

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ROBERT BOSCH LLC,

Plaintiff,

v.

ALBEREE PRODUCTS, INC., API KOREA CO.,
LTD., SAVER AUTOMOTIVE PRODUCTS,
INC., and COSTCO WHOLESALE
CORPORATION

Defendants.

Civil Action No. 12-574-LPS
(CONSOLIDATED)
FILED UNDER SEAL

COSTCO WHOLESALE CORPORATION,

Counter-Plaintiff,

v.

ROBERT BOSCH LLC and ROBERT BOSCH
GMBH,

Counter-Defendants.

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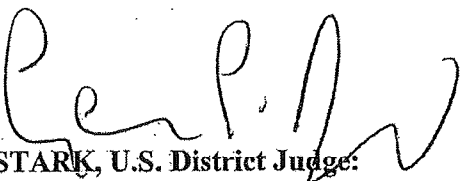
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MEMORANDUM OPINION

January 24, 2017
Wilmington, Delaware



STARK, U.S. District Judge:

Pending before the Court is Defendant Costco Wholesale Corporation's ("Costco") Motion to Dismiss Plaintiff's Complaint Pursuant to Federal Rule of Civil Procedure 37(b)(2). (D.I. 372) ("Motion") For the reasons below, the Court will deny Costco's Motion, but will require that Costco be reimbursed for its reasonable attorney's fees.

I. BACKGROUND

This is a patent infringement lawsuit. Robert Bosch GmbH ("BGmbH") is the parent of Plaintiff Robert Bosch LLC ("BLLC"). (*See* D.I. 311 ¶ 4) BLLC sued various defendants in this Court, including Costco, for infringement of patents covering windshield wiper technology. (*See generally* D.I. 355 at 1-4 (Memorandum Opinion of March 17, 2016)) BGmbH is the former owner of the patents-in-suit and has a financial interest in the outcome of the litigation: both a direct financial interest, as it could obtain between ████████ of any damages the suit generates, and indirectly, as BLLC's corporate parent. (D.I. 266 Ex. 12 at 2-3; D.I. 392, Transcript ("Tr.") at 40)

On December 2, 2015, Costco requested a teleconference regarding BLLC's alleged failure to comply with discovery obligations; specifically, BLLC's failure to produce BGmbH's "agreements with vehicle manufacturers concerning the supply of original equipment wiper systems and production of specifications relating to such systems." (D.I. 262 at 1) The parties submitted letter briefs on the discovery dispute and the Court heard argument during a teleconference on December 17, 2015. At the conclusion of the December 17 discovery call, the Court found (among other things) that the requested documents fell within the "broad scope of relevance which is governing here") (D.I. 277 at 23) and ordered BLLC to produce the disputed

documents, without regard to whether BLLC or BGmbH controlled the documents.

After providing the parties an opportunity to meet and confer on the details of implementing the Court's order, on December 22, 2015 the Court ordered that, "[o]n or before January 8, 2016, BLLC shall produce to counsel for Costco all agreements between BGmbH and OEMs [original equipment manufacturers] relating to wipers or wiper systems, the OEM specifications for wipers or wiper systems to be supplied, and related development documents, including meeting minutes and correspondence." (D.I. 274 at 2 ("December 22 Order"))

Notably, the form of the December 22 Order was prepared by the parties and BLLC did not object to its language. (D.I. 272)

BLLC admits that it did not comply with the December 22 Order and its January 8, 2016 deadline. (See D.I. 381 at 10-11) In partial defense, BLLC explains that it was "negotiating" the scope of discovery with Costco and the procurement of documents from BGmbH until at least January 15, 2016. (*Id.*) BLLC did not inform the Court of these negotiations until, on January 15, 2016, BLLC filed a Motion for Relief from the December 22 Order. (D.I. 284) In Costco's brief opposing BLLC's Motion for Relief, Costco cited evidence of BLLC's repeated failure to comply with discovery obligations. (See D.I. 315 at 1-8) The Court denied BLLC's Motion for Relief on April 11, 2016. (D.I. 368)

