTEIN MARINE SERVICE, INC., in personam,

M/V Pat McDaniel, in rem, Memco Barge Line,
 LLC, in personam, Ingram Barge Co., in personam,
 Barge Sarah E 203, in rem, Barge Ltd 113B, in rem,
 Barge IB 1010, in rem, Barge IB 981, in rem, Barge
 Mem 2160, in rem, and Barge MBL 971, in rem.

Civil Action No. 08–03945.

1

Aug. 1, 2011.

Attorneys and Law Firms

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 Inc.

John A. Scialdone, John Steven Garner, Todd G. Crawford,
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ORDER AND REASONS¹

HELEN G. BERRIGAN, District Judge.

*1 Before this Court is Defendant Eckstein Marine Service, Inc.'s (“Eckstein”) Motion *In Limine* to Strike Supplemental and Reply Expert Reports and to Exclude Opinion Testimony. (Rec.Doc.250). Plaintiff, Mike Hooks Dredging Co., Inc. (“Hooks”) opposes this Motion. (Rec.Doc.254). After reviewing Defendant's Motion, the parties' memoranda, and applicable law, this Court **DENIES** Defendant's Motion for the following reasons.

I. BACKGROUND

This lawsuit arises out of a multi-vessel allision that occurred between May 29 and 31, 2008, when vessels owned by Defendant attempted to pass and allided with the dredge “Mike Hooks,” owned by the Plaintiff. (Rec. Docs. 250–1

at 2; 254 at 2). Hooks filed its complaint on July 16, 2008. (Rec.Doc.1). On November 4, 2010, pursuant to [Federal Rule of Civil Procedure 16](#), this Court entered a scheduling order, which provided, *inter alia*, that:

Written reports of experts, as defined by [Federal Rules of Civil Procedure 26\(a\)\(2\)\(B\)](#), who may be witnesses for Plaintiffs fully setting forth all matter about which they will testify and the basis therefor shall be obtained and delivered to counsel for Defendant as soon as possible, but in event no later than Wednesday, April 13, 2011.

Written reports of experts, as defined by [Federal Rules of Civil Procedure 26\(a\)\(2\)\(B\)](#), who may be witnesses for Defendants fully setting forth all matter about which they will testify and the basis therefor shall be obtained and delivered to counsel for Plaintiff as soon as possible, but in event no later than Friday, May 13, 2011.

(Rec. Doc. 170 at 2). The same order required that “[a]ll pretrial motions, including ... *in limine* regarding the admissibility of expert testimony, shall be filed and served in sufficient time to permit hearing thereon no later than Wednesday, June 8, 2011,” and that “... all discovery shall be completed not [sic] later than Monday, June 13, 2011.” *Id.* at 1.

By April 13, 2011, Hooks submitted the reports of its expert marine surveyors, Spencer Rhoden (“Rhoden”) and Tim Anselmi (“Anselmi”). (Rec. Docs. 250–5; 250–6). In these reports, damages or potential damages to the dredge were attributed to the allision that occurred when Eckstein's vessels struck the dredge. (Rec. Docs. 250–5; 250–6). By May 13, 2011, Eckstein submitted the report of its expert surveyor, Fred Budwine (“Budwine”), who opined that the dredge's dangerous positioning contributed to the allisions, and alleged numerous shortcomings in the documentation of damage expenses by Hook and its experts. On June 8, 2011, Eckstein received from Hooks a supplemental file to Rhoden's initial report consisting of roughly forty pages of documents, mostly invoices, not included in Rhoden's original submission.² (Rec.Doc.250–2). On June 13, 2011, Eckstein received from Hooks two reply expert reports of Rhoden and Anselmi. (Rec. Docs. 250–3; 250–4).

Eckstein claims that Rhoden and Anselmi's supplemental and reply reports are untimely because “the invoices relied on by each surveyor proves Hooks had all of the information contained in each Reply over three years ago but chose not to include it in their designations as mandated by the

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Court's Scheduling Order," which set the plaintiff's expert report deadline of April 13, 2011. (Rec. Docs. 250–1 at 1; 170 at 2). Eckstein further claims that the submission of the supplemental and reply reports is merely an attempt to remedy the deficient initial reports and "an obvious attempt to rely on the documents to prove damages at trial through new opinions, contrary to [Federal Rules of Civil Procedure \("FRCP"\) 26\(a\)\(2\) and 37](#), and this Court's Scheduling Order." (Rec. Docs. 250–1 at 2; 170 at 2). Additionally, Eckstein claims that the documents in Rhoden's file imply that Hooks will attempt to rely on the testimony of its operations manager, Arthur Sonnier, to prove damages, and that "Sonnier lacks the personal knowledge under [Federal Rules of Evidence \("FRE"\) 602 and 701](#) to testify on what caused specific damages and is not qualified as a[n expert] surveyor to express such an opinion under [FRE 702](#). (Rec. Doc. 250–1 at 2).

*2 In response, Hooks claims that the supplemental and reply reports do not raise new issues, but rather, are a rebuttal to what they view as a flawed, inaccurate report by Budwine. (Rec. Doc. 254 at 4, 8). As additional time is allowed for supplementing disclosures and rebutting evidence under [FRCP 26\(a\)](#), Hooks claims that its supplemental and reply reports are timely and should not be excluded. *Id.* at 4–8. Furthermore, Hooks claims that Sonnier is not testifying as an expert witness, but rather, as a lay witness, who's opinions and inferences as such are permitted under [FRE 701](#) and thus should not be excluded. *Id.* at 2–3.

II. LAW & ANALYSIS

A. Exclusion of Supplemental and Reply Expert Reports

Both the Court's November 4, 2010 scheduling order and [FRCP 26\(a\)\(2\)\(B\)](#) require timely production of expert reports. (Rec. Doc. 170 at 2); [Van Baelen v. Sabine Transp. Co., 2001 WL 474273, at *2 \(E.D.La. May 2, 2001\)](#) (Clement, J.). A district court has the discretion to exclude expert testimony and evidence if a party does not produce expert reports within the appropriate deadlines. [Fed.R.Civ.P. 37\(c\)\(1\)](#); [Sierra Club v. Cedar Point Oil Co., Inc., 73 F.3d 546, 572 \(5th Cir.1996\)](#). Under [FRCP 26\(a\)\(D\)\(ii\)](#):

A party must make [the] disclosures [of the content of an expert's written report] at the time and in the sequence that the court orders. Absent

a stipulation or a court order, the disclosures must be made ... [i]f the evidence is intended solely to contradict or rebut evidence on the same subject matter identified by another party under [Rule 26\(a\)\(2\)\(B\) or \(C\)](#) within 30 days after the other party's disclosure.

[Rule 26\(e\)\(1\)\(A\)](#) provides that:

A party who has made a disclosure under [Rule 26\(a\)](#) ... must supplement or correct its disclosure or response ... in a timely manner if the party learns that in some material respect the disclosure or response is incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to the other parties during this discovery process ...

"While [Rule 26\(e\)](#) does create a duty to supplement, a party cannot use that provision to circumvent deadlines imposed by [Rule 26\(a\)](#) or a court's scheduling order." [Van Baelen, 2001 WL 474273, at *2](#). As the Fifth Circuit stated in [Sierra Club v. Cedar Point Oil Co., Inc.](#):

[T]he discovery order and [Rule 26\(a\)](#) clearly require that the initial disclosures be complete and detailed. The purpose of rebuttal and supplementary disclosures is just that—to rebut and supplement. These disclosures are not intended to provide an extension of the deadline by which a party must deliver the lion's share of its expert information.

[73 F.3d at 572](#).

A comparison between Rhoden and Anselmi's initial reports and their supplemental and reply reports shows that the latter better articulate and offer more justification for their expert opinions, and indeed contain some new information. (Rec Docs. 1–5). While the initial reports may appear anemic in light of the concerns articulated in *Sierra Club*, the supplemental and reply reports cannot be characterized as providing the “lion's share” of their opinions. *Sierra Club*, 73 F.3d at 372. Additionally, the supplemental and reply reports cannot be said to raise new issues or cover “wholly uncharted territory.” *Van Baelen*, 2001 WL 474273, at *2. For example, Eckstein claims that “Hooks ... failed to produce key portion of Rhoden's file that discussed damages to the dredge spuds during its initial designation on April 13, 2011,” and that Hooks provided these documents for the first time on June 8, 2011. (Rec. Doc. 250–1 at 5). Although it could be reasonably inferred that a delay in receiving such information contained in the June 8 and 10, 2011 submissions would somehow prejudice Eckstein's trial preparation, Eckstein has not made such a showing. That Hooks would discuss spud damages in its later submissions should not come as a surprise, and it does not appear that these submissions contain any “shocking revelations” to the extent that Eckstein “cannot adequately prepare to defend against [Rhoden and Anselmi's] opinions before trial.” *Van Baelen*, 2001 WL 474273, at *3.

*3 Indeed, trial is scheduled for August 22, 2011, and thus Eckstein will have had over two months from the time of Rhoden and Anselmi's submitted their supplemental and reply report to prepare a defense to their opinions. If Eckstein can show that “its trial preparation has been materially impeded or that [it] has been forced to incur unreasonable expenses because of the delay,” this Court may be willing to revisit and reconsider this issue. *Id.* Accordingly, Eckstein's Motion *In Limine* to Strike Supplemental and Reply Expert Reports of Surveyors Rick Rhoden and Timothy Anselmi is DENIED. (Rec.Doc.250).

B. Exclusion of Opinion Testimony of Arthur Sonnier

Eckstein claims that Sonnier is not qualified and lacks firsthand knowledge to offer opinion testimony of what collision caused damage under the FRE. (Rec. Doc. 250–1 at 11). Rule 602 of the FRE provides that “[a] witness may not testify to a matter unless evidence is introduced to support a finding that the witness has personal knowledge of the matter,” proof of which may be demonstrated by the witness' own testimony. Fed.R.Evid. 602. Rules 702 and 703 govern testimony by expert witnesses. Rule 701, which governs opinion testimony by lay witnesses provides:

If a witness is not testifying as an expert, the witness' testimony in the form of opinions or inferences is limited to those opinions and inferences which are (a) rationally based on the perception of the witness, and (b) helpful to a clear understanding of the witness' testimony or the determination of a fact in issue, and (c) not based on scientific, technical, or other specialized knowledge within the scope of Rule 702.

Fed.R.Evid. 701.

Hooks claims that it intends to call Sonnier not as an expert, but rather, as a lay and fact witness “to testify as to the day-to-day operations of [Hooks] and his personal observations of the location of the damages to the dredge.” (Rec. Doc. 254 at 2). Hooks alleges that Sonnier personally observed the physical location of the damages to the spuds. *Id.* at 3. Testimony from lay witnesses regarding their observations of an event or physical object or area can be “relevant, material, and quite probative.” *Young v. Ill. Cent. Gulf R.R. Co.*, 618 F.2d 332, 337 (5th Cir.1980). “While it is true that Rule 701 of the [FRE] limits opinion testimony by lay witnesses, that rule allows such testimony when it is ‘(a) rationally based on the perception of the witness and (b) helps to a clear understanding of the witness' testimony or the determination of a fact in issue.’” *Id.* (citing Fed.R.Evid. 701). At trial, this Court is capable, as Hooks correctly argues, of differentiating between whether Sonnier is testifying as an expert, basing his opinions on “scientific, technical, or other specialized knowledge within the scope of Rule 702,” or merely offering lay testimony that is rationally based on his perceptions and personal observations of the location of the spud damage and the damage to the dredge. Fed.R.Evid. 701, 702; (Rec. Doc. 254 at 3). Therefore, Eckstein's Motion *In Limine* to Exclude Opinion Testimony of Arthur Sonnier is DENIED. (Rec.Doc.250).

III. CONCLUSION

*4 Accordingly,

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IT IS ORDERED that Eckstein's Motion *In Limine* to Strike Supplemental and Reply Expert Reports and to Exclude Opinion Testimony is DENIED. (Rec.Doc.250).

All Citations

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Footnotes

- 1 Max Weiss, a second-year student at Tulane University Law School, assisted in preparing this Order.
- 2 The cover letter of this submission reads: "Enclosed herewith are copies of Spencer Rhoden's file in connection this matter. Please allow this production to serve as a supplement to Spencer Rhoden's earlier expert report." (Rec. Doc. 250-2 at 1).

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2020 WL 11025601

Only the Westlaw citation is currently available.

United States District Court, S.D. Texas, Houston Division.

RECIF RESOURCES, LLC, Plaintiff,

v.

JUNIPER CAPITAL ADVISORS,

L.P., et al., Defendants.

Civil Action No. H-19-2953

|

Signed 11/10/2020

Attorneys and Law Firms

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Andrew William Zeve, William Andrew Moss, Bracewell LLP, Houston, TX, for Defendants.

MEMORANDUM AND ORDER

NANCY F. ATLAS, SENIOR UNITED STATES DISTRICT JUDGE

*1 This case is before the Court on the Motion for Continuance and for Leave to Amend Expert Report and Designate Non-Retained Experts (“Motion”) [Doc. # 200] filed by Plaintiff Recif Resources, LLC (“Recif”), to which Defendants Juniper Capital Advisors, L.P., Juniper Capital Investments, LLC, Juniper Capital III, LP, and State Line Exploration, LLC (collectively, “Juniper”) filed a Response [Doc. # 203] in opposition. Recif filed a Reply [Doc. # 207].

The Court has carefully reviewed the record and applied the relevant legal authorities. The Court **denies** Recif’s Motion.

I. BACKGROUND

The deadline for Recif to designate its experts and provide expert reports was originally March 6, 2020. After the Court granted three requests for extensions, the deadline became May 8, 2020. *See* Order [Doc. # 122]. On that date, Recif designated J. W. Bill Rhea, IV as its technical and damages expert, and designated Paul W. Smith as a non-retained expert on attorneys’ fees. *See* Recif’s Disclosure and Designation of Experts (“Designation”) [Doc. # 123]. Rhea’s Expert

Report, dated May 8, 2020, was attached as an exhibit to the Designation. On June 5, 2020, Juniper served its experts’ reports, in which the experts stated their opinions regarding the analytical deficiencies in Rhea’s opinions. Recif did not serve a rebuttal report addressing Juniper’s challenges to Rhea’s opinions by the June 16, 2020, deadline.

