

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THE CHAMBERLAIN GROUP, INC.,

Plaintiff,

v.

TECHTRONIC INDUSTRIES CO.,
LTD., TECHTRONIC INDUSTRIES
NORTH AMERICA, INC., ONE
WORLD TECHNOLOGIES, INC.,
OWT INDUSTRIES, INC., ET
TECHNOLOGY (WUXI) CO. LTD.,
and RYOBI TECHNOLOGIES, INC.,

Defendants.

Case No. 16 C 6097

Judge Harry D. Leinenweber

MEMORANDUM OPINION AND ORDER

Plaintiff The Chamberlain Group, Inc. ("Chamberlain") brings this action for patent infringement, alleging that certain models of Ryobi-branded garage door openers ("GDOs") infringe two patents it holds on the same technology. Before the Court is Defendant Techtronic Industries Co. Ltd.'s ("TTI HK") Motion to Dismiss under Rule 12(b)(2) for lack of personal jurisdiction [ECF No. 379]. For the reasons stated herein, the Court denies the Motion.

I. BACKGROUND

Defendant TTI HK is an investment holding company based in Hong Kong. Its products include power tools, outdoor goods, and floor care products sold under several household brand names,

including Milwaukee, Hoover, Oreck, and Ryobi. TTI HK has a number of subsidiaries based in Asia and the United States. Defendant Techtronic Industries North America, Inc. ("TTI NA") is one such subsidiary, but its activities are strictly administrative. Defendant One World Technologies, Inc. ("One World") is a wholly-owned subsidiary of TTI NA that does much of the heavy lifting in North America for TTI HK's Ryobi products. (Confusingly, One World previously conducted its business under the TTI NA name.) Techtronic Trading Limited ("TTI Trading") is another wholly-owned subsidiary of TTI HK, and it ships TTI HK products from Asia to the United States. TTI HK and TTI Trading share a logo, address, and an office at Kowloon Commerce Center, Tower 2, floor 29/F, Kwai Chung, Hong Kong.

In a concurrent proceeding before the International Trade Commission (the "ITC") between the parties to this lawsuit, One World's president, Michael Farrah ("Farrah"), testified on behalf of One World, TTI NA, and TTI HK as follows: "Q. You're not sure which legal entity - entity Techtronic Industries Company Limited falls under? A. No. They're partners - our co-development partners, really, part of our company. We treat them as our company. And I'm not sure what - you know, who pays them, for instance, which legal entity." (ECF No. 410 ("Pl.'s Resp."), Ex. P at 486:1-9.) Recounting a visit to the "Hong Kong office," Farrah also could not distinguish between TTI HK

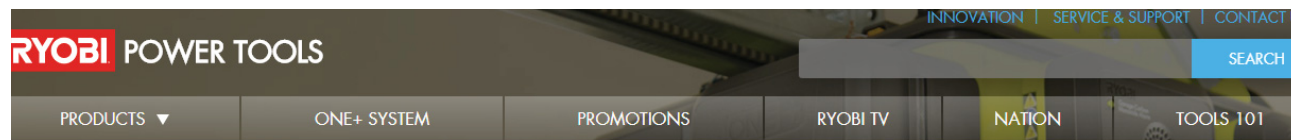
and TTI Trading. He recanted a prior sworn statement in which he denied that TTI HK imported the accused Ryobi GDOs, averring instead that TTI HK "facilitated" importation of the Ryobi GDOs into the U.S. (*See, generally*, Pl.'s Resp. at Ex. P.)

TTI HK's CEO, Joseph Galli ("Galli"), is Farrah's direct report. In an email to Galli captioned "New Business Category Approval Request," Farrah first introduced the Ryobi GDO project as "a very exciting opportunity with The Home Depot" that "will deliver TTI \$36M in net sales @ 28%GGM and 8.7% EBIT in year 1 and then grow to \$45M at and 33% GGM and an 13.2% EBIT in year 3." (Pl.'s Resp. at Ex. G.) Farrah "look[ed] forward to approval so we can move this program ahead." (*Ibid.*) Once development was approved, Galli asked to be kept abreast of "any Home Depot meetings/decisions on" the Ryobi GDO opportunity. (*Id.* at Ex. H.) Galli, TTI HK's Chief Financial Officer, and TTI HK's Deputy Chief Financial Officer approved line-by-line capital expenditures relating to the project - including \$90,925 for a testing facility, \$135,395 for an "environmental chamber," \$138,408 for certain Ryobi GDO modules, and \$815,697 for the program itself. (Pl.'s Resp. at Exs. I-O.)

As relevant, TTI Trading purchases the Ryobi GDOs from a Chinese manufacturer, Defendant ET Technology (WUXI) Co. Ltd. ("ET Door") - with whom TTI HK presumably has an agreement - and imports them to various ports in California and South Carolina.

Once there, title to the GDOs passes to One World, who sells them to The Home Depot - the exclusive retailer of all Ryobi GDOs in the U.S. - for sale at its stores to end users. Around 50 percent of TTI HK's total sales (and approximately 90 percent of One World's sales) are to The Home Depot. (Of TTI HK's roughly \$5.5 billion in revenue in 2016, sales at The Home Depot accounted for more than \$2.7 billion.) Galli tracks the sales of One World's products to The Home Depot on a weekly basis, and has requested sales information for just the Ryobi GDOs.

A visitor to TTI HK's website can click on the Ryobi USA brand link, which navigates them to the homepage for Ryobi Tools. From there, a user can select "Garage Door Openers," and the first item presented is the allegedly infringing Ryobi GDO. From the landing page for that product, the user can choose to "Buy at The Home Depot," and he or she is then redirected to The Home Depot's online store where they can purchase it.



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The Home Depot has a total of 76 stores in Illinois; only five States have more. In 2016, gross U.S. sales revenue of the accused Ryobi GDO totaled approximately \$9.5 million. One World sells the GDOs not just to The Home Depot's headquarters but directly to certain store locations, including over 750 GDOs to a Joliet, Illinois location. In addition, One World has held training seminars and advertised in Illinois Home Depot stores. The Home Depot has honored TTI HK's Ryobi-branded products with various awards for innovation and marketing, recognizing TTI HK as both a "top partner" and "the 2016 Home Depot US Partner of the Year." Commenting on these awards, Galli on behalf of TTI HK stated that "[t]he TTI organization is delivering a continuous flow of compelling and innovative new products." (Pl.'s Resp. at Exs. X-Z.)

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