

Texas Jury Shuts Door On Chamberlain's \$63M Patent Case

By **Andrew Karpan**

Law360 (March 14, 2022, 5:13 PM EDT) -- A jury in Texas has cleared a Dallas garage door company of allegations that it owed almost \$63 million for ripping off three patents owned by Blackstone's recently purchased Chamberlain Group, in a scorching verdict that also found that claims in two of the patents were invalid.

The decision came down Friday afternoon, at the end of a weeklong trial in front of U.S. District Judge Rodney Gilstrap that pitted the Chamberlain Group LLC against the somewhat smaller Overhead Door Corp. The brand runs a number of franchises around the country out of the Dallas suburb of Lewisville, and was bought by a Japanese company called Sanwa Electronic in the 1970s.

The complaint landed in Judge Gilstrap's courthouse in Marshall, Texas, last March, a few months before the Chamberlain Group was sold to Blackstone in a deal that valued Chamberlain's Liftmaster, Merlin and Grifco brands of garage door openers at \$5 billion.

At the end of closing arguments Friday morning, Chamberlain lawyer Ruffin Cordell of Fish & Richardson PC asked jurors to award the company \$62.7 million. This reflected the amount in profits the company said it lost by having to compete with Overhead's Destiny and Genie brands of garage door openers, as well as royalties it said Overhead should have paid in order to use its patented door technology.

A few hours later, the jury awarded Chamberlain nothing.

The verdict indicated that the jury was convinced, also, that two of the asserted claims — out of three claims Chamberlain had accused Overhead's products of infringing — were invalid because the language was already covered by older inventions.

Chamberlain's lawyers had relied on the testimony of Ed Laird, an engineer at the company who claimed to have invented a new line of garage door openers around 2012. To jurors, Cordell had described Laird's invention as "a relatively simple, clean way of beeping when you need to and not beeping when you don't."

Cordell had also pitched an emotional argument to jurors, pointing to how much safer their products were in garages across the world.

"Remember all the kids that were hurt and killed and that it was critical to Chamberlain that we not let this happen," Cordell said shortly before deliberations.

Leading Overhead Door's defense was David Callahan from Latham & Watkins LLP. Callahan encouraged jurors to look at the case a little more cynically.

"Your common sense tells you that the only reason somebody would stand up and say, 'This is about children' and 'We're trying to save children and protect children' is if they don't really have anything else to talk to you about," Callahan said Friday.

On Monday, Callahan told Law360 in an email that the jury's verdict was "a complete victory for our client, who has been serving customers with innovative and quality products for over a century."

Representatives for Chamberlain did not respond to a request for comment.

It's not Overhead Door's only win in its legal fight with Chamberlain that is also playing out at the U.S. International Trade Commission. In September, a judge there ruled that Chamberlain's products infringe three patents that are owned by Overhead. Last month, the full commission signed off on that finding and indicated that it could issue a limited exclusion order that would block Chamberlain from importing any more infringing devices into the U.S.

"We regarded the entire lawsuit as an effort to retaliate against us for pursuing the meritorious claims for patent infringement that we brought against Chamberlain in the [ITC]," Overhead CEO's Kelly Terry added in a statement on Monday.

Overhead also has leveled those claims in Judge Gilstrap's court, and earlier this month, the judge ruled that his court would begin taking a look at those infringement allegations once it finished up on Chamberlain's case.

The patents-in-suit are U.S. Patent No. 8,587,404, 9,644,416 and 8,144,011.

Chamberlain Group is represented by Ruffin Cordell, Daniel Gopenko, Benjamin C. Elacqua, Kathryn Quisenberry, Aamir A. Kazi and Jared A. Smith of Fish & Richardson PC.

Overhead Door is represented by David Callahan Giri Pathmanaban, Susan Tull, Kenneth Schuler and Clement Naples of Latham & Watkins LLP, Michael Smith of Scheef & Stone LLP and E. Leon Carter of Carter Arnett PLLC.

The case is the Chamberlain Group LLC v. Overhead Door Corporation et al., case number 2:21-cv-00084, in the U.S. District Court for the Eastern District of Texas.

– Additional reporting by Adam Lidgett. Editing by Kelly Duncan.