Rhea prepared an Amended Report, dated June 25, 2020, that was filed as an exhibit to Recif’s Response to Defendants’ Motion to Exclude certain of Rhea’s opinions [Doc. # 150-1]. In the Amended Report, Rhea expressed the same seven opinions set forth in the original Report. By Memorandum and Order [Doc. # 199] entered October 1, 2020, the Court granted Juniper’s *Daubert*¹ Motion, and excluded six of Rhea’s seven opinions.

On October 9, 2020, after the parties’ motions for summary judgment on Recif’s claims in this case had been exhaustively briefed, Recif filed the pending Motion. Recif seeks leave for Rhea to supplement his opinion regarding the market value of the “Recif Information” (“Opinion 2”) and his opinion that the Recif Information could be applied to areas outside of Recif’s Area of Interest (“Opinion 3”). Recif seeks a 30-day extension of the remaining deadlines in the case to allow Rhea to prepare and file the supplemental report.

In the same Motion, Recif seeks leave to designate Paul C. Langlois and Steven M. Jones, Recif’s sole principals, as additional non-retained experts. The Motion has been fully briefed and is now ripe for decision.²

II. APPLICABLE LEGAL STANDARD**A. Rule 26(e) of the Federal Rules of Civil Procedure**

*2 The Federal Rules require that the disclosure of a retained expert must be accompanied by a written report, prepared and signed by the witness, that includes, *inter alia*, “a complete statement of all opinions the witness will express and *the basis and reasons for them.*” *See* FED. R. CIV. P. 26(a)(2) (B) (emphasis added). Rule 26(e) imposes an obligation to supplement or correct a disclosure “in a timely manner if the party learns that in some material respect the disclosure or response is incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to the other parties during the discovery process or in writing.” FED. R. CIV. P. 26(e).

“The line between supplemental opinions and new opinions is not always clear, and the decision regarding how to make the distinction likely depend[s] on the facts of the case.” *Cooper v. Meritor, Inc.*, 2020 WL 5765004, *4 (N.D. Miss. Sept. 28, 2020) (quoting *In re Enron Corp. Secs., Derivative & Erisa Litig.*, 2007 WL 5023541, *8 (S.D. Tex. Feb. 1, 2007)). “Generally, courts distinguish true supplementation (e.g., correcting inadvertent errors or omissions) from gamesmanship and have repeatedly rejected attempts by parties to bolster their position at summary judgment by ‘supplementing’ an expert report with a ‘new and improved’ expert report.” *Cooper*, 2020 WL 5765004 at *4 (quoting *Petersen v. Midgett*, 140 F. Supp. 3d 490, 502 (E.D.N.C. 2015) (collecting cases)).

B. Rule 16(b) of the Federal Rules of Civil Procedure

Where a scheduling order has been entered establishing deadlines for expert designations and reports, *Federal Rule of Civil Procedure 16(b)(4)* provides the standard for requests to amend after the scheduling order's deadline has expired. See *E.E.O.C. v. Serv. Temps Inc.*, 679 F.3d 323, 333-34 (5th Cir. 2012); *Marathon Financial Ins., Inc. v Ford Motor Co.*, 591 F.3d 458, 470 (5th Cir. 2009); *Fahim v. Marriott Hotel Servs., Inc.*, 551 F.3d 344, 348 (5th Cir. 2008). “Rule 16(b) provides that once a scheduling order has been entered, it ‘may be modified only for good cause and with the judge’s consent.’ ” *Marathon*, 591 F.3d at 470 (quoting *FED. R. CIV. P. 16(b)*); see also *Batiste v. Lewis*, 976 F.3d 493, 500 (5th Cir. 2020). “Rule 16(b) of the Federal Rules of Civil Procedure gives district courts broad discretion in enforcing the deadlines in their scheduling orders.” *Batiste*, 976 F.3d at 500. To determine whether the moving party has established good cause, the Court considers the following four factors:

- (1) the explanation for the failure to timely comply with the deadline;
- (2) the importance of the untimely evidence;
- (3) potential prejudice in allowing the untimely evidence; and
- (4) the availability of a continuance to cure such prejudice.

See *id.* (citing *Meaux Surface Prot., Inc. v. Fogleman*, 607 F.3d 161, 167 (5th Cir. 2010)).

III. ANALYSIS

A. Request to “Supplement” Rhea’s Amended Report

Recif characterizes its request as one to “supplement” pursuant to *Rule 26(e)*. Recif states that it “learned” from the Court’s Memorandum and Order that Opinions 2 and 3 lacked a reliable methodology. See Motion, p. 2. Because Opinions 2 and 3 have been excluded by the Court, those opinions are no longer subject to supplementation under *Rule 26(e)*. See, e.g., *Target Strike, Inc. v. Marston & Marston, Inc.*, 2011 WL 2215989, *1 (W.D. Tex. June 6, 2011).

Additionally, the Court rejects Recif’s attempt to bolster its position in connection with the fully-briefed summary judgment motions by “supplementing” expert opinions that have been excluded with new and improved opinions. *Rule 26* requires full and complete expert reports, including a complete statement of the basis for each opinion. See *FED. R. CIV. P. 26(a)(2)(B)*. Allowing a party to provide a report that contains only broad, conclusory statements with no explanation of the methodology used to reach the opinions would negate the expert report requirement in *Rule 26*. The Court rejects Recif’s request under *Rule 26(e)* to “supplement” Rhea’s expert report regarding Opinions 2 and 3 after they have been excluded.

*3 Recif seeks also, after the deadline for rebuttal opinions, to amend Rhea’s expert report for a second time, now to provide replacement Opinions 2 and 3 for those that have been excluded. Therefore, Recif must satisfy the requirements of *Rule 16(b)* by showing good cause for extending the expert report deadline. See *Batiste*, 976 F.3d at 500.

Recif’s proffered explanation for the delay in seeking to amend Rhea’s expert report is that it did not know the report was flawed until the Court issued its October 1, 2020, Memorandum and Order excluding Opinions 2 and 3. The Court finds this explanation unavailing. Juniper’s experts noted and explained the deficiencies in Rhea’s expert report in early June 2020. Although Recif was under no obligation to agree with Juniper’s position, Rhea provided an Amended Report after having notice of Juniper’s belief that Opinions 2 and 3 failed to satisfy the *Daubert* requirements of relevance and reliability. Neither Rhea’s Amended Report, however, nor his deposition testimony cured the analytical gaps in Opinions 2 and 3. A party is not entitled to provide an inadequate expert report—one that contains only conclusory opinions with little or no explanation of the methodology used to reach them—and then provide a new report after the Court rules on the opposing party’s *Daubert* challenge.

Recif argues that the amendment is important because Rhea is Recif's only technical and damages expert. Using a single expert for technical issues and damages issues was Recif's decision. Moreover, Recif's view that Rhea's Opinions 2 and 3 have great importance "underscores the need" for Recif to have provided a full and complete expert report from Rhea by the May 8, 2020 deadline, or to have requested an extension of that deadline before it expired. *See, e.g., Batiste*, 976 F.3d at 501. The importance of Rhea's excluded opinions to Recif's case cannot "singularly override" the Court's enforcement of its scheduling order and its ruling on the Motion to Exclude Rhea's Opinions 2 and 3. *See id.*

Juniper will suffer significant prejudice if Rhea is permitted to amend his report at this late stage of the lawsuit.³ Juniper has shown that it will be required to incur additional expense to consider Rhea's new report, to have its own experts provide new rebuttal reports addressing Rhea's new report, to depose Rhea on the new information in the amended report, and, in all probability, to draft and brief a new *Daubert* motion.⁴ Additionally, and perhaps more importantly, these undertakings will significantly delay the final resolution of this lawsuit.

*4 A continuance cannot cure the prejudice created by the increased expense and the delay in obtaining a final judgment in this case. Indeed, a continuance will increase the prejudice to Juniper by creating additional delay.

Recif has failed to demonstrate good cause under [Rule 16\(b\)](#) for the Court to allow an untimely amendment to Rhea's Opinions 2 and 3. Therefore, the Motion to Amend Rhea's expert report for a second time is **denied**.

B. Request to Designate Additional Non-Retained Experts

Recif originally designated Paul W. Smith as a non-retained expert on attorneys' fees. *See* Recif's Designation [Doc. # 123]. Recif now seeks to designate Langlois and Jones as additional non-retained experts. This request to extend the deadline to designate non-retained experts is subject to the same requirements of [Rule 16\(b\)](#) discussed above. Recif states that it did not originally designate Langlois and Jones as experts because it did not know that Rhea's Opinions 2 and 3 would be excluded until the Court ruled on Juniper's Motion to Exclude. As discussed above, this explanation does not support allowing Recif to designate two additional experts

after the Court has ruled on some summary judgment motions and on *Daubert* motions.

Recif argues that designating Langlois and Jones as non-retained experts is important so that Recif will have experts to provide the same Opinions 2 and 3 that were excluded from Rhea's testimony. The Court finds this argument for the late designation unpersuasive. Although Langlois and Jones will be able to testify from their own personal knowledge, they will not be designated or otherwise identified as experts and will not be permitted to offer opinion testimony except as allowed by Rule 701 of the Federal Rules of Evidence.

As discussed above, the prejudice to Juniper is from additional expense and delay, which cannot be cured through a continuance of the remaining deadlines in the case.

IV. CONCLUSION AND ORDER

The Court excluded Opinion 2 and Opinion 3 because there was a gaping analytical disconnect between the identified data and Rhea's Opinions. Indeed, the Court noted that Rhea's Report appeared to be little more than an effort to present Recif's allegations as expert opinions. *See* Memorandum and Order [Doc. # 199], p. 26 (citing *Durkin v. Equifax Check Servs., Inc.*, 406 F.3d 410, 421 (7th Cir. 2005)). Now, months after the deadline to address challenges to the sufficiency of Rhea's expert opinions, Recif wants to have Rhea "supplement" his Amended Report to add methodologies that were not disclosed in Rhea's two written reports or in his deposition testimony. Because Opinions 2 and 3 have been excluded by the Court, there are no existing opinions to "supplement" under [Rule 26\(e\)](#). Recif has failed to demonstrate good cause under [Rule 16\(b\)](#) for an extension of time to provide new expert opinions.

Similarly, Recif has failed to demonstrate good cause under [Rule 16\(b\)](#) for its request to designate Langlois and Jones as non-retained experts well after the deadline to do so.

Based on the foregoing, it is hereby

ORDERED that Recif's Motion for Continuance and for Leave to Amend Expert Report and Designate Non-Retained Experts [Doc. # 200] is **DENIED**. The deadline for the parties' Joint Pretrial Order remains January 8, 2021, and the case remains scheduled for docket call on January 21, 2021.

Recif Resources, LLC v. Juniper Capital Advisors, L.P., Not Reported in Fed. Supp. (2020)

2020 WL 11025601

All Citations

Not Reported in Fed. Supp., 2020 WL 11025601

Footnotes

- 1 [Daubert v. Merrell Dow Pharms., Inc.](#), 509 U.S. 579 (1993).
- 2 In the Reply, Recif argues that the Court should permit Rhea to amend his report for a second time after the relevant opinions have been excluded because the Court previously found that Juniper had shown good cause under [28 U.S.C. § 1454\(b\)\(2\)](#) for extending the deadline for removal. The circumstances involved in the removal decision, explained in the Court's Memorandum and Order [Doc. # 46] entered October 24, 2019, were significantly different from those involved in Recif's request to amend Rhea's expert report. The late stage of the lawsuit also distinguishes Recif's current request from the ruling on remand issued at the beginning of the case. Therefore, Recif's arguments that the ruling on the Motion to Remand requires that Rhea be permitted to prepare and file a second amended expert report are unpersuasive.
- 3 Recif in its Reply argues that Juniper will not suffer any prejudice because Recif has recently filed a new copyright infringement lawsuit against Juniper. Recif appears to believe that its new lawsuit will be consolidated into this case, and all the deadlines in this case will be extended to match those in the new lawsuit. Recif's new copyright infringement lawsuit is a separate case pending before a different judge. Even if the new case were to be transferred to this Court, the cases would not be consolidated and the Court will not delay this case while the newly-filed case is litigated.
- 4 The Court notes that Rhea has not yet prepared a new report for Juniper or the Court to review in connection with Recif's pending Motion, and requests a period of thirty (30) days for Rhea to prepare a new report.

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Only the Westlaw citation is currently available.
United States District Court, W.D. Texas, Austin Division.

SECURITIES AND EXCHANGE
COMMISSION, Plaintiff

v.

LIFE PARTNERS HOLDINGS, INC., Brian Pardo,
R. Scott Peden, and David M. Martin, Defendants.

CIVIL ACTION NO. 1-12-CV-00033-JRN

Signed 11/08/2013

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ORDER

JAMES R. NOWLIN, UNITED STATES DISTRICT JUDGE

*1 Before the Court is Defendants' Motion to Exclude Plaintiff's Expert Lawrence F. Ranallo. (Dkt. No. 99). For reasons set out below, the Court denies Defendants' Motion.

I. BACKGROUND

Defendants move to partially exclude the testimony of expert Lawrence F. Ranallo. Specifically, Defendants argue that the Court should exclude Ranallo's opinion on impairment on the grounds that it is speculative, conclusory, was not properly disclosed, and will not help the jury. For reasons explained below, the Court rejects Defendants' arguments.

II. DAUBERT LEGAL STANDARD

“[U]nder the Rules [of Evidence] the trial judge must ensure that any and all scientific testimony or evidence admitted is not only relevant, but reliable.” *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 589 (1993). The primary focus of this obligation is Rule 702, which provides:

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

FED. R. EVID. 702.

