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8 UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE
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10 LOOPS, LLC, and LOOPS FLEXBRUSH
11 LLC,

12 Plaintiffs,

13 v.

14 AMERCARE PRODUCTS, INC., *et al.*,

15 Defendants.

CASE NO. C08-1064RSM

ORDER DENYING PLAINTIFFS'
MOTION FOR PRELIMINARY
INJUNCTION

16 **I. INTRODUCTION**

17 This matter comes before the Court on Plaintiffs' motion for preliminary injunction.
18 (Dkt. #5). Plaintiffs seek an order from the Court enjoining Defendants from selling their
19 patented toothbrushes at correctional facilities in the United States. Plaintiffs indicate that they
20 will succeed on the merits because they have a valid patent on the toothbrushes at-issue, and
21 Defendants had notice of these patents. They also contend that they have suffered irreparable
22 harm because Defendants were awarded a contract with a correctional facility that Plaintiffs
23 would have otherwise received. Furthermore, they indicate that they have lost nearly 50% of
24 their business as a result of Defendants' infringement, while the toothbrushes that Defendants
25 sold only represent a small portion of their entire business. Therefore, they argue that the
26 balance of hardships weighs sharply in their favor.

27 Defendants respond that they no longer manufacture, import, market, or sell the
28

1 toothbrushes Plaintiffs claim they have a patent for, and have no intention to do so in the future.
2 They specifically contend that they originally did not have notice of Plaintiffs' patents, and when
3 they learned of the patents, they immediately discontinued selling and manufacturing them.
4 Alternatively, Plaintiffs indicate that if the Court grants Plaintiffs' motion, they request that the
5 language of the order be crafted in accordance with the relevant patent and trademark statutes,
6 and limit their geographical scope to the United States.

7 For the reasons set forth below, the Court DENIES Plaintiffs' motion for a preliminary
8 injunction.

9 II. DISCUSSION

10 **A. Background**

11 Plaintiffs Loops, LLC and Loops Flexbrush LLC (collectively "Plaintiffs") sell oral
12 hygiene products to correctional facilities nationwide. In August of 2006, Plaintiffs began
13 selling a flexible handle toothbrush to the New York City Department of Corrections, and
14 continued to do so through June of 2007. During this time period, Plaintiffs sold over 329,000
15 toothbrushes to the New York City Department of Corrections.

16 According to Plaintiffs, the hallmark of its toothbrush is its unique flexible handle.
17 Regular toothbrushes in the correctional environment are a major weapon in the hands of prison
18 inmates as they can be sharpened into stabbing and slashing devices. Plaintiffs' toothbrush
19 eliminates these safety concerns and are used by many United States correctional facilities as a
20 substitute for regular toothbrushes.

21 Beginning in January of 2006, Defendant Wendy Hemming ("Ms. Hemming"), a
22 principal of Defendant Phoenix Trading, Inc. dba Amercare Products, Inc. ("Amercare"),
23 contacted Plaintiffs with the intention of selling some of Plaintiffs' products. Similar to
24 Plaintiffs, Defendant Amercare sells oral hygiene products to correctional facilities. Moreover,
25 from January 2006 to January 2007, Defendant Amercare ordered "Floss Loops Safety Dental
26 Floss" from Plaintiffs. Defendant Amercare also requested samples of Plaintiffs' flexbrush
27 toothbrushes during this time. According to Plaintiffs, each of the samples they sent to
28 Defendant Amercare clearly identified that the toothbrushes were "patent pending" on both the

1 toothbrush itself and on its packaging.

2 On January 23, 2007, Ms. Hemming specifically expressed her interest in selling
3 Plaintiffs' toothbrushes and floss. She requested that Plaintiffs give Defendant Amercare all of
4 Plaintiffs' contracts in order to allow Defendant Amercare to manage these contracts.¹ Plaintiffs
5 denied the request. Three days later, Ms. Hemming once again requested that Plaintiffs provide
6 Defendant Amercare with their contracts. Plaintiffs once again denied Ms. Hemming's request.

