

Sheppard Mullin Scores Another Win in Litigation Against Former Octo Executive

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A team of Sheppard Mullin Business Trial attorneys won another victory for Octo and its Chief Executive Officer Mehul Sanghani after a Northern Virginia court rejected a defamation claim brought against him by a former executive.

The win is the latest victory in a litigation campaign waged against leading technology consulting firm Octo (an IBM company) by former executive and board member, Arvinder Kakar, after he alleges he was “constructively terminated.” Two years ago, Sheppard Mullin notched a win for Octo over Kakar in another related case where he sued the company and lost over a host of contract, fiduciary, tort and real estate claims.

In the most recent win, Kakar, Octo’s former Head of Strategy and Vice Chair of its Board of Managers, brought a claim for defamation against Sanghani in a Fairfax County, Va. circuit court. Kakar alleged that Sanghani defamed him by providing a strategic advisor and substantial shareholder with a copy of a “Notice of Material Breach and Willful Misconduct” that a special committee of Octo’s board directed to Kakar through counsel. That notice, which Kakar filed publicly with his complaint, followed a thorough investigation by the special committee supported by outside counsel and documented extensive breaches of contract and fiduciary duties and willful misconduct. Among other misconduct, the notice found that Kakar failed and refused to perform his executive roles, pressured the company to provide him self-interested consideration that disserved the company’s best interests, failed to conduct himself professionally and disparaged Octo’s management. Following the notice, Kakar resigned.

After five days of trial, testimony from 10 witnesses, including members of Octo’s management and special committee and the entry of hundreds of exhibits into evidence, the court ruled against Kakar and entered judgment in favor of Sanghani, finding that Sanghani’s communication was privileged and Kakar failed to prove malice. The evidence at trial included testimony that Kakar berated and humiliated an executive who promptly resigned, and engaged in profanity-laced, obscene and threatening tirades against Octo management and the chair of the board – to the point the board feared for their safety.

Octo, an IBM company, is a technology firm dedicated to solving the federal government’s most complex challenges, enabling agencies to jump the technology curve.

Sheppard Mullin partner Paul Werner, who acted as lead trial counsel for Sanghani, said he was “grateful for the Court’s careful and correct judgment in rejecting an unfortunate claim that never should have been brought in the first place.”

He added, "As the evidence showed, the only thing our client did wrong was bend over backwards to accommodate a deeply troubled executive on a mission to wreak havoc on the very company he was duty bound to serve."

The Sheppard Mullin trial team was led by Paul Werner, and included partner Imad Matini, associates Hannah Wigger, Kate Ryan, Maria-Laura Coltre and Angelo Pavone and trial pro Maggie Mollett.

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