Therefore, when faced with a proffer of expert scientific testimony...the trial judge must determine at the outset whether, pursuant to Rule 104(a), the expert is proposing to testify to (1) scientific knowledge that (2) will assist the trier of fact to understand or determine a fact in issue.” *Daubert*, 509 U.S. at 592.

This initial gatekeeping determination “entails a preliminary assessment of whether the reasoning or methodology underlying the testimony is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue.” *Id.* at 592-593. This inquiry does not entail any “definitive checklist or test,” but pertinent considerations in determining whether a theory or technique is scientific knowledge that will assist the trier of fact may include: (1) whether a theory or technique can be (and has been) tested; (2) whether the theory or technique has been subject to peer review and publication; (3) the known or potential rate of error (in the case of a particular scientific technique); (4) whether there are standards controlling the technique's operation; and (5) “general acceptance” of the scientific theory or technique within the relevant scientific community. *Id.* at 593-594; *See also Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 149 (1999).

Of course, “[a] trial court may consider one or more of the specific factors that *Daubert* mentioned when doing so will help determine that testimony's reliability. But...*Daubert's* list of specific factors neither necessarily nor exclusively applies to all experts or in every case. Rather, the law grants

a district court the same broad latitude when it decides how to determine reliability as it enjoys in respect to its ultimate reliability determination.” *Kumho Tire Co.*, 526 U.S. at 141-142. “Whether *Daubert's* suggested indicia of reliability apply to any given testimony depends on the nature of the issue at hand, the witness's particular expertise, and the subject of the testimony.” *Seatrax, Inc. v. Sonbeck Int'l, Inc.*, 200 F.3d 358, 372 (5th Cir. 2000); accord *Kumho Tire Co.*, 526 U.S. at 153.

*2 Importantly, “*Daubert's* general holding—setting forth the trial judge's general ‘gatekeeping’ obligation—applies not only to testimony based on ‘scientific’ knowledge, but also to testimony based on ‘technical’ and ‘other specialized’ knowledge.” *Id.* at 141. More simply stated, the district court's gatekeeping obligation applies to all expert testimony. See *Id.* at 147. In essence, a trial court's salient objective is to make certain that an expert, “whether basing testimony on professional studies or personal experience, employs in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field.” *Kumho Tire Co.*, 526 U.S. at 152. With that said, “[t]he inquiry envisioned by Rule 702 is ... a flexible one. Its overarching subject is the ... validity and thus the evidentiary relevance and reliability-of the principles that underlie a proposed submission. The focus, of course, must be solely on principles and methodology, not on the conclusions that they generate.” *Daubert*, 509 U.S. at 594-595. Ultimately, the proponent need not prove to this Court that the expert's testimony is correct. See *Curtis v. M& S Petr., Inc.*, 174 F.3d 661, 668 (5th Cir. 1998). Rather, the proponent must merely prove by a preponderance of the evidence that the testimony is reliable. *Id.*

III. ANALYSIS

For reasons set out in detail below, the Court denies Defendants' Motion.

1. Ranallo's Contingent Opinions on Impairment are Relevant

Defendants argue that “Ranallo's opinions on impairment are unhelpful to the jury and should therefore be excluded as irrelevant under *Daubert*.” (Dkt. No. 99 at 8). Defendants focus their ire on Ranallo's statement in his expert report that “if Life Partners knew (or should have known) that the LEs underlying the investment were short, the impairment evaluations done by Life Partners were in error and are unreliable.” (Dkt. No. 105'2 at 23). According to Defendants,

this conclusion is “nothing more than a hypothetical statement that is not helpful to the trier of fact.” (Dkt. No. 99 at 9). The Court certainly agrees with Defendants observation that Ranallo's assertion is a hypothetical statement, however it does not follow that Ranallo's statement is therefore inadmissible. The Court likewise disagrees with Defendants' contention that Ranallo's statement is not helpful to the trier of fact.

It is well settled that an expert witness may provide an opinion that is contingent on facts to be proved or disproved at trial. See *Cooper/T. Smith Stevedoring Co., Inc. v. Liuzza*, 293 F.3d 741, 749 (5th Cir. 2002). Defendants, of course, do not dispute this fact. Instead, they argue that Ranallo's impairment testimony is conclusory. Defendants are incorrect. The Court sees nothing remarkable or improper about Ranallo's statement of what is, frankly, quite obvious: if the life estimates were incorrectly calculated, that would have an effect on the soundness of the underlying life impairment evaluations. Jurors are not stupid. They understand what an assumption is and, *assuming* the lawyers in this case do their jobs well, they will also be well aware that Defendants and Plaintiffs disagree vehemently about whether “Life Partners knew or should have known that the Les underlying the investment were short.” The fact that Defendants disagree with the assumption that counsel are asking the expert to make goes to weight, not admissibility. *Pipitone v. Biomatrix, Inc.*, 288 F. 3d 239, 250 (5th Cir. 2002). Furthermore, Defense counsel is perfectly free to flip the “hypothetical” question on its head during cross examination and ask Ranallo what follows if he assumes that Life Partners did not know that the LEs underlying the investments were short. In this way, the jurors will be educated as to both sides of the coin and will come away from Ranallo's testimony with a firmer grasp of the implications of this important contested fact issue.

2. Ranallo's Opinions Are Not Speculative.

Defendants next contend that even if the Court determines that Ranallo's opinions on impairment are relevant, the Court should nevertheless exclude them on grounds that they are unreliable and speculative. Specifically, Defendants argue that Ranallo's opinion transgresses the dictates of FRE 702 since Ranallo did not review Life Partners' actual impairment calculations. The Court disagrees. As Plaintiff correctly points out, Ranallo has testified that he reached his conclusion that LPHI's impairment methodologies were in error after considering “deposition testimony related to the company methodology for calculating impairment” and “audit work

papers and schedules that speak to impairment.” (Dkt. 105 at 6.). Ranallo's review of these materials more than qualifies him to offer an opinion on impairment.

3. Ranallo's Testimony Does Not Violate Rule 26 or Rule 37.

*3 The Court is likewise unimpressed with Defendants' assertion that Ranallo should be precluded from offering any opinion on impairment beyond those set forth explicitly in his expert report. (Dkt. No. 99 at 13). Both parties acknowledge that during his deposition, Ranallo offered testimony on the issue of impairment that went beyond the scope of the analysis he offered in his expert report. Citing case law from the 8th and D.C. Circuits, Plaintiffs argue that the fact that Ranallo offered this slightly expanded opinion during his deposition is sufficient to insulate Defendants from the dangers of unfair surprise that Rule 26 is designed to guard against. *Muldrow ex rel. Estate of Muldrow v. Re-Direct, Inc.*, 493 F.3d 160, 168 (D.C. Cir. 2007); *Smith v. Tenet Healthsystem SL, Inc.*, 436 F.3d 879, 889 (8th Cir. 2006). Defendants counter by arguing that allowing Ranallo's deposition testimony would be tantamount to this Court taking the first step down some sort of Rule 26 road to perdition, leading to a world in which “proponents of expert testimony would be allowed to issue, as Ranallo did, a report containing a cursory opinion, then attempt to expand that opinion and/or provide entirely *new* opinions, at the expert's deposition, without providing counsel with the opportunity to prepare for proper inquiry into the full bases of opinion or to rebut such opinions or to rebut such opinions with opposing expert testimony.” (Dkt. 116 at 5-6).

The purpose of Rule 26 is to eliminate “unfair surprise to the opposing party.” *Sylla-Sawdon v. Uniroyal Goodrich Tire Co.*, 47 F.3d 277, 284 (8th Cir. 1995). Rule 26, however, “does not

limit an expert's testimony simply to reading his report....The rule contemplates that the expert will supplement, elaborate upon, [and] explain ... his report” in his oral testimony. *Thompson v. Doane Pet Care Co.*, 470 F.3d 1201, 1203 (6th Cir. 2006). Under Rule 37(c) (1), if a party fails to disclose the information required by Rule 26(a), its expert may not testify as to that information—“unless such failure is harmless.” *FRCP 37(c)(1)*.

While the Court applauds Defendants for zealously making their argument, the Court is of the opinion that Defendants' imaginations may have gotten the best of them on this particular occasion. Ranallo's testimony did not violate *Rules 26 or 37*, and even if it did, the Court would still allow the testimony since the transgression does not in any way prejudice or disadvantage Defendants. *See FCRP 37(c) (1)*. Defendants' argument that they were “sandbagged” by Ranallo's deposition testimony is risible, and the notion that they were unfairly surprised strains credulity. Ranallo's deposition testimony was a natural, logical, and wholly predictable outgrowth of Ranallo's expert report. If Defense counsel were indeed surprised by Ranallo's testimony, they have only themselves to blame.

IV. CONCLUSION

For the reasons above, the Court **DENIES** Defendant's Motion. (Dkt. No. 9).

SIGNED this 8th day of November, 2013.

All Citations

Not Reported in Fed. Supp., 2013 WL 12076934

Sportspower Ltd. v. Crowntec Fitness Mfg. Ltd., Not Reported in Fed. Supp. (2020)

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United States District Court, C.D. California.

SPORTSPOWER LTD.

v.

CROWNTEC FITNESS MFG. LTD.

Case No. 8:17-cv-02032-JLS-KES

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Filed 11/18/2020

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**PROCEEDINGS: (IN CHAMBERS)
ORDER ON MOTIONS *IN LIMINE***

Honorable [JOSEPHINE L. STATON](#), UNITED STATES DISTRICT JUDGE

*1 Before the Court are five motions *in limine* filed by Plaintiff Sportspower Ltd. (“Sportspower”), and four motions *in limine* filed by Defendant Crowntec Fitness Mfg. Ltd. (“Crowntec”). (Pl. MIL, Doc. 102; Def. MIL, Doc. 104). The Court heard oral argument on the motions during the parties’ Final Pretrial Conference, held on October 23, 2020. For the reasons stated below, the Court GRANTS IN PART and DENIES IN PART the parties’ motions.

I. PLAINTIFF’S MOTIONS *IN LIMINE***A. MIL #1: ASTM Compliance re Hypothetical Trampoline Designs**

Plaintiff’s Motion in Limine #1 to exclude “the testimony and opinions of Crowntec’s damages expert Mr. James Harrington” and to prevent him “from offering any evidence or testimony to the effect that a hypothetical trampoline

design passes or fails to satisfy ASTM safety standards” is DENIED. The Court already addressed Plaintiff’s argument regarding Mr. Harrington’s testimony in its Order denying Sportspower’s *Daubert* motion, and rejects this motion for the same reasons set forth in that Order. (Daubert Order, Doc. 128).

Plaintiff makes the additional argument in its MIL that Crowntec may not “seek to admit such evidence via testimony of its party witnesses Mr. and Ms. Hsiang,” because “an opinion of ASTM compliance for a hypothetical design would be a lay opinion that is ‘based on scientific, technical, or other specialized knowledge within the scope of Rule 702,’ but neither Mr. nor Ms. Hsiang submitted any expert reports.” (Pl. MIL, Doc. 102 at 1–2).

While it is true that “lay witnesses must usually limit their testimony to opinions arising from” personal knowledge, they “may, however, testify to conclusions and opinions based on a combination of their personal observations of the subject matter at issue and skills, knowledge, or experience obtained through their vocation.” *Encompass Ins. Co. v. Berger*, No. CV128294MWFJPJWX, 2013 WL 12124281, at *3 (C.D. Cal. Dec. 10, 2013) (holding that a contractor could testify as a lay witness as to the amount of damages incurred by a fire). As Defendant points out, there is no dispute that Mr. Hsiang possesses “skills, knowledge, and experience in trampoline design” related to his thirty years of experience in the trampoline business, and that Ms. Hsiang “has also amassed considerable years of experience relevant to the economic side of the trampoline business.” (Def. Opp’n, Doc. 111 at 8). While the line between lay and expert testimony in such cases “is often blurred,” *Encompass Ins. Co.*, 2013 WL 12124281 at *3, the Court finds that the Hsiangs, based on their personal knowledge and experience in the trampoline business, may testify as to their opinions that “a trampoline made with thicker tubing will be stronger and, thus, more likely to satisfy the relevant ASTM standard.” (Def. Opp’n, Doc. 111 at 7).

B. MIL #2: Video of Sportspower Trampoline Allegedly Failing ASTM Test

Plaintiff’s Motion in Limine #2 to exclude the video of a Sportspower trampoline allegedly failing an ASTM safety test is GRANTED.

*2 [FED. R. CIV. P. 26\(e\)](#) imposes a duty to timely supplement disclosures made under [Rule 26\(a\)](#) that become incomplete or incorrect. “Rule 37(c)(1) gives teeth to these

Sportspower Ltd. v. Crowntec Fitness Mfg. Ltd., Not Reported in Fed. Supp. (2020)

2020 WL 7347860

requirements by forbidding the use at trial of any information required to be disclosed by [Rule 26\(a\)](#) that is not properly disclosed.” *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1106 (9th Cir. 2001). (“The Advisory Committee Notes [to Rule 37(c)(1)] describe it as a ‘self-executing,’ ‘automatic’ sanction to ‘provide[] a strong inducement for disclosure of material.’”)

