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IP CASE OF THE WEEK

Dangers of Relying on Exemplary Products

Arendi S.A.R.L. v. LG Elecs. Inc., No. 2021-1967 (Fed. Cir. Sept. 7, 2022)

By: Joseph Saltiel & Daniel Sokoloff | September 19, 2022

On September 7, 2022, the Federal Circuit (CAFC) affirmed dismissal of a patent infringement suit under the duplicative litigation doctrine because the asserted patent and accused products were part of an earlier filed case. Arendi S.A.R.L. ("Arendi") filed suit against LG Electronics Inc. and LG Electronics USA, Inc. (collectively, "LG") in the District of Delaware asserting that numerous LG products infringed U.S. Patent No. 7,917,843 ("the '843 patent"). The Delaware local rules required Arendi to identify in its infringement contentions the accused products, the asserted patent, and claim charts for each accused product. Arendi identified hundreds of LG products as infringing the '843 patent, but Arendi included a claim chart for only one product, LG's Rebel 4 phone ("Rebel"), which was marked as "exemplary."

LG informed Arendi that its single product claim chart was insufficient and, therefore, understood Arendi's contention to be limited to the Rebel. The parties agreed on eight representative products to represent all of the accused products; one of which was the Rebel. LG provided discovery on all eight representative accused products, but LG also maintained its position that Arendi's single product claim charts were insufficient and that Arendi needed to provide claim charts for the other exemplary products. Despite LG's position, Arendi did not supplement its infringement contentions prior to the close of fact discovery. Instead, Arendi provided its expert report with infringement contentions for five of the seven non-Rebel representative products.

LG moved to strike the portions of Arendi's expert report related to the five additional non-Rebel products. The District Court granted the motion because Arendi had not timely disclosed its contentions with respect to those five products during fact discovery. Instead of trying to amend its contentions, Arendi filed a second suit accusing the non-Rebel products of infringing the '843 patent. LG moved to dismiss the second suit as duplicative, which the District Court granted. Arendi appealed.

On appeal, the CAFC considered whether the District Court appropriately dismissed the second suit under the duplicative-litigation doctrine, which prohibits plaintiffs from having "two separate actions involving the same subject matter at the same time in the same court . . . against the same defendant." Arendi argued that the cases were not duplicative because there was no overlap in accused products due to the District Court's striking of its expert report opinion on the five non-Rebel products. The CAFC rejected this argument because Arendi listed the non-Rebel products in its infringement contentions and conducted discovery aimed at those products. In fact, the CAFC could not find any basis for Arendi's position that the non-Rebel products were not part of the first case. The CAFC explained that the District Court did not exclude the non-rebel products because they were not accused, but rather because Arendi failed in its discovery obligations with respect to those products to provide infringement contentions during fact discovery.

This opinion demonstrates the dangers of relying on exemplary products and the importance of supplementing contentions during fact discovery. Many courts, like the one here, are not going to let parties neglect their discovery obligations without consequences.