BLLC's stated reason for not timely producing the documents is that BGmbH, BLLC's parent, refused to search for and produce any documents when BLLC requested BGmbH to do so, even when BLLC's requests were backed by an order of the Court. (See D.I. 381 at 10) ("The sole reason that BLLC had not already produced the documents – when Costco first asked for them, and again . . . in December when Costco proposed to raise the issue by discovery letter to

the Court – was that BLLC did not have either physical or legal access to any of such documents. BLLC had asked for them repeatedly, and BGmbH had repeatedly rejected its requests, even when partial summary judgment against BLLC had been explicitly threatened as a consequence.”)

Also on January 15, 2016, BGmbH consented to this Court’s jurisdiction over it as a party to this case. (See D.I. 283) Previously, on September 30, 2015, Costco had filed an Answer to BLLC’s Second Amended Complaint and asserted a counterclaim against BLLC and BGmbH. (D.I. 244) In response, BGmbH had filed a motion to dismiss the claims against it due to lack of personal jurisdiction. (D.I. 263, 264)

On January 29, 2016, Costco submitted a letter requesting dismissal of BLLC’s complaint pursuant to Rule 37(b)(2) due to BLLC’s discovery misconduct. (D.I. 307 at 1) The Court heard argument on Costco’s request during a teleconference held on February 4, 2016. (See D.I. 349) At the conclusion of the teleconference, the Court stated that “Costco is entitled to some relief, possibly including dismissal of the entire case,” but stated that the parties would be permitted to be heard more fully before the Court would make a final decision regarding dismissal. (*Id.* at 25)

On March 14, 2016, Costco submitted a letter requesting (1) vacatur of “all existing unexpired deadlines in the current Scheduling Order” and (2) leave to submit full briefing in support of a motion to dismiss pursuant to Rule 37(b)(2). (D.I. 354) On March 17, 2016, the Court granted Costco’s requests and (1) stayed this case, vacating deadlines in the governing Scheduling Order, and (2) granted leave for Costco to file its Motion. (D.I. 356 ¶ 2; *see also* D.I. 355 at 14-16)

Costco filed its Motion on April 22, 2016. (D.I. 372) The parties completed briefing on

June 10, 2016. (D.I. 373, 381, 383) The Court heard oral argument on November 29, 2016.

(See Tr. at 1)

II. LEGAL STANDARDS

Rule 37(b)(2) states, in pertinent part:

If a party or a party's officer, director, or managing agent – or a witness designated under Rule 30(b)(6) or 31(a)(4) – fails to obey an order to provide or permit discovery, including an order under Rule 26(f), 35, or 37(a), the court where the action is pending may issue further just orders. They may include the following: . . . dismissing the action or proceeding in whole or in part Instead of or in addition to the orders above, the court must order the disobedient party, the attorney advising that party, or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the failure was substantially justified or other circumstances make an award of expenses unjust.

In *Poulis v. State Farm Fire & Casualty Co.*, 747 F.2d 863, 868 (3d Cir. 1984), the Third Circuit prescribed six factors that “a district court must consider before it dismisses a case” pursuant to Rule 37(b)(2). *Knoll v. City of Allentown*, 707 F.3d 406, 409 (3d Cir. 2013). The factors are:

(1) the extent of the party's personal responsibility; (2) the prejudice to the adversary caused by the failure to meet scheduling orders and respond to discovery; (3) a history of dilatoriness; (4) whether the conduct of the party or the attorney was willful or in bad faith; (5) the effectiveness of sanctions other than dismissal, which entails an analysis of alternative sanctions; and (6) the meritoriousness of the claim or defense.

Poulis, 747 F.2d at 868. “[D]ismissals with prejudice or defaults are drastic sanctions, termed ‘extreme’ by the Supreme Court” *Id.* at 867-68 (quoting *Nat'l Hockey League v. Metro. Hockey Club, Inc.*, 427 U.S. 639, 643 (1976)).

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