Here, Sportspower learned of the video for the first time during the depositions of Crowntec's experts. (Pl. MIL, Doc. 102 at 4). On October 7, 2019, Mr. Harrington stated in his deposition that he “recently viewed a videotape of a test on an Academy 15-foot trampoline. As I understand it, it was one of the non-accused models. And the video tests showed the trampoline failing the ASTM testing standard.” (Harrington Dep., Ex. A to Pl. MIL, Doc. 102-1 at 14). Mr. Smith also stated in his deposition testimony that he saw “some testing that was done in a video ... just a few days ago, maybe a week ago.” (Smith Dep., Ex. B to Pl. MIL, Doc. 102-2 at 85-86). He said the video “came from counsel,” but otherwise did not provide any additional details about the video. (*Id.*)

According to Crowntec's records, Crowntec employees purchased the trampoline in the video on August 14, 2019 and conducted an “in-house test” on various points of the trampoline; the disputed video captured one of the failures. (Oct. 3 Emails, Ex. D to Def. Opp'n, Doc. 111-5) Crowntec states the video was “provided to counsel in late September,” and counsel forwarded it to Mr. Harrington on October 3, 2019. (Def. Opp'n, Doc. 111 at 11; *see also id.*) Crowntec provided Sportspower with the video on November 14, 2019, when the parties met and conferred over the present motions—nearly two months after counsel first learned of the video, and five weeks after Mr. Harrington's deposition testimony. The burden is on Crowntec to prove that this delay was substantially justified or harmless. *Yeti by Molly*, 259 F.3d at 1106.

Crowntec argues primarily that the video was not produced because it did not fall within the scope of Sportspower's discovery requests. Interrogatory No. 15, served on June 12, 2019, reads:

Describe the complete factual basis for the statement in Crowntec Fitness's Disclosure of Damage Contentions that “[t]he advance of the '350 Patent provided stronger static loading capacity of the main frame of a trampoline. This advance allows trampolines to meet the requirements of ASTM F381-09A,” including any testing that supports this

statement, and identify all documents that support or refute this statement.

Crowntec argues that the video does not fall within the scope of this Interrogatory, because “the video at issue showed a recently redesigned Sportspower trampoline that does not practice the '350 Patent failing an ASTM stress test, [so] the video was not responsive to Sportspower's Interrogatory No. 15, which sought testing supporting the statement that trampolines practicing the '350 Patent are strong enough to pass ASTM stress tests.” The Court agrees with Plaintiff that this reading of Interrogatory No. 15 is “overly narrow.” (*See* Pl. MIL #2, Doc. 102 at 5). The Interrogatory specifically asks for “any testing” that the supports the statement that the ‘350 Patent provides “stronger static load capacity”—clearly implying a comparison as to trampolines without the design features of the '350 Patent.

*3 Crowntec also bears the burden of proving that the delay was harmless. Although counsel became aware of the video in “late September,” Crowntec did not turn the video over to Sportspower until November 14, 2019. Expert discovery closed on October 25, 2019. (Scheduling Order, Doc. 30). Because Crowntec's delay meant that expert discovery had closed by the time Sportspower obtained the video, the Court finds that the delay was prejudicial.

Because Crowntec failed to meet its [Rule 26](#) obligations and has not shown the requisite justification or harmlessness to avoid the repercussions of that failure, the Court GRANTS Plaintiff's MIL #2.

C. MIL #3: Mr. Smith's Belated Claim-Construction Evidence

Plaintiff's Motion in Limine #3 to exclude Defendant's expert, Mr. Smith, from relying on “materials outside of his report as alleged support for his view of the meaning of ‘ridge’ in the '350 Patent” is DENIED.

“When determining whether an expert's testimony is beyond the scope of the expert's written report, courts do not require ‘verbatim consistency with the report, but ... allow[] testimony which is consistent with the report and is a reasonable synthesis and/or elaboration of the opinions contained in the expert's report.’” *nCube Corp. v. SeaChange Int'l, Inc.*, 809 F. Supp. 2d 337, 347 (D. Del. 2011), cited for this proposition in *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12-cv03587-WHO, 2015 WL 12622055, at *4 (N.D. Cal. Mar. 19, 2015)).

While experts may not, when rebutting critiques of their opinions, “present new opinions, arguments, or evidence as alternatives to opinions, arguments, or evidence that [the rebuttal experts] criticized,” *Cave Consulting Grp., Inc. v. OptumInsight, Inc.*, No. 15-CV-03424-JCS, 2018 WL 1938555, at *4 (N.D. Cal. Apr. 25, 2018), Plaintiff has not demonstrated that Mr. Smith's testimony on the term “ridge” reflects an alternate or different opinion than was disclosed in his initial report. (Pl. Reply, Doc. 117 at 9) (“That the materials are allegedly consistent with his opinions is beside the point.”) Mr. Smith's testimony is therefore permissible.

D. MIL #4: Mr. Smith's Belated Finite Element and Section Modulus Analyses

Plaintiff's Motion in Limine #4 to exclude Mr. Smith's Finite Element and Section Modulus Analyses is DENIED.

As explained, “[e]xperts may testify at their depositions not only about the subject matter of their initial reports but also about their responses to any critiques of their opinions presented by other experts in rebuttal reports. *Cave Consulting Grp., Inc. v. OptumInsight, Inc.*, No. 15-CV-03424-JCS, 2018 WL 1938555, at *4 (N.D. Cal. Apr. 25, 2018). While “facts and opinions that should have been in the original reports” are not a proper subject of deposition testimony, “true rebuttal to criticism is permitted” during a deposition. *Id.*

Here, Mr. Smith's additional analyses were done in response to Mr. Young “doubl[ing] down” that the ring would be bending, rather than in compression as Mr. Smith had opined. Further, “Mr. Smith's opinions about compression versus bending in trampoline-frame tubes did not change between his report and his deposition.” (Def. Opp'n at 20). Mr. Smith's additional analyses therefore constitute permissible “rebuttal to criticism” and are permitted.

E. MIL #5: Mr. Smith's Testimony Regarding Patent Prosecution History

Plaintiff's Motion in Limine #5 seeking to preclude Defendant's expert, Mr. Smith, from testifying regarding patent prosecution history to support his interpretation of the word “stress” in the '350 Patent as a “vertical stress” is DENIED.

*4 “Where, as here, parties ‘did not seek construction’ of the terms at issue, courts give those terms their ‘ordinary and

customary meaning ... to a person of ordinary skill in the art in question at the time of the invention.’” *Apple, Inc. v. Samsung Elecs. Co.*, No. 12-CV-00630-LHK, 2014 WL 660857, at *3 (N.D. Cal. Feb. 20, 2014). “At trial, parties may ‘introduc[e] evidence as to the plain and ordinary meaning of terms not construed by the Court to one skilled in the art,’ so long as the evidence does not amount to ‘argu[ing] claim construction to the jury.’” *Id.* (citing *Cordis Corp. v. Boston Scientific Corp.*, 561 F.3d 1319, 1337 (Fed. Cir. 2009)).

The appropriateness of evidence related to a term's plain and ordinary meaning is “generally ‘judged in the context of the trial.’” *Id.* In this context, a dispute over a patent involving trampolines, allowing an expert to testify that the file history of the '350 Patent “states that when a user jumps on a trampoline, ‘the force of the *vertical* component levied on the frame is much greater than that of the horizontal component’” seems appropriate. (Opp'n at 24). Mr. Smith does not plan to “discuss the finer points of ... claim-construction canons,” but rather “offers the perspective and understanding of a person of ordinary skill in the art who has reviewed the entire intrinsic record.” (*Id.*) Mr. Smith is therefore permitted to testify as to his understanding of the plain and ordinary meaning of “stress” in this context.

II. DEFENDANT'S MOTIONS IN LIMINE

A. MIL #1: Exclusion of Any Reference to Warren Hsiang's Alleged Connection to—or Crowntec's Alleged Coercion or Extortion by—the Mafia, Gangsters, Hoodlums, or Criminals

Defendant's Motion in Limine #1 is GRANTED for the same reasons set forth in the Court's prior order granting partial summary judgment in favor of Crowntec on Sportspower's affirmative defense of Accord and Satisfaction, to which this disputed testimony relates. (Order Granting Partial MSJ, Doc. 130).

B. MIL #2: Exclusion of evidence of Chinese patent proceeding

The parties stipulated to an agreement that neither side will present evidence of the Chinese patent proceeding at trial. Defendant has therefore withdrawn MIL #2 as moot.

C. MIL #3: Exclusion of Mr. Reed's expert testimony or opinion produced after expert report deadlines

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Defendant's Motion in Limine #3 to exclude Mr. Reed's expert testimony concerning tabs 7A and 7B is DENIED.

Federal Rule of Civil Procedure 26(a)(2)(B) requires the parties to disclose the identity of each expert witness “accompanied by a written report prepared and signed by the witness.” The report must contain, among other things, “a complete statement of all opinions the witness will express and the basis and reasons for them” and “any exhibits that will be used to summarize or support them.” FED. R. CIV. P. 26(a)(2)(B). Here, Mr. Reed overlooked a “missing link” in his cost analysis, but “less than 48 hours after making this discovery, he supplemented his report by providing updated Tabs 7A and 7B.” (Pl. Opp'n, Doc. 112 at 17). Further, “Mr. Reed was questioned at length during his deposition on Tabs 7A and 7B,” where he confirmed that the updates “change[d] the numbers, but the conclusion's the same.” (*Id.*; Reed Depo., Doc. 101-2, at 2-16.)

Because the updated information was diligently disclosed to Crowntec and does not alter Mr. Reed's initial conclusion, the Court DENIES Defendant's MIL #3.

D. MIL #4: Motion to Realign the Parties to Reflect Crowntec as Plaintiff and Sportspower as Defendant

*5 Defendant's Motion in Limine #4 to realign the parties is DENIED.

Federal courts “have a duty to look beyond the pleadings and arrange the parties according to their sides in the dispute.” *Plumtree Software, Inc. v. Datamize, LLC*, Case No. 3:02-cv-05693, 2003 WL 25841157, at *2 (N.D. Cal. Oct. 6, 2003) (quoting *City of Indianapolis v. Chase Nat'l Bank of N.Y.*, 314 U.S. 63, 69 (1941)). The Ninth Circuit follows the “primary purpose” test, meaning courts must “align for jurisdictional purposes those parties whose interests coincide respecting the ‘primary matter in dispute.’ ” *Id.* (quoting *Prudential Real Estate Affil, Inc. v. PPR Realty, Inc.*, 204 F.3d 867, 873 (9th Cir. 2000); *Dolch v. United Cal. Bank*, 702 F.2d 178, 181 (9th Cir. 1983)). It is a “common-sense rule that where a plaintiff seeks declaratory relief that it is *not liable* and the

defendant counterclaims that plaintiff *is liable*, it is more logical to realign the parties so that the defendant becomes the plaintiff.” *Kerr Corp. v. N. Am. Dental Wholesalers, Inc.*, No. SACV 11-0313 DOC CWX, 2011 WL 4965111, at *3 (C.D. Cal. Oct. 18, 2011). However, where, as here, “the parties do not simply dispute whether one of them is liable” but rather each party bears its own distinct burden that must be proved at trial, realignment is less appropriate. *Id.*

Crowntec's case support does not persuade the Court that realignment in this case would be proper. In *Plumtree*, where the plaintiff sought declaratory judgment on noninfringement and the defendant counterclaimed for patent infringement, the court reasoned that realignment was proper in part because the defendant bore the “affirmative burden of proof in the declaratory relief action for noninfringement, since the essential issue of infringement is the same in both cases.” *Plumtree*, 2003 WL 25841157, at *1. Here, in contrast, Sportspower has sought declaratory relief both as to non-infringement and joint ownership. Regarding the latter claim, Sportspower bears the burden of proving joint ownership at trial. *Falana v. Kent State Univ.*, 669 F.3d 1349, 1356 (Fed. Cir. 2012) (“Because the issuance of a patent creates a presumption that the named inventors are the true and only inventors, the burden of showing misjoinder or nonjoinder of inventors is a heavy one and must be proved by clear and convincing evidence.”) *Plumtree* is therefore distinguishable from the present motion. *See also FCE Benefits Administrators, Inc. v. Training, Rehab. & Dev. Inst., Inc.*, No. 15-CV-01160-JST, 2016 WL 4426897, at *2 (N.D. Cal. Aug. 22, 2016) (finding realignment proper where the defendant's claims were the *only* claims pending before the court, and also noting that the Ninth Circuit's “primary matter test” generally applies “in cases where realignment could potentially destroy diversity jurisdiction.”)

Because both parties bear burdens of proof at trial, the Court declines to realign the parties.

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Stored Value Solutions, Inc. v. Card Activation..., Not Reported in...

2010 WL 3834457

2010 WL 3834457

Only the Westlaw citation is currently available.

United States District Court, D. Delaware.

STORED VALUE SOLUTIONS, INC., Plaintiff,

v.

CARD ACTIVATION
TECHNOLOGIES, INC., Defendant.

C.A. No. 09-495-LPS.

|

Sept. 27, 2010.

MEMORANDUM ORDER

LEONARD P. STARK, District Judge.

*1 1. Defendant Card Activation Technologies, Inc. (“CAT”), moves to strike the Rebuttal Report of Lori Brietzke, the invalidity expert for Plaintiff Stored Value Solutions, Inc. (“SVS”). The Court has received and reviewed four letters regarding this dispute. (D.I.85–88)

2. SVS served Brietzke's opening expert report on July 2, 2010. (D.I. 71 at 1) In response, CAT served a rebuttal report of its expert, Jack Grimes, on September 1, 2010. (D.I.75) Then, on September 20, 2010, SVS served on CAT the Rebuttal Report of Brietzke (“Rebuttal Report”). (D.I. 81; D.I. 85 Ex. 1)

3. Under the current Scheduling Order, expert discovery is set to conclude on September 30, 2010. (D.I.73) Case dispositive motions are due on October 15, 2010. (D.I.77)

4. CAT contends that if the Rebuttal Report is permitted, “the prejudice to CAT would be substantial and incalculable.” (D.I. 86 at 2) CAT claims the Rebuttal Report contains extensive “new opinions” and additional citations, all of which should have been disclosed in Brietzke's original report. (D.I. 86 at 2 & Ex. 2) Given the belated disclosure of these “new opinions,” occurring after CAT had “spent a significant amount of time preparing summary judgment and *Daubert* motions ... based on Ms. Brietzke's initial report,” the allowance of the Rebuttal Report “would essentially mean starting the case over from scratch.” (D.I. 86 at 2) CAT points out that the Scheduling Order does not contemplate a rebuttal expert report from a party bearing the burden of proof on an

issue. CAT also emphasizes that, in response to the Court's August 27, 2010 Oral Order, the parties provided the Court a status report on September 8, 2010 (D.I.76), in which they jointly proposed a schedule for completion of this action. Neither in the status report nor at any time prior to service of the Rebuttal Report did SVS even suggest it was going to serve an additional expert report. As CAT complains, “SVS was working on the second Brietzke report at the same time it filed the Court-ordered Status Report concerning progress in completion of expert discovery and subsequent dates. SVS' silence as to its intent to file a rebuttal report ... deceived CAT into believing that the record with respect to invalidity was complete.” (D.I. 88 at 2)

5. SVS defends its service of Brietzke's Rebuttal Report by arguing that it “offers no new opinions, nor does it rely upon any new prior art,” (D.I. 85 at 1–2) Rather, in the view of SVS, the Rebuttal Report rebuts Grimes' critique of Brietzke's opening expert report, which could not be anticipated prior to receipt of Grimes' report. (D.I. 87 at 1) (“SVS prepared the report to put CAT on notice of the errors in Dr. Grimes's report”) SVS contends that it acted in good faith in providing CAT notice of Brietzke's response to Grimes prior to the conclusion of expert discovery and, crucially, prior to Brietzke's scheduled deposition. (D.I. 85 at 1) SVS adds that the Scheduling Order contains no provision precluding the service of rebuttal expert reports from a party bearing the burden of proof.