7 A few months later, in April of 2007, the NYC-DCS put out an Invitation to Bid for a
8 contract to supply NYC-DCS with toothbrushes from August 30, 2007 through November 29,
9 2010. According to Plaintiffs, the bid referred to the manufacturer as "Loops Flexbrush or
10 Equal" and the brand as "Loops Flexbursh #FBM02 or equal." (Decl. of Kayser, ¶ 58).
11 Plaintiffs also claim that the Invitation to Bid also required a manufacturer's authorization.
12 (*Id.*). Plaintiffs eventually submitted their bid on April 24, 2007. (*Id.*, ¶ 59). Unbeknownst to
13 Plaintiffs at the time, Defendant Amercare also placed a bid on the NYC-DCS contract at a
14 price approximately 50% lower than the price Plaintiffs set with its bid. The NYC-DCS
15 awarded Defendant Amercare the contract, and according to Plaintiffs, Defendant Amercare has
16 provided approximately 225,000 toothbrushes to NYC-DCS from July of 2007 through
17 February 2008.²

18 Plaintiffs further contend that Defendant Amercare has been manufacturing the
19 counterfeit toothbrushes in China. In addition, Plaintiffs indicate that at a trade show in China
20 on October of 2007, a representative of Plaintiffs discovered that Defendant Amercare was
21 advertising the infringing toothbrushes at a display booth. Plaintiffs also obtained United States
22 Customs Manifest Journals for shipping containers imported into the United States in the name

24 ¹ Apparently, Defendant Amercare had previously contracted with the New York City Department
25 of Citywide Services ("NYC-DCS") and supplied them with toothbrushes for their inmates. However,
26 once Plaintiffs began selling the flexible toothbrushes at-issue, NYC-DCS began purchasing from
27 Plaintiffs.

28 ² Plaintiffs eventually acquired this information through Freedom of Information Law ("FOIL")
requests to New York City's agencies for public records. (Decl. of Kayser, ¶¶ 219 - 224).

1 of Amercare. According to Plaintiffs, the journals indicate that Defendant Amercare has
2 imported 158 containers, the majority of them from China. Plaintiffs further contend that from
3 April 2, 2007 through June 30, 2008, Defendant Amercare has imported 26 containers that
4 contained the infringing toothbrushes.

5 Importantly, Plaintiffs originally submitted their patent application for the flexible
6 toothbrushes at-issue on August 18, 2004. The United States Patent & Trademark Office
7 eventually granted the application on February 26, 2008, and issued United States Patent
8 7,334,286 for the flexible toothbrushes. (Decl. of Kayser, ¶ 218, Ex. 95). Defendants claim
9 that they did not receive actual notice of Plaintiffs’ patent until June of 2008.

10 On July 11, 2008, Plaintiffs filed the instant lawsuit, alleging several causes of action
11 under patent, trademark, and contract law. They now move for a preliminary injunction seeking
12 to enjoin Defendant Amercare from importing, manufacturing, or selling the flexible
13 toothbrushes that they sold and allegedly continue to sell to the NYC-DCS. Notably,
14 Defendants also brought a motion to dismiss, strike, and clarify pursuant to FRCP 12, which the
15 Court denied on November 13, 2008.

16 **B. Standard of Review**

17 35 U.S.C. § 283 vests district courts with jurisdiction to “grant injunctions in
18 accordance with the principles of equity to prevent the violation of any right secured by patent,
19 on such terms as the court deems reasonable.” 35 U.S.C. § 283. Under this statute, a
20 preliminary injunction will issue if the moving party can establish: (1) a reasonable likelihood of
21 success on the merits; (2) irreparable harm if an injunction is not granted; (3) a balance of
22 hardships tipping in its favor; and (4) the injunction’s favorable impact on the public interest.
23 *Reebok Int’l Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1555 (Fed. Cir. 1994). “These factors, taken
24 individually, are not dispositive; rather, the district court must weigh and measure each factor
25 against the other factors and against the form and magnitude of the relief requested.”
26 *Hybritech, Inc. v. Abbot Labs*, 849 F.2d 1446, 1451 (Fed. Cir. 1988). A preliminary injunction
27 in a patent infringement lawsuit will not issue “unless [the movant] establishes *both* of the first
28 two factors, *i.e.*, likelihood of success on the merits and irreparable harm.” *Amazon.com, Inc.*

1 *v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001) (citations omitted)
2 (emphasis in original). Ultimately, a preliminary injunction is “an extraordinary and drastic
3 remedy” and “one that should not be granted unless the movant, *by a clear showing*, carries the
4 burden of persuasion.” *Mazurek v. Armstrong*, 520 U.S. 968, 972 (citations omitted) (emphasis
5 in original). The grant or denial of a preliminary injunction under 35 U.S.C. § 283 is within the
6 sound discretion of the district court. *Novo Nordisk of N. Am., Inc. v. Genetech, Inc.*, 77 F.3d
7 1364, 1367 (Fed. Cir. 1996).

