

Printer Co. Not Liable For Restaurant Tablet Issues, Jury Says

By Sarah Jarvis

Law360 (October 30, 2019, 10:28 PM EDT) -- A printer component manufacturer beat back claims it was liable for more than \$197 million in damages for causing malfunctions in tablets that restaurant customers across the nation use to order and pay for their meals after a California state jury ruled in its favor.

Tuesday's verdict handed a win to Citizen Systems Japan Co. and Citizen Systems America Corp., which denied the claims made by Tabletop Media LLC, a manufacturer of a touch screen tablet device called the Ziosk. The tablets — which can be found in thousands of restaurants including Chili's, Red Robin and Olive Garden — used Citizen's printers to print customer receipts, according to court documents.

Tabletop sued in Texas federal court in May 2016, claiming Citizen's printers routinely malfunctioned and caused many restaurants to return their tablets to Tabletop. The suit included claims of common law fraud and breach of contract, among others.

The company accused Citizen of doing an "about-face" by blaming the failures on Tabletop during a meeting shortly before filing a declaratory judgment action in Los Angeles Superior Court in November 2015.

Tim Hsu of Allen Matkins Leck Gamble Mallory & Natsis LLP, counsel for Citizen, said Tabletop sought more than \$197 million for its allegations. He said the Texas federal case was moved to California, and that both parties essentially agreed to dismiss the case, with all claims to be resolved in the state court action.

A press release from Allen Matkins said that after less than three hours of deliberation, the jury returned a nearly unanimous full defense verdict for both Citizen entities.

Hsu said the cause of the tablets' failure was a core dispute at trial. He argued the failure was from misuse of the product, including by members of wait staff spraying the tablets with detergent. He said that food would also get into openings in the tablet and cause the printer to malfunction.

Another issue was whether Citizen misrepresented the quality of the printers, which Hsu said was not the case, adding that the company has always stood by the quality of its products.

Hsu said employees of Citizen, a Japanese company, were devastated by the allegations against their

products and took very seriously the claims about the company's reputation and honor. He said that while they were frustrated at times over the years with the legal system in the U.S., they were happy to see justice.

"They were very happy to see that although the system may be at times imperfect, that the system in fact works," Hsu said.

Counsel for Tabletop and a company representative did not immediately respond to requests for comment Wednesday.

Citizen is represented by Scott Leipzig, Marissa Dennis, Tim Hsu and Abby Bloetscher of Allen Matkins Leck Gamble Mallory & Natsis LLP.

Tabletop is represented by Jeanne Fugate, Lennette Lee, Julia Bredrup and Roya Ladan of Boies Schiller Flexner LLP.

The case is Citizen Systems America Corp. et al. v. SMTC Manufacturing Corp. of California et al., case number YC070952, in the Superior Court for the State of California for Los Angeles County.

--Editing by Adam LoBelia.