*2 6. Exclusion of “critical evidence” in a patent case 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) (internal quotation marks omitted); *see also Dow Chemical Co. v. Nova Chems. Corp.*, No. 05–737–JJF, 2010 U.S. Dist. LEXIS 50101, at *4 (D.Del. May 20, 2010).

7. Here, Brietzke's Rebuttal Report is “critical evidence” on the issue of the validity of the patent-in-suit. CAT does not dispute this fact. *See generally* D.I. 86 at 2 (CAT stating, “This case rises and falls on expert witnesses.”). A validity expert's dissection of another validity expert's reports is critical evidence.

8. SVS did not “flagrant[ly] disregard” the Court's Scheduling Order, which was silent on the issue now in dispute. The Court adopted without amendment the parties' proposal regarding expert discovery, which makes no reference either

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to permitting or precluding rebuttal reports from the party having the burden of proof. (*Compare* D.I. 12 ¶ 4(e)(f) with D.I. 16 ¶ 4(e) (f))

9. Nor does the Court find “willful deception” by SVS. The Court agrees with SVS that Brietzke’s Rebuttal Report does not contain impermissible “new” opinions. While Brietzke repeatedly cites to additional portions of authorities on which she relied in her opening report, this would be appropriate testimony in a deposition or trial and, therefore, is also appropriate in a rebuttal expert report. Furthermore, as SVS argues, the specifics of one expert’s response to another expert’s critique of the first expert’s initial report cannot be anticipated with precision prior to receipt of the second expert’s critiquing report. *See* D.I. 87 at 1 (“While SVS agrees that Ms. Brietzke is under an obligation to present her invalidity opinion in a complete fashion in her opening report, she cannot be fairly expected to anticipate the errors Dr. Grimes would make in responding to those opinions, nor can she be expected to present alternate invalidity theories that turn on Dr. Grimes’s opinions before he presents them.”).

10. The “extreme sanction” of exclusion of this “critical evidence” is not justified.¹ Nonetheless, it would have been far preferable if SVS had disclosed to CAT its intention to produce another report on invalidity. SVS’s silence is particularly troubling because Brietzke was in the process of preparing her rebuttal report at the same time the parties were meeting and conferring in order to advise the Court as to what remained to be done in this action. As a result, CAT was deceived into believing SVS had concluded its expert filings on invalidity. SVS’s failure to advise CAT, and the Court, that it sought an opportunity to file an additional expert report on invalidity prejudiced CAT in its preparations for the remainder of the case and caused the Court to enter a Scheduling Order that now requires further amendment.

*3 Accordingly, IT IS HEREBY ORDERED THAT:

1. CAT’s Motion to Strike the Brietzke Rebuttal Report is DENIED.
2. The Scheduling Order is amended as follows:
 - a. Rebuttal expert reports from the party bearing the burden of proof are permitted, if filed sufficiently in advance of the conclusion of expert discovery in order to permit the expert to be deposed on the full range of his/her opinions disclosed in the report(s).
 - b. Case dispositive motions shall be briefed according to the Local Rules. Parties are not permitted to oppose a motion for summary judgment by filing a Counter–Statement of disputed facts but must file an answering brief.
 - c. Motions in limine shall not be separately filed but shall be included in the proposed pretrial order, in accordance with the form attached to this Order.
 - d. This case shall be tried in April 2011.
3. The parties shall meet and confer with respect to the impact of this Order on the remaining proceedings in this action. No later than *September 29, 2010*, the parties shall submit a joint letter not to exceed three (3) pages, containing their proposal(s) for the remaining schedule to govern this action, consistent with the above.

Delaware counsel are reminded of their obligations to inform out-of-state counsel of this Order. To avoid the imposition of sanctions, counsel shall advise the Court immediately of any problems regarding compliance with this Order.

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Footnotes

- 1 This is especially so because the Court will, as it must, limit the expert testimony at trial to that disclosed in the expert reports. The Court will defer ruling on any objection to expert testimony as beyond the scope of the expert reports until after trial. If, following trial, a party prevails on such an objection, and a new trial is

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thereby necessitated, the party whose expert testified beyond the scope of his or her expert report(s) will be required to pay the costs of the new trial.

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United States v. St. Luke's Episcopal Hospital, Not Reported in Fed. Supp. (2008)

2008 WL 11407300

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United States District Court, S.D. Texas, Houston Division.

UNITED STATES of America

Ex Rel Joyce Riley, Plaintiffs,

v.

ST. LUKE'S EPISCOPAL
HOSPITAL, et al, Defendants.

Civil Action No. H-94-3996

|

Signed 05/20/2008

Attorneys and Law Firms

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MEMORANDUM OPINION AND ORDER

KENNETH M. HOYT, United States District Judge

I. INTRODUCTION

*1 Pending before the Court is the Defendants', St. Luke's Episcopal Hospital, Texas Heart Institute, Edward K. Massin, M.D., O. Howard Frazier, M.D., Surgical Associates of Texas, P.A., and Baylor College of Medicine (collectively referred to as the "defendants"), Motion to Exclude Expert Testimony of Anne Marie Mooney [Docket No. 285]. The Plaintiff has filed a response to the motion [Docket No. 288] and the defendants have filed a reply [Docket No. 290]. After having carefully considered the parties' submissions, the record and applicable authorities, the Court is of the opinion that the defendants' motion to exclude should be GRANTED.

II. RELEVANT BACKGROUND

The above-captioned matter is set for hearing before a panel of special masters on June 23, 2008. The Seventh Agreed Order Amending Scheduling Order, dated December 27, 2007 ("Seventh Agreed Order"), serves as the parties' roadmap for the remainder of the case and governs the applicable deadlines at issue. As of the date of filing of the defendants'

motion, fact discovery in this case was closed, with the exception of one deposition that the parties agreed to take outside of the discovery period, on February 20, 2008. All written discovery was required to be served by September 28, 2007. Additionally, under the Seventh Agreed Order, the parties' designation and disclosure of expert witnesses was to be completed in accordance with [Rule 26\(a\)\(2\) of the Federal Rules of Civil Procedure](#). The plaintiff was required to file a written designation of her expert witnesses and otherwise comply with [Rule 26\(a\)\(2\)](#) by January 31, 2008; the defendants were required to file a written designation of their expert witnesses and otherwise comply with [Rule 26\(a\)\(2\)](#) by March 15, 2008. All *Daubert* motions related to such designations and disclosures were to be filed by April 7, 2008.

On January 31, 2008, the Plaintiff-Relator, Joyce Riley ("Riley") filed her Formal Designation of Expert Witnesses. On February 15, 2008, the defendants timely filed a motion to exclude the testimony of Riley's expert, Anne Marie Mooney ("Mooney"), asserting that Mooney and her expert report failed to comply with the requirements of [FED. R. CIV. P. 26\(a\)\(2\)\(B\)](#), [FED. R. CIV. P. 702](#) and *Daubert*.

III. APPLICABLE LAW REGARDING EXPERT TESTIMONY**A. Requirements Under Federal Rule 26(a)(2)(B).**

[Rule 26 of the Federal Rule of Civil Procedure](#) requires that the parties disclose the identity of any witness who has been retained or specifically employed to provide expert testimony at trial. [FED. R. CIV. P. 26\(a\)\(2\)\(A\)](#). This disclosure must "be accompanied by a written report prepared and signed by the [expert] witness." [FED. R. CIV. P. 26\(a\)\(2\)\(B\)](#). [Rule 26](#) also requires that the expert's written report contain:

a complete statement of all opinions to be expressed and the basis and reasons therefor; the data or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the opinions; the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has

testified as an expert at trial or by deposition within the preceding four years.

*2 FED. R. CIV. P. 26(a)(2)(B) (emphasis added).

The requirement that the report contain a complete statement of all opinions to be expressed along with the basis and reasons for such opinions is “intended to reduce, or possibly even ... eliminate, the need to depose experts--a plan indication that the report should stand on its own.” *Kozak v. Medtronic, Inc.*, 512 F.Supp.2d 913, 915 (S.D. Tex. 2007) (quoting *Nilssen v. Motorola, Inc.*, 1998 WL 851493, at *2 (N.D. Ill Dec.1, 1998) (Not reported in F.Supp.2d)). Thus, an expert report under Rule 26 “is intended to set forth the substance of the [expert witness’] direct examination,” with its fundamental purpose being to avoid the disclosure of “sketchy and vague” expert information. FED. R. Civ. P. 26 advisory committee’s note; see also *Sierra Club v. Cedar Point Oil Co.*, 73 F.3d 546, 571 (5th Cir. 1996).

B. Requirements Under *Daubert*

The admissibility of expert testimony in federal court litigation is governed by FED. R. EDIV. 702. Specifically, Rule 702 provides as follows:

If scientific, technical or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

FED. R. EDIV. 702. In *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, the Supreme Court set forth “the analytical framework for determining whether expert testimony is admissible under Rule 702.” *Pipitone v.*

Biomatrix, Inc., 288 F.3d 239, 243 (5th Cir. 2002)(citing *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 113 S.Ct. 2786 (1993)). In accordance with *Daubert*, district courts are charged with the task of acting as “gatekeepers” supervising the admission of scientific and non-scientific expert testimony. *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147, 119 S.Ct. 1167, 143 L.Ed.2d 238 (1999). While acting as gatekeepers, district courts must make “a preliminary assessment of whether the reasoning or methodology underlying the testimony is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue.” *Pipitone*, 288 F.3d at 243 (quoting *Daubert*, 509 U.S. at 592 - 93, 113 S.Ct. 2786). In other words, district courts are required to determine whether the expert testimony is both reliable and relevant. *Id.* (citing *Daubert*, 509 U.S. at 589, 113 S.Ct. 2786). The proponent of the expert testimony need only prove that the testimony is reliable by a preponderance of the evidence, not that the expert’s testimony is correct. *Moore v. Ashland Chem., Inc.*, 151 F.3d 269, 276 (5th Cir. 1998) (en banc), cert. denied, 526 U.S. 1064, 119 S.Ct. 1454, 143 L.Ed.2d 541 (1999). This requires “some objective, independent validation of the expert’s methodology.” *Id.*

*3 In *Daubert*, the Supreme Court reasoned that several factors bear on the inquiry into the reliability of designated experts, including, but not limited to, whether the expert’s theory: “(1) can be or has been tested; (2) has been subject to peer review and publication; (3) has a known or potential rate of error ...; and (4) is generally accepted in the relevant scientific community.” *Burleson v. Texas Dept. of Criminal Justice*, 393 F.3d 577, 584 (5th Cir. 2004) (citing *Daubert*, 509 U.S. at 593 - 94, 113 S.Ct. 2786)). In *Kumho Tire*, a case decided after *Daubert*, “the Supreme Court emphasized that the *Daubert* analysis is a ‘flexible’ one, and that ‘the factors identified in *Daubert* may or may not be pertinent in assessing reliability, depending on the nature of the issue, the expert’s particular expertise, and the subject of his testimony.’ ” *Pipitone*, 288 F.3d at 244 (citing *Kumho*, 526 U.S. at 150, 119 S. Ct. 1167). It further reasoned that the trial court’s ultimate responsibility “is to make certain that an expert, whether basing testimony upon professional studies or personal experience, employs in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field.” *Id.* (quoting *Kumho*, 526 U.S. at 152, 119 S. Ct. 1167).

IV. ANALYSIS AND DISCUSSION

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As previously set forth, [FED. R. CIV. P. 26\(a\)\(2\)\(B\)](#) requires that an expert witness' report contain certain information, including "a complete statement of all opinions to be expressed and the basis and reasons therefore." Ms. Mooney's expert report falls short of this required standard. Specifically, her report states, in pertinent part:

4. I believe that the allegations contained in the complaint are true and constitute a violation of the False Claims Act. Illegal services were rendered and which led to charges billed by Defendants SLEH, Frazier and Massin seeking improper payment from the United States Government through its Medicare program.

4A. Branislav Radovancevic has never held a physician license in the U.S..... He was apparently considered a fellow at St. Luke's and THI from 7/1/1984 through 6/30/1991, even though(sic) the documentation shows he completed his fellowship in 1987. After this time, he should not have seen or treated patients, should not have given medical orders, should not have prescribed medications, and should not have participated in clinical care. After this time, he should not have supervised interns, residents, and fellows, and should not have held teaching positions in medical school.

4B. Per UNOS requirements, a patient waiting a heart transplant must be intensive care eligible ... Clearly, patients riding elevators to take showers, visiting the cafeteria and gift shop, and those walking outside for a cigarette break are not qualified to receive treatment in intensive care.