8 **C. Likelihood of Success on the Merits**

9 The first factor to consider in the Court’s analysis is to determine whether the party
10 seeking the injunction will likely prevail on the merits. Plaintiffs claim they have met this
11 requirement because they have a valid patent on the toothbrushes at-issue, and because
12 Defendants are infringing on Plaintiffs’ patent as evidenced by the very nature of the NYC-
13 DCS’s Invitation to Bid. However, Plaintiffs’ arguments are significantly underscored by the
14 fact that the bulk of the allegations that form the basis of Plaintiffs’ motion occurred *prior* to the
15 acceptance of Plaintiffs’ patent application by the United States Patent & Trademark office.
16 While the Court agrees with Plaintiffs that a patent is presumed valid at every stage of the
17 litigation, *see PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 1566 (Fed. Cir. 1996),
18 it is a fundamental maxim in patent law that “no infringement can occur *before* the issuance of
19 the patent.” 1 J. Gladstone Mills III et al., *Patent Law Fundamentals*, § 2.17 (2d ed. 1991)
20 (emphasis added). Moreover, the marking “patent-pending” only “serves to notify that the
21 marked articles are not in the public domain and *may* be subject to inchoate patent rights and
22 future protection.” *Conopco, Inc. v. May Dept. Stores Co.*, 784 F. Supp. 648, 674 (E.D. Mo.
23 1992) (citation omitted) (emphasis added). “Therefore, the article to which this language is
24 affixed is technically not, at the time of its marking, subject to a subsisting patent covering the
25 invention to which the marking refers.” 1 J. Gladstone Mills III et al, *supra*. Indeed, as the
26 Court indicated in its Order denying Defendants’ motion to dismiss, the Federal Circuit has
27 made clear that:

28 A “patent pending” notice gives one no knowledge whatsoever. It is not even a

1 guarantee that an application has been filed. Filing an application is no guarantee any
2 patent will issue and a very substantial percentage of applications never result in patents.
3 What the scope of claims in patents that do issue will be is something totally
4 unforeseeable.

5 *State Industries, Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1235 (Fed. Cir. 1985).

6 Here, it is undisputable that Plaintiffs' patent application was granted on February 28,
7 2008. As indicated, almost all of Defendants' infringing activities took place prior to this date.
8 For example, Plaintiffs allege that Defendants requested samples and ultimately manufactured
9 Plaintiffs' toothbrushes on their own throughout 2006 and 2007. But it is undisputed that the
10 samples Plaintiffs sent at this time were marked with the words "patent-pending" and were sent
11 prior to the issuance of Plaintiffs' patent. Plaintiffs additionally allege that Defendants
12 fraudulently obtained the NYC-DCS contract and shipped approximately 225,000 toothbrushes
13 to NYC-DCS. However, it is clear that the Invitation to Bid was sent and ultimately awarded
14 to Defendants prior to the issuance of Plaintiffs' patent. Plaintiffs' also claim that Defendants
15 were advertising Plaintiffs' toothbrushes at a trade show in China. Again, this took place in
16 October of 2007, a few months before the issuance of Plaintiffs' patent. Plaintiffs therefore
17 cannot clearly show that they will succeed on the merits when the activities that constitute the
18 basis of their patent infringement lawsuit occurred prior to the issuance of their patent. Indeed,
19 the following excerpt from the patent law treatise quoted above is on point:

20 Copying or otherwise simulating an article marked merely "patent pending" during only
21 the pendency of the corresponding patent application(s) before the Patent & Trademark
22 Office *would not, by itself, be unlawful or otherwise constitute an invasion of any of the
23 patentee's rights.* However, any unauthorized making, using, or selling of articles *from
24 the time of issuance of letters patent would constitute infringement.* Anyone engaged in
25 the unauthorized manufacture of the patentee's invention before the issuance of letter
26 patent would have to close down such operations upon the issuance of the patent, lest
27 he be subject to liability as an infringer.

28 1 J. Gladstone Mills III et al., *supra*. (emphasis added).

As such, to succeed on the merits, Plaintiffs must establish that Defendants were
engaged in patent infringement after February 28, 2008. To support this argument, Plaintiffs
contend that: (1) Defendants are continuing to sell the infringing toothbrushes to NYC-DCS,
and will continue to do so throughout the duration of the