

Plaintiff department store licensed supply-chain software

Verdict: (P) \$238,038,001.00

Case: *Dillard's Inc. v. i2 Technology Inc.*, No. DC-10924

PLAINTIFF(S) Attorney:

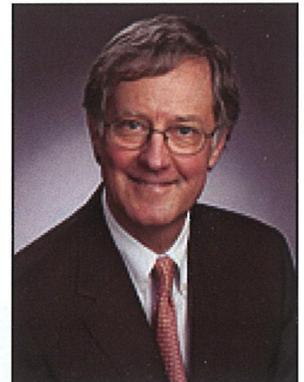
- Ophelia F. Camina, Terrell W. Oxford; Susman Godfrey; Dallas, TX, for Dillard's Inc.
- David D. Wilson; Friday, Eldredge & Clark; Little Rock, AR, for Dillard's Inc.

Facts: In 2000, plaintiff Dillard's Inc., a national department store chain, licensed two enterprise supply-chain software products from and entered into a software services contract with software developer i2 Technologies Inc. Dillard's said it needed the software to determine how much of the plaintiff's basic merchandise needed to be ordered to replenish each of the plaintiff's 350 stores (a total of 18 million SKU-store combinations), and the software had to make this determination during a 24-hour window each week. Dillard's said i2 falsely represented that its software could handle this job. Dillard's sued i2 for fraudulent inducement, fraud, breach of contract and breach of warranty. According to Dillard's, the software could handle no more than 5,200 SKU-store combinations and took 70 to 90 hours to do so and was therefore useless to Dillard's. The plaintiff claimed that the software lacked essential functionality and that i2 exaggerated the products' capabilities. i2 denied representing that the software could process 18 million SKU-store combinations or representing that it could do so in 24 hours. It also argued that Dillard's was still using one of the i2 software products at the time of trial. Also, defense counsel reported that one of the software products could handle 9.2 million SKU-store combinations and the other could handle about 4 million, "together taking approximately 50-70 hours." i2 also argued that Dillard's reasonably should have discovered any fraud or breach in 2001. In addition, i2 counterclaimed for breach of contract and misappropriation of trade secrets, based on the plaintiff reverse-engineering the software. Dillard's denied breach of contract or misappropriation. As to limitations, Dillard's said it reasonably discovered i2's fraud and breach in late 2003. Dillard's said the software was not implemented until late 2001 and that, initially, it was implemented with just a few SKUs and in just a few stores and worked all right. The parties disputed whether other large i2 customers were able to use the software successfully.

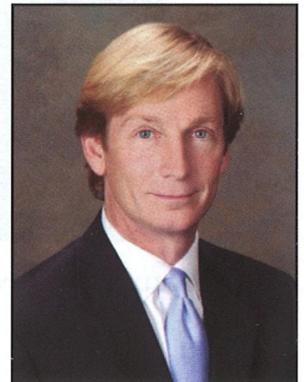
Verdict: The jury found that i2 fraudulently induced Dillard's to enter into the license agreement and services agreement and that i2 committed fraud. The jury also found by clear and convincing evidence that the harm to Dillard's resulted from fraud. The jury found breach of warranty by i2. The jury found for Dillard's on the limitations issues and found no misappropriation or breach by Dillard's. The jury found no breach of contract by i2. Dillard's elected to recover under fraud. The award total is \$238,038,001.



Ophelia F. Camina



Terrell W. Oxford



David D. Wilson