4C. I have serious concerns about the use of physician signature stamps to sign medical records (i.e. O. Howard Frazier, Jr., M.D. and Edward K. Massin, M.D.). In more than thirty-five years of conducting investigations, I have never seen the use of these stamps. I question how these physicians billed Medicare when they were not in Houston.

5. Based on the medical records and sworn discovery responses and testimony, I believe that I can prove that the defendants committed both civil and criminal fraud in Medicare A & B.

The aforementioned paragraphs do not satisfy the requirement under [Rule 26\(a\)\(2\)\(B\)](#) that the expert report contain "the basis and reasons" for the opinions expressed. In this case, Mooney's report merely states her opinions regarding her belief that the defendants have engaged in

fraudulent conduct in violation of the False Claims Act and, generally, the "data or other information" upon which she relies, without ever setting forth any basis or reasoning for such. In other words, her report contains no discussion as to her reasoning and thought process that lead to her ultimate opinion. Simply put, she fails to explain or describe her methodology. To satisfy the requirements under [Rule 26\(a\)\(2\)\(B\)](#), "the [expert's] report must provide the substantive rationale in detail with respect to the basis and reasons for the proffered opinions. It must explain factually *why and how the witness has reached them.*" [Dunkin' Donuts Inc. v. Patel](#), 174 F.Supp.2d 202, 211 (D.N.J. 2001) (quoting [Hilt v. SFC, Inc.](#), 170 F.R.D. 182, 185 (D. Kan. 1997)) (emphasis added).

*4 Additionally, although a copy of Ms. Mooney's curriculum vitae is attached to her report setting forth her credentials as a certified fraud examiner and her related employment history, the following other requirements of [FED. R. CIV. P. 26\(a\)\(2\)\(B\)](#) have not been satisfied: there are no exhibits listed "to be used as a summary of or support for the opinions"; there is no "list of all publications authored by [Ms. Mooney] within the preceding ten years"; and there is no "listing of any other cases in which [Ms. Mooney] has testified as an expert at trial or by deposition within the preceding four years."

Moreover, Ms. Mooney's statement in paragraph 6 concerning her desire "to conduct a review/audit of the Medicare A (hospital) & B (physician) billings and prepare an analysis compared to the complete medical records of the 5 bifurcated patients," leads the Court to conclude that her report is, at this juncture, just preliminary, and further supports the conclusion that it does not contain *a complete statement of all of the opinions to be expressed* by her with regard to this case as required by [Rule 26](#).

Mooney's report also fails scrutiny under *Daubert*. In her Fourth Amended Complaint, Riley essentially alleges that during her employment as a nurse with St. Luke's, she witnessed: (1) an unlicensed physician, Branislav Radovancevic, rendering medical care to patients; and (2) the unnecessary admission and artificial upgrading of patients into the organ transplant program at St. Luke's. Riley alleges that the aforementioned acts resulted in false or fraudulent claims being submitted to the federal government by the defendants for payment through the Medicare and CHAMPUS programs. In order to prevail on her claims, Riley will be required to proffer testimony that the services rendered by Branislav Radovancevic as well as the admission and

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upgrades for the heart transplant patients were inappropriate and unlawful. Testimony of this nature will necessarily concern questions of medical care and medical judgment.

Indeed, Mooney is not qualified to testify concerning these issues. Her curriculum vitae indicates that she obtained a Bachelor of Arts Degree in French in 1971; attended U.S. Postal Inspection Service Training School from January through March 1972; became a commissioned U.S. Postal Inspector in March 1972; and became a certified fraud examiner in 1989, as well as a member of the Association of Certified Fraud Examiners. From 1978 to 1982, she worked as a criminal investigator in the Medicaid Fraud Control Unit for the Massachusetts Office of the Attorney General. From 1985 to 1995, she served as a director in a special investigation unit at Blue Cross Blue Shield of Massachusetts. From 1995 to 1999, she worked in the private accounting industry for accounting firms such as KPMG Peat Marwick, L.L.P. (1995 - 1997), and Pricewaterhouse Coopers, L.L.P. (1997 - 1999). In 2000, she formed Anne Marie Mooney, CFE, Inc., a consulting firm offering fraud examinations and strategic consulting services to various business entities, health care organizations, insurance companies and governmental agencies. She also works as an Adjunct Professor at Southern New Hampshire University Business School where she lectures on forensic accounting and fraud examinations.

Neither her degree nor her certifications, however, make her qualified to opine on issues of medical care and medical judgment. Nor is there any other indicator in her list of credentials that leads the Court to infer that she may be qualified to testify regarding such issues, as there is no indication that she has received any sort of formal medical training or medical degree or certificate relevant to such matters. Further, in her response in opposition to the defendants' motion to exclude, Riley fails to even speak to Ms. Mooney's qualifications in the areas of medical care and medical judgment. Accordingly, the Court is unable to find from a preponderance of the evidence that Ms. Mooney

is qualified in accordance with Rule 702 by specialized knowledge, education, skill, training or experience to provide an admissible expert opinion on issues relating to medical care and questions of medical judgment, including, but not limited to, issues relating to the practice of medicine, applicable guidelines for the supervision of residents and fellows, criteria for admitting patients in a transplant program and criteria for determining intensive care eligibility. Thus, Ms. Mooney is barred from offering opinions in these areas.

V. CONCLUSION

*5 The Court is persuaded by many of the defendants' arguments. First, Mooney's expert report does not comply with the standards set forth in [FED. R. CIV. P. 26\(a\)\(2\)\(B\)](#). Second, her report is conclusory in that it is not sufficient for Ms. Mooney to generally state the resources she made use of and then state a final opinion without some discussion of her thought processes. Third, there is simply no showing that Ms. Mooney's study of French, training to become a U.S. Postal Inspector or certification as a fraud examiner qualifies her to offer an expert opinion in this case on questions of medical care or medical judgment. Thus, Mooney's opinions, if conveyed in the conclusory manner set forth in her initial report, will not assist the trier of fact in this case. Accordingly, the defendants' motion is hereby GRANTED. Ms. Mooney's report is stricken and her testimony is excluded. However, Ms. Mooney's opinions, with the exception of those relating to questions of medical care and medical judgment beyond her area of expertise, may be reinstated if Riley files and serves an amended report curing the deficiencies referenced on or before May 30, 2008.

It is so **ORDERED**.

All Citations

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Wal-Mart Stores, Inc. v. Texas Alcoholic Beverage Commission, Not Reported in Fed....

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Only the Westlaw citation is currently available.
United States District Court, W.D. Texas, Austin Division.

WAL-MART STORES, INC., et al., Plaintiffs,

v.

TEXAS ALCOHOLIC BEVERAGE
COMMISSION, et al., Defendants,

and

Texas Package Stores Association, Intervenor,

1:15-cv-134-RP

|

Signed 05/22/2017

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ORDER

ROBERT PITMAN, UNITED STATES DISTRICT JUDGE

*1 Before the Court is Plaintiffs Wal-Mart Store, Inc., et al., (“Wal-Mart”)’s Motion to Strike Intervenor TPSA’s “Supplemental” Expert Report and Exclude Any Testimony Based On It, (Dkt. 185); Intervenor Texas Package Store Association (“TPSA”)’s Response, (Dkt. 187); and Wal-Mart’s Reply, (Dkt. 211). For the following reasons, the Court concludes Wal-Mart’s motion should be granted.

I. Background

On February 12, 2015, Wal-Mart filed this lawsuit challenging the constitutionality of four Texas statutes regulating the retail sale of liquor. On November 18, 2015, TPSA filed a motion to intervene, which this Court denied. TPSA appealed. The Fifth Circuit stayed the case pending appeal and eventually reversed, holding that TPSA could intervene as a matter of right. After the court of appeals issued its mandate, this Court entered an amended scheduling order to govern the litigation going forward.

Under the amended scheduling order, TPSA was required to designate its testifying experts and to serve their expert reports by December 16, 2016, and Wal-Mart was required to designate its rebuttal experts and serve their reports by January 6, 2017. Wal-Mart’s deadline to designate its rebuttal experts and serve their reports was extended by agreement of the parties to January 13, 2017. On December 16, TPSA timely designated Professors Stephen Magee and Devrim Ikizler as its testifying experts and served all parties with a copy of their joint report. Two days after the deadline, TPSA served a corrected report, which fixed minor formatting and typographical issues. On January 13, Wal-Mart timely designated Professor Kenneth Elzinga as its rebuttal expert and served on all parties a copy of his rebuttal report. Professors Magee and Ikizler were deposed on January 16 and 17.

On January 20, three days after Magee and Ikizler were deposed and more than a month after the deadline for TPSA to designate its experts, TPSA served the parties with a second, purportedly supplemental expert report. Wal-Mart objects to TPSA’s characterization of the new report as supplemental, arguing that it contains wholly new assertions and opinions, and accordingly moves to strike the report from the record as unauthorized and untimely.

II. Discussion

Under the amended scheduling order, TPSA was required to “serve ... the materials required by [Federal Rule of Civil Procedure 26\(a\)\(2\)\(B\)](#) on or before December 16, 2016.” (Am. Scheduling Order, Dkt. 151, at ¶ 2). [Federal Rule of Civil Procedure 26\(a\)\(2\)\(B\)](#) requires a retained testifying expert to produce and disclose a report including “a complete statement of all opinions the witness will express and the basis and reasons for them” as well as “the facts or data considered by the witness in forming them” and “any exhibits that will be used to summarize or support them.” [Federal Rule of Civil](#)

[Procedure 26\(e\)](#) requires a party to timely “supplement or correct” any disclosure made under [Rule 26\(a\)](#) “if the party learns that in some material respect the disclosure or response is incomplete or incorrect.” Under [Federal Rule of Civil Procedure 37\(c\)](#), “[i]f a party fails to provide information or identify a witness as required by [Rule 26\(a\) or \(e\)](#), the party is not allowed to use that information or witness ... at trial, unless the failure was substantially justified or is harmless.”

*2 To avoid exclusion, TPSA must demonstrate that its new expert report is either (1) an appropriate supplement or correction under [Rule 26\(e\)](#) or (2) was substantially justified or harmless under [Rule 37\(c\)](#).

A. Whether TPSA's New Report Is an Appropriate Supplement Under [Rule 26\(e\)](#)

[Federal Rule of Civil Procedure 26\(e\)](#) requires a party to supplement or correct a report that it learns is materially incomplete or incorrect. TPSA argues that its new report is an appropriate supplement, because (1) the new report provides a necessary response to Wal-Mart's expert's rebuttal report, and (2) the new report provides additional detail, data and analysis in support of the original report's conclusions. Neither basis warrants a supplemental report under [Rule 26\(e\)](#).

First, TPSA asserts that its new report is an appropriate response to Wal-Mart's expert's rebuttal report. In essence, TPSA argues that Wal-Mart's expert's rebuttal demonstrates the incompleteness of its own expert report thereby triggering a right to supplement. The Court is unpersuaded. The plain language of [Rule 26\(e\)](#) (which notably applies not only to expert reports but to all mandatory disclosures under [Rule 26\(a\)](#) as well as discovery responses) requires a party to timely cure errors or omissions in its original disclosures. The rule contains no provision allowing a party to amend its original disclosure for the purpose of refuting arguments made in rebuttal.

The Court thus agrees with Wal-Mart that TPSA's characterization of its new report as a refutation of Wal-Mart's expert's rebuttal report simply underscores that the new report is not a supplement at all but in actuality an unauthorized “sur-rebuttal report.” Both the Federal Rules and the amended scheduling order anticipate the need for parties to designate rebuttal experts and to serve rebuttal expert reports. *See* Fed. R. Civ. P. (a)(2)(D)(ii); (Am. Scheduling Order, Dkt. 151, at ¶¶ 2–3). However, neither authorizes a party to file a sur-rebuttal report. Reading [Rule 26\(e\)](#) to authorize a sur-rebuttal is untenable as such a reading

opens the door to an infinitely iterative process whereby each new report necessitates not only a counter-report but also a repeat deposition. To avoid drowning in sur-rebuttal reports, sur-sur-rebuttal reports and so forth, courts must impose a limit. The Federal Rules do just that: a testifying expert is required to produce a single report including “a *complete* statement of *all* opinions the witness will express.” *Fed. R. Civ. P. 26(a)(2)(B)* (emphasis added).

Second, TPSA asserts that its new report provides additional detail, data and analyses in support of its original report's conclusions. Yet, the plain language of [Rule 26\(e\)](#) does not allow a supplemental report for the purpose of providing additional detail. Rather, supplements are allowed only to cure material errors or omissions. Moreover, the purpose of [Rule 26\(a\)\(2\)\(B\)](#) is to prevent parties from serving expert reports that are “so sketchy and vague” that they “provide little help in preparing for a deposition of the witness.” *Fed. R. Civ. P. 26(a)(2)(B)* advisory committee's note. Construing [Rule 26\(e\)](#) to allow a party to supplement its expert report with additional detail subsequent to the expert's deposition would undercut the purpose of [Rule 26\(a\)\(2\)\(B\)](#), which is intended to ensure initial expert reports are both “detailed and complete.” *Fed. R. Civ. P. 26(a)(2)(B)* advisory committee's note; *see Sierra Club, Lone Star Chapter v. Cedar Point Oil Co. Inc.*, 73 F.3d 546, 571 (5th Cir. 1996) (“[Rule 26\(a\)](#) clearly require that the *initial* disclosures be complete and detailed. The purpose of ... supplementary disclosures is just that ... to supplement. These disclosures are not intended to provide an extension of the deadline by which a party must deliver the lion's share of its expert information.”); *see also In re Complaint of C.F. Bean L.L.C.*, 841 F.3d 365, 371 (5th Cir. 2016) (holding that a second expert report expanding on earlier opinions was not a [Rule 26\(e\)](#) supplement).

