United States Court of Appeals for the Federal Circuit

SOCLEAN, INC.,
Plaintiff-Appellee

v.

SUNSET HEALTHCARE SOLUTIONS, INC.,
Defendant-Appellant

2021-2311

Appeal from the United States District Court for the District of Massachusetts in No. 1:20-cv-10351-IT, Judge Indira Talwani.

Decided: November 9, 2022

BRENDAN COX, Laredo & Smith, LLP, Boston, MA, argued for plaintiff-appellee. Also represented by PAYAL SALSBURG.

JOHN LABBE, Marshall, Gerstein & Borun LLP, Chicago, IL, argued for defendant-appellant. Also represented by MARK HARRY IZRAELEWICZ, TIFFANY D. GEHRKE.

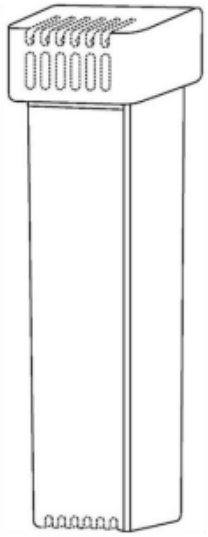
Before NEWMAN, LOURIE, and PROST, *Circuit Judges*.

PROST, *Circuit Judge*.

Sunset Healthcare Solutions, Inc. ("Sunset") appeals the U.S. District Court for the District of Massachusetts's order granting preliminary injunctive relief to SoClean, Inc. ("SoClean") requiring "Sunset to clearly associate its online marketing and sales . . . with the Sunset brand." *SoClean, Inc. v. Sunset Healthcare Sols., Inc.*, 554 F. Supp. 3d 284, 308 (D. Mass. 2021). We affirm.

BACKGROUND

This appeal is a small part of a larger intellectual-property dispute between SoClean, a medical-device company that produces sanitizing devices for Continuous Positive Airway Pressure ("CPAP") machines, and Sunset, one of its former distributors. As relevant here, SoClean owns U.S. Trademark Registration No. 6,080,195 ("the '195 registration") for the configuration of replacement filters for its sanitizing devices:



U.S. Reg. No. 6,080,195

SoClean sued Sunset for patent infringement on February 20, 2020; it filed a second patent-infringement lawsuit about a year later; and, shortly thereafter, it amended the complaint in the second lawsuit to assert trademark-infringement claims based on, among others, the '195 registration. The district court consolidated the two cases at the parties' request.

On April 23, 2021, SoClean asked the district court to preliminarily enjoin Sunset from using, selling, offering for sale, or making in the United States filters that SoClean alleged infringed the '195 registration. The district court granted the motion in part, concluding that SoClean was likely to succeed on the merits and, accordingly, was entitled to a presumption of irreparable harm. *SoClean*, 554 F. Supp. 3d at 306–07. Balancing the equities and weighing the public interest, the district court concluded that SoClean's request to enjoin all sales of Sunset's filters would "go[] much further than necessary" to "end any possible statutory violation." *Id.* at 308. The district court instead crafted a narrow "injunction that prohibits Sunset from engaging in those practices that result in consumer confusion" and enjoined Sunset from marketing its filters "using images of the filter cartridge alone"; "[a]ny image, drawings, or other depictions of Sunset's filter cartridge used for the purposes of promotion, marketing and/or sales shall prominently display the Sunset brand name in a manner that leaves no reasonable confusion that what is being sold is a Sunset brand filter." *Id.*

Sunset appeals. We have jurisdiction under 28 U.S.C. §§ 1292(c)(1) and 1295(a)(1).

DISCUSSION

We review a preliminary-injunction order under the law of the regional circuit. *Koninklijke Philips N.V. v. Thales DIS AIS USA LLC*, 39 F.4th 1377, 1379 (Fed. Cir. 2022). The First Circuit reviews preliminary-injunction decisions for abuse of discretion; it reviews underlying questions of

law de novo and questions of fact for clear error. *Am. Inst. for Foreign Study, Inc. v. Fernandez-Jimenez*, 6 F.4th 120, 122 (1st Cir. 2021).

A party seeking a preliminary injunction must establish (1) a likelihood of success on the merits of its claim; (2) a likelihood of irreparable harm in the absence of preliminary relief; (3) that the balance of equities tips in its favor; and (4) that the injunction is in the public interest. *Together Emps. v. Mass Gen. Brigham Inc.*, 32 F.4th 82, 85 (1st Cir. 2022) (citing *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008)). "The first two factors are the most important." *Id.*

Sunset raises two challenges on appeal, both relating to the likelihood-of-success factor. First, it argues that the district court abused its discretion when it concluded that SoClean was likely to defeat Sunset's defense that the '195 registration lacks secondary meaning. Second, it contends that the district court erred in finding that the availability of alternative designs for the filter's head meant that SoClean was likely to defeat Sunset's functionality defense. We address each in turn.

I

We begin with Sunset's secondary-meaning arguments. Sunset contends that the district court (1) afforded too much weight to the presumption of validity and (2) held Sunset to a higher standard of proof than the applicable preponderance-of-the-evidence standard. Neither contention has merit.

There is no dispute that SoClean's trade dress is a product-configuration trade dress, so it is only protectable "upon a showing of secondary meaning." *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 216 (2000). But where, as here, the trade dress is federally registered, that registration "shall be prima facie evidence of the validity of the registered mark and of the registration of the mark."

15 U.S.C. § 1057(b); *see also id.* § 1115(a) ("Any registration . . . of a mark registered on the principal register provided by this chapter and owned by a party to an action . . . shall be prima facie evidence of the validity of the registered mark and of the registration of the mark."). When the mark has been registered for fewer than five years and remains contestable, as is the case for the '195 registration, "the effect of registration . . . is to shift the burden of proof from the plaintiff to the defendant, who must introduce sufficient evidence to rebut the presumption of the plaintiff's right to exclusive use." *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 117 (1st Cir. 2006) (cleaned up).

Though Sunset acknowledges that it bears the burden of showing that SoClean's registration lacks secondary meaning, it nonetheless argues that the district court should have "decide[d] whether the evidence that was before the [trademark] examiner, in view of Sunset's arguments and additional evidence, is sufficient to support SoClean's Section 2(f) registration." Appellant's Br. 23–24. The district court agreed that Sunset had "raise[d] questions as to whether the [e]xaminer followed PTO procedures in approving" the '195 registration.[1] *SoClean*, 554 F. Supp. 3d at 296. It nevertheless presumed that the registration was valid because "Sunset ha[d] pointed to no

---

[1] Namely, while evidence of five years' continuous use is prima facie evidence that a mark has acquired distinctiveness, 15 U.S.C. § 1052(f), the Trademark Manual of Examining Procedure ("TMEP") requires additional evidence for "nondistinctive product design" like SoClean's filter, *see* TMEP § 1212.05(a). As the district court noted, the trademark examiner "granted SoClean the benefit of th[e] statutory presumption and approved the [m]ark" without requiring additional evidence of secondary meaning. *SoClean*, 554 F. Supp. 3d at 296.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.