*3 Moreover, the Court has reviewed TPSA's experts' second report and concludes that it does not merely provide additional detail in support of opinions expressed in the experts' original report. Rather, the purportedly supplemental report is replete with wholly new arguments, analyses and opinions. For example, Section II.A of the second report includes an analysis of the number of chain liquor stores in Texas relative to the total number of liquor stores in the state, as well as a comparison to the growth of large grocery store chains across the country. (Magee & Ikizler Supp. Rep., Dkt. 185–3, at 3–6 charts s1 & s2). These analyses were absent from TPSA's original report. Similarly, Section II.B of the new report includes a regression analysis that correlates states' per capita alcohol consumption to the degree

of liquor control in the state and whether Wal-Mart has a presence in the state while controlling for confounding variables including religious observation and tourism. (*Id.* at 6–9 & app.) While the correlation was presented in the original report, the regression analysis including the attempt to control for confounding variables and the data underlying that analysis are entirely new. As illustrated by these examples, TPSA's second expert report is additive, not supplemental.

Thus, the justifications offered by TPSA for filing a second expert report are not appropriate bases for serving a supplemental report under [Rule 26\(e\)](#).

B. Whether TPSA's New Report Is Excludable Under [Rule 37\(c\)](#)

Because TPSA's second expert report is not allowed under [Rule 26\(e\)](#), TPSA bears the burden of demonstrating that the second report is either substantially justified or harmless under [Rule 37\(c\)](#). In *Sierra Club*, the Fifth Circuit set forth four factors to guide this inquiry: “(1) the importance of the witnesses' testimony; (2) the prejudice to the opposing party of allowing the witnesses to testify; (3) the possibility of curing such prejudice by granting a continuance; and (4) the explanation, if any, for the party's failure to comply with the discovery order.” 73. F.3d at 572 (citing *Bradley v. United States*, 866 F.2d 120, 125 (5th Cir. 1989)).

First, TPSA has not demonstrated that the testimony at issue is of critical importance. TPSA asserts no more than that striking the new report “could impair the TPSA experts' ability at trial to fully express the opinions contained in their original report.” (Resp., Dkt. 187, at 11). Yet, TPSA does not explain why this is so. Striking the new report will not prevent TPSA's experts from testifying to any of the opinions contained in their original report, nor will it prevent TPSA's experts from explicating or reframing those opinions. TPSA cites to *C.F. Bean*, 841 F.3d at 372, in which the Fifth Circuit found the district court erred by excluding a second expert report in part because the supplemental testimony was essential to the party's case. In that case, the district court granted summary judgment against the party offering the supplemental report on the basis that it lacked admissible expert testimony. *Id.* Here, TPSA does not even venture to argue that the opinions contained in its second report are essential, much less dispositive. TPSA simply speculates that striking the report *could* limit the scope of its experts' testimony, but does not explain what effect, if any, narrowing the scope of their experts' testimony will have on the litigation.

Moreover, in *C.F. Bean*, the Fifth Circuit noted that it has repeatedly upheld the exclusion of expert testimony in cases where the “party could call other experts to testify on a particular issue.” *Id.* at 373 (citing *Metro Ford Truck Sales*, 145 F.3d at 324 n.6; *1488, Inc. v. Philisec Investment Corp.*, 939 F.2d 1281 (5th Cir. 1991)). Striking TPSA's second expert report would not prevent TPSA's experts from testifying on any specific issue, it would simply limit their testimony on all issues to the opinions articulated in their original report. The relatively minor importance of the testimony at issue thus counsels toward exclusion.

Second, if TPSA's second expert report is not excluded, Wal-Mart will undeniably be prejudiced. TPSA did not disclose its intention to serve the second report until after Wal-Mart had served its rebuttal report and after the depositions of TPSA's experts were underway. If the second report is allowed, Wal-Mart would be denied the ability adequately depose TPSA's experts as well as the ability to have its own expert fully rebut TPSA's experts' opinions. Even if Wal-Mart were able to re-depose TPSA's experts and to amend or supplement its rebuttal report, such efforts would be costly. *See id.* (finding that allowing an untimely second expert report would prejudice the opposing party because “[t]o properly rebut and re-depose [the expert] would cost substantial time and expense”). TPSA argues that Wal-Mart has already been afforded a sufficient opportunity to depose its experts. Yet, the deposition transcripts indicate that the experts were not prepared to discuss opinions subsequently disclosed in the second report, and, even had they been able to discuss those opinions, Wal-Mart's counsel could not have been prepared to depose the experts on opinions that had yet to be disclosed. Depositions aside, TPSA offers no answer to the concern that Wal-Mart would be required to amend its rebuttal report, which could be both time-intensive and expensive. Thus, the potential prejudice to Wal-Mart also counsels toward exclusion.

*4 Third, neither party seeks a continuance. TPSA asserts without explanation that allowing the second expert report would not require a continuance. But given that the second report was served shortly before summary judgment briefing was due, it is unclear to the Court how the potential prejudice to Wal-Mart could have been avoided without delaying the trial. Because the parties are in apparent agreement that the trial should proceed as scheduled in June 2017, the Court concludes that a continuance is an inappropriate remedy. *Cf. id.* (holding exclusion to be an improper remedy where even the party opposing admission of the expert testimony sought

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a continuance). Moreover, the Court notes that in declining to suggest a continuance as a potential remedy, TPSA undercuts its suggestion that the testimony at issue is of high importance. If the testimony were essential, TPSA would presumably favor a continuance over exclusion.

Finally, TPSA has offered no compelling explanation for its failure to timely produce a complete expert report. TPSA attempt to excuse its second expert report by arguing that it was served shortly after it received Wal-Mart's rebuttal report. But, as explained above, a desire to refute a rebuttal report is not a proper basis for and therefore does not excuse filing an untimely expert report. Under the Federal Rules and the amended scheduling order governing this case, TPSA was required to serve a detailed and complete report on or before December 16, 2017. If TPSA believed that extenuating circumstances warranted producing a second report, it should have first conferred with Wal-Mart and, if unable to reach a mutually agreeable resolution, sought leave from this Court. *See id.* (citing *Metro Ford Truck Sales*, 145 F.3d at 324) (holding that the failure to request an extension of the expert disclosure deadline weighed against admitting the testimony).

All four *Sierra Nevada* factors counsel against allowing TPSA's second expert report. Accordingly, the Court

concludes that the appropriate remedy for TPSA's untimely disclosure is to strike the second expert report pursuant to [Federal Rule of Civil Procedure 37\(c\)](#) and to disallow any testimony derived therefrom.

III. Conclusion

Wal-Mart's Motion to Strike Intervenor TPSA's "Supplemental" Expert Report and Exclude Any Testimony Based On It, (Dkt. 185), is hereby **GRANTED**.

Given the overlapping nature of TPSA's experts' two reports, there is the possibility that disagreements will arise as to what opinion testimony is admissible. If such disagreements do arise, Wal-Mart is invited to object to the admissibility of the testimony offered and the burden will then shift to TPSA to demonstrate that the testimony falls within the scope of its original expert report.

All Citations

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Wright v. Blythe-Nelson, Not Reported in F.Supp.2d (2001)

2001 WL 804529

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Only the Westlaw citation is currently available.
United States District Court, N.D. Texas, Dallas Division.

Alyssa WRIGHT, Plaintiff,

v.

BLYTHE–NELSON, et al., Defendants.

No. CIVA399CV2522D.

I

July 10, 2001.

MEMORANDUM OPINION AND ORDER

FITZWATER, J.

*1 The instant motions for leave to designate expert witnesses and to strike untimely designation and disclosure of expert witnesses and for sanctions present the question whether plaintiff should be permitted to designate three expert witnesses nine months after the court-ordered deadline and 120 days before the current trial setting. The court decides these two related motions together and concludes that plaintiff should be allowed to designate an expert witness on attorney's fees but not expert witnesses on monetary or emotional damages.

I

Plaintiff Alyssa Wright (“Wright”) filed suit against defendants on May 5, 1999 in the Eastern District of Texas alleging claims against one or more of them for violating Title VII of the Civil Rights Act of 1964 (“Title VII”), 42 U.S.C. § 2000e *et seq.*, or committing the Texas-law torts of intentional infliction of emotional distress, assault and battery, or conspiracy.¹ After the case was transferred to this district, the court filed a scheduling order on December 15, 1999 that established August 1, 2000 as the deadline by which “[a] party with the burden of proof on a claim or defense must designate expert witnesses and otherwise comply with [Fed.R.Civ.P.] 26(a)(2)[.]” In an order filed June 28, 2000 the court set the case for the April 2, 2001 two-week trial docket. On December 8, 2000 the court granted the parties’ joint motion, filed the same date, for extension of time and continuance. It continued the trial setting from April 2, 2001 to June 4, 2001. The court also modified its December

15, 1999 scheduling order to extend the deadlines for filing motions for leave to amend pleadings, to complete discovery and file a joint estimate of trial length and joint status report concerning the progress of settlement negotiations, to file motions for summary judgment, and to file motions not otherwise covered. The parties did not request that the court modify, nor did it alter, any other aspects of its June 28, 2000 trial setting order or its December 15, 1999 scheduling order, including the deadline to designate expert witnesses.

On May 4, 2001—nine months after the court-ordered deadline of August 1, 2000 and one month prior to the June 4, 2001 trial setting then in effect—Wright for the first time designated the following expert witnesses: Elizabeth Ann Schrupp, C.P.A. (“Schrupp”), to testify concerning monetary damages such as front pay, Katherine R. DiFrancesca, Ph.D. (“Dr.DiFrancesca”), to testify concerning emotional suffering, and Michael K. Hurst, Esquire (“Hurst”), to testify concerning attorney's fees.² On May 16, 2001, after defendants’ counsel advised Wright’s counsel that they intended to file a motion to strike the designations, she filed a motion for leave to designate expert witnesses. The motion was also filed over two months after the court-ordered deadline of March 1, 2001 for filing motions not otherwise covered, which the court had on December 8, 2000 extended by the parties’ agreement.³ On May 18, 2001 defendants filed a motion to strike untimely designation and disclosure of expert witnesses and for sanctions. On June 5, 2001 the court, on its own initiative, reset the trial to the two-week docket of November 13, 2001.

II

*2 The court addresses first whether Wright should be permitted to call Schrupp and Dr. DiFrancesca. In deciding whether to exclude the testimony of an expert witness whom a party did not properly designate, this court’s discretion is guided by the following factors: (1) the explanation for the failure to identify the witness, (2) the importance of the testimony, (3) the potential prejudice in allowing the testimony, and (4) the availability of a continuance to cure such prejudice. *Geiserman v. MacDonald*, 893 F.2d 787, 791 (5th Cir.1990) (citing *Bradley v. United States*, 866 F.2d 120, 125 (5th Cir.1989)).

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A

Before reaching the relevant considerations, the court considers and rejects Wright's apparent contention that the court should deem important the fact that she designated and disclosed expert witnesses 30 days before the June 4, 2001 trial docket. *See* P. Mot. at 4; P. Resp. at 2–3. To the extent she is asserting that she complied with Rule 26(a)(2)(B) and that such obedience warrants the relief she seeks, her argument is misplaced. First, Rule 26(a)(2)(C) specifies that the default rule (*i.e.*, when the court has not set a different deadline) is 90 days before trial, not 30 days. Wright missed even the deadline that applies absent a court order. Second, the Rule 26(a)(2)(C) deadline is expressly subject to the court's authority to impose an earlier deadline. In the present case, the court exercised its power under Rule 16(b)(4) to set a more advanced time limit for designating expert witnesses.

B

The court initially considers Wright's explanation for failing to identify these witnesses. Although Wright has not explicitly addressed this element under a clearly-identified rubric in her briefing, when the court reads together her motion for leave and reply brief, and her response to defendants' motion to strike, it appears that her rationale is as follows.

Wright was previously represented in this case by Joe Brown, Esquire (“Brown”). Brown was involved in a hotly contested campaign for County Attorney of Grayson County, Texas and believed he had an agreement with defendants' counsel that the discovery deadline would be extended. This agreement was never memorialized in writing. P. Resp. at 3–4;⁴ P. Rep. at 2.⁵ “Plaintiff's failure to timely designate her expert witnesses was rooted in the confusion surrounding the necessity for plaintiff to substitute counsel.” P. Rep. at 2. Brown was involved in his campaign during the discovery phase of this suit. He operated under the impression that the discovery deadline would be extended, especially considering his campaign. *Id.*

After Brown was elected, he withdrew, as required, from the private practice of law. *Id.* On December 11, 2000 Wright's present counsel, Godwin White & Gruber, P.C. (“Godwin”), substituted in Brown's stead. P. Resp. at 2. After substitution, Godwin began the process of identifying experts to support

Wright's damages claims, P. Mot. at 3,⁶ had no reason to believe the parties did not have an understanding regarding the August 1, 2000 deadline (similar to the one concerning extending the discovery deadline), *see* P. Resp. at 5–6; P. Rep. at 2, and has made reasonable efforts to identify and designate expert witnesses expeditiously, P. Resp. at 4; P. Rep. at 2. Additionally, on January 11, 2001 the parties agreed in writing to extend the discovery deadline past the one established by the court and to work with each other regarding discovery matters. *See* P. Mot. at 2–3; P. Mot.App. 1–2;⁷ P. Resp. at 2. Wright relied on the agreement and cooperated with defendants in providing discovery and depositions. P. Mot. at 3.

*3 The court divides Wright's explanation into two periods—August 1, 2000 to December 11, 2000 and December 11, 2000 to May 4, 2001—and finds it lacking in both respects. The period August 1, 2000 to December 11, 2000 covers the part of the case when Wright's designation of expert witnesses was overdue and Brown was her attorney. The sole explanation for failing to designate experts during this time frame is Brown's supposed belief⁸ that the parties had an unwritten agreement concerning extending the *discovery* deadline. Even assuming *arguendo* that they did, this does not address enlarging the *expert designation* deadline. Nor does an agreement regarding extending the discovery deadline necessarily impact the expert designation deadline since discovery can relate to fact witnesses and documents alone. Brown's participation in a campaign for County Attorney does not provide a valid explanation since he opted to remain as counsel in this case while he sought public office.

When the court considers the December 11, 2000 to May 4, 2001 period, it also finds Wright's explanation to be inadequate. During this time frame Wright has been represented by Godwin. Godwin has not justified why it did not file the motion for leave on or before the March 1, 2001 deadline for filing motions not otherwise covered. The court imposes such a deadline to avoid precisely what happened here—the filing of a flurry of significant motions on the eve of trial, when the parties and the court should be engaged in an orderly process of trial preparation.⁹

Nor is Godwin's rationale for failing to designate experts until May 4, 2001 sufficient. First, any reliance on Brown's understanding that the parties had an agreement to extend discovery, and a purported absence of a reason to believe the parties did not also have an understanding regarding the

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August 1, 2000 expert designation deadline, is unreasonable under the circumstances. As the court has held above, an agreement (even assuming it was made) regarding discovery in general does not inexorably extend to expert designations. Moreover, the fact that the parties expressly agreed by December 8, 2000 joint motion to extend the discovery deadline, but did not also address the expert designation deadline, put Godwin on notice that the parties were treating the deadlines discretely and undercuts the contention that counsel could have thought one deadline was influenced by or tied to the other. Second, the January 11, 2001 letter concerning cooperation in discovery does not explicitly address the topic of expert designations. *See* P. Mot.App. 1–2. Third, even if, as is apparently the case, after Godwin entered as counsel it promptly undertook efforts to identify and retain experts, it did not also timely seek relief from the scheduling order. Godwin was on notice on December 11, 2000 (the date it replaced Brown) that any necessary expert designations were already woefully overdue and that Wright either must proceed without expert witnesses or must promptly seek modification of the scheduling order. Given that retaining an expert is feckless without also designating her, to fail to do so until 30 days before the trial setting is inexplicable.

C

*4 The court next considers the importance of the testimony. Wright maintains that evidence from these two experts is critical and essential and that she will be extremely prejudiced if their testimony is excluded.

While the court recognizes that expert testimony on these subjects can assist the trier of fact, the evidence is not so vital, for example, that, without it, Wright faces dismissal of one or more of her causes of action. *Cf., e.g., Christopherson v. Allied Signal Corp.*, 939 F.2d 1106, 1116 (5th Cir.1991) (en banc) (per curiam) (holding that absence of admissible expert evidence of causation warranted summary judgment dismissing product liability claim), *overruled on other grounds, Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993). Defendants concede that “Plaintiff does not need the experts to proceed with her case.” Ds. Resp. at 10.¹⁰ And they acknowledge that she is free to rely on non-expert evidence of economic and emotional damages. *See id.*¹¹ Moreover, although the court anticipates instructing the jury that Wright must establish the existence, nature, and severity of the emotional harm caused by the allegedly

sexually hostile work environment and that there must be some specific discernable injury to her emotional state (such as through sleeplessness, anxiety, stress, depression, marital strain, humiliation, emotional distress, loss of self esteem, excessive fatigue, or a nervous breakdown, and through physical symptoms such as [gastrointestinal disorders](#), hair loss, headaches, and similarly serious maladies), it also intends to instruct the jury that no evidence of the monetary value of such intangible things as pain and suffering need be introduced in evidence, that there is no exact standard for fixing the compensation to be awarded for these elements of damage, that the law does not require that Wright prove her losses with mathematical precision, but only with as much definiteness and accuracy as circumstances permit, and that any award the jury makes should be fair in light of the evidence presented at the trial.

Under these circumstances, the court concludes that the importance of the testimony does not support allowing the late designation.

D

The court considers together the factors on which Wright focuses her motion and her opposition to defendants' motion: the potential prejudice in allowing the testimony and the availability of a continuance to cure such prejudice.

Wright essentially argues that defendants knew several months before she designated Schrupp and Dr. DiFrancesca that she intended to introduce expert testimony on monetary damages and emotional harm. She relies on assertions that (1) on February 12, 2001 she sent a settlement demand to defendants' counsel that was based on Schrupp's economic analysis, and a draft report prepared by Schrupp was attached to the offer, P. Mot. at 2, P. Mot.App. 5–18, P. Resp. at 2; (2) defendants took her deposition on February 12, 2001 and her counsel advised defendants' counsel that she had retained a licensed psychologist or psychiatrist who was then a consulting expert pending completion of an evaluation of her, P. Mot. at 2, 4, P. Mot.App. 19–23, P. Rep. at 2, P. Resp. at 2; (3) after February 2001 defendants did not inquire about Schrupp, and they allowed the deposition deadline to pass without requesting her deposition, P. Mot. at 3–4; (4) Dr. DiFrancesca did not prepare a report until the first week of May 2001, Wright was not in a position to designate her until Dr. DiFrancesca evaluated and analyzed Wright and she received her report, which counsel promptly forwarded to

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defendants after receipt, P. Mot. at 4, P. Rep. at 2, P. Resp. at 3; (5) defendants have not been prejudiced because the witnesses have been designated, their materials have been disclosed, and the court has reset the trial to the November 13, 2001 docket, which will allow them to be deposed before trial, P. Mot. at 5; and (6) Wright has expended approximately \$7,000 for the services of these witnesses, *id.*¹²

*5 Wright's contention that "as early as February 12, 2001, Defendants were aware of Plaintiff's expert with regard to front pay[.]" P. Mot. at 3–4, because a draft report prepared by Schrupp was attached to the February 12, 2001 settlement offer not only lacks merit, it is highly misleading. Neither the draft report, *see* P. Mot.App. 5–18, nor the settlement letter, *see id.* at 3–4, discloses that the economic analysis was prepared by anyone other than Godwin, whose name is the only one set out in the document. There is no indication that an outside expert had prepared the analysis, which consists primarily of a series of arithmetic calculations. Defendants were not on notice that Wright had retained an expert who would testify at trial.

Nor can Wright establish the absence of prejudice based on the fact that at her February 12, 2001 deposition, her counsel advised defendants' counsel that she had retained a licensed psychologist or psychiatrist who was then a consulting expert. *See id.* at 22. When defendants' counsel inquired whether Wright had sought medical, psychological, or other type of treatment or counseling as a result of the sexual harassment at issue, her counsel objected "on the basis of [the] consulting expert only privilege." *Id.* He advised defendants' counsel that "[s]he has talked with somebody ... for the purposes of consulting with that person, who is a licensed psychologist or psychiatrist." *Id.* Defendants' counsel obtained from her only the fact that she had not yet met with the expert or sought any treatment from her, although she had talked to her. Other areas of inquiry were halted by objection and instruction from counsel not to answer. *See id.* at 22–23. This exchange alerted counsel to the fact that Wright had consulted with a licensed psychologist or psychiatrist, not that she would call this person as a witness. Indeed, the premise of her deposition objection was that this area of inquiry was off limits precisely because the expert was a consulting, not testifying, expert. Defendants could reasonably have expected that if the expert ever changed roles from consultant to witness, Wright would seek leave to designate the person as a witness, not that she would use this colloquy to argue in retrospect that it clued defendants to the fact that such a witness would be designated.

The court is not persuaded that the continuance of this case to the November 13, 2001 docket is sufficient to eliminate undue prejudice to defendants.¹³ It is true, of course, that in the approximately 120–day period that remains between now and the new setting, defendants can depose Wright's experts. But assuming the testimony is as critical and essential as plaintiff contends, defendants must have sufficient time after deposing these witnesses to retain their own experts and prepare them for trial. They may also find it necessary to conduct additional fact discovery to impeach Wright's experts' opinions or to support their own experts' opinions. *Cf. Rushing v. Kan. City S. Ry. Co.*, 185 F.3d 496, 509 (5th Cir.1999) (holding that party would be prejudiced by late designation of expert because it would have needed time to research the witness, review material, and probably conduct additional work). As defendants correctly point out, "[t]here is a reason that experts are required to be designated prior to the closure of discovery, as was the case herein. Frequently, expert disclosures and their depositions require further discovery to determine the validity of their position or to factually compromise their opinions." *Ds. Rep.* at 6–7 (citation omitted).¹⁴ And it may be necessary for defendants to raise and litigate *Daubert* challenges to Wright's evidence. They will incur prejudice if forced to engage in the process of deposing and/or challenging Wright's witnesses, conducting any necessary additional factual discovery, and developing expert testimony of their own, at a time when they are otherwise preparing for trial. The court should not allow plaintiff's unjustified tardiness in designating expert witnesses to dictate the focus of defendants' counsel's attention during the critical period of preparation that every able trial lawyer knows precedes a trial.

E

*6 Considering the four factors together, the court concludes that Wright should not be granted leave to designate these two witnesses and that defendants' motion to strike should be granted. Wright's former counsel apparently failed to locate, and certainly did not designate, expert witnesses by the court-ordered deadline and during the several month period that followed during which he was still counsel of record. Wright's present counsel did retain experts but did not attempt to designate them until 30 days before the scheduled trial docket. No reasonable explanation has been presented for these failures. Wright will be permitted to offer lay evidence concerning her monetary damages and corroborating lay proof regarding the emotional harm that she has suffered. The jury will be instructed that no evidence of the monetary value

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of such emotional damages is required. Despite the resetting of this case to the November 13, 2001 docket, defendants will be palpably prejudiced if the court allows Wright to designate the two expert witnesses in question.

III

The court next considers the aspects of the parties' respective motions for leave and to strike that relate to Hurst.

This court has typically treated the designation of attorney's fee experts differently from other experts. In most instances, as in the present case, Rule 54(d) provides that attorney's fees are decided by the court on motion filed after the entry of judgment. Attorneys who represent parties against whom such fees are sought are not surprised by expert testimony because they can usually expect that opposing counsel will attempt to prove his attorney's fees and because they are themselves experts on the subject. Because the matter is handled by motion and usually decided on affidavits,¹⁵ the court can cure any prejudice that a party may face from a tardy designation by continuing submission of the attorney's fee issue if the party needs additional time to obtain its own expert. In the present case, defendants essentially acknowledge the unique manner in which attorney's fees are adjudicated by the trial judge. *See* Ds. Resp. at 10 (noting that under court's scheduling order, attorney's fees are to be tried to court and that court can hear counsel's fact evidence and take judicial notice of what is reasonable and necessary).

Having considered the parties' arguments, the court concludes that there is no basis to vary from its usual approach. It therefore grants Wright leave to designate Hurst as an expert witness on attorney's fees and denies defendants' motion to strike and for sanctions to the extent directed to the designation of Hurst.

IV

In addition to sanctions in the form of striking Wright's designation of expert witnesses, defendants also seek other relief, including attorney's fees and costs for litigating these motions. The court denies this aspect of their motion, concluding that striking the two witnesses is the appropriate remedy on the record presented to the court.

*7 The court grants in part and denies in part Wright's May 16, 2001 motion for leave to designate expert witnesses and grants in part and denies in part defendants' May 18, 2001 motion to strike untimely designation and disclosure of expert witnesses and for sanctions.

SO ORDERED.

All Citations

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Footnotes

- 1 After the case was transferred to this district, the court granted in part defendants' motion to dismiss and dismissed Wright's claims under the Violence Against Women Act, 42 U.S.C. §§ 13981–14040, her claims against the individual defendants under Title VII, her negligence claim, and her claim for intentional infliction of emotional distress against all individual defendants except James L. Blythe. *See Wright v. Blythe–Nelson*, 2000 WL 349747, * 2– * 4 (N.D.Tex. Apr. 3, 2000) (Fitzwater, J.).
- 2 Hurst is Wright's lead counsel in this case.
- 3 The deadline had been January 1, 2001.
- 4 Citations to “P. Resp.” are to Wright's June 7, 2001 response to defendants' motion to strike.

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- 5 Citations to “P. Rep.” are to Wright's June 8, 2001 reply in support of her May 16, 2001 motion for leave to designate expert witnesses.
- 6 Citations to “P. Mot.” are to Wright's May 16, 2001 motion for leave to designate expert witnesses.
- 7 Citations to “P. Mot.App.” are to the May 16, 2001 appendix that Wright filed in support of her motion for leave to designate expert witnesses.
- 8 No evidence has been obtained from Brown and submitted in support of Wright's motion for leave or in opposition to defendants' motion to strike.
- 9 As noted, when Wright filed her motion for leave on May 16, 2001, the June 4, 2001 docket setting was still in effect. This prompted defendants to file on May 18, 2001, and request an expedited ruling on, their motion to strike. Wright's tardy submission required that defendants prepare and file the motion at a time when they were also obligated to submit a proposed pretrial order, witness and exhibit lists, and other required pretrial materials. Had the court been able to reach the case for trial, it would have been obligated to rule on a substantive motion at a time when it was preparing for trial. The schedule that the court issues in civil cases is crafted to avoid such last-minute skirmishes by imposing a catch-all motion deadline.
- 10 Citations to “Ds. Resp.” are to defendants' May 25, 2001 response to Wright's May 16, 2001 motion for leave to designate expert witnesses.
- 11 Although Wright must introduce evidence that establishes the nature and extent of emotional harm, under settled precedent it need not necessarily be by way of expert testimony. *See, e.g., Patterson v. P.H.P. Healthcare Corp.*, 90 F.3d 927, 940 (5th Cir.1996) (holding that to establish intangible loss such as emotional distress in action under 42 U.S.C. § 1981 or Title VII, evidence requires degree of specificity that may include corroborating testimony or expert medical or psychological evidence).
- 12 The fact that Wright has incurred fees in connection with obtaining the testimony of these witnesses is insufficient, alone or in combination with her other arguments, to warrant granting leave to designate them.
- 13 Given the age of this case, the court is unwilling to grant an additional continuance past November 13, 2001 for that purpose.
- 14 Citations to “Ds. Rep.” are to defendants' June 22, 2001 reply in support of their motion to strike.
- 15 According to Wright, defendants' counsel offered in May 2001 to agree that the court would decide the issue of attorney's fees. *See P. Resp.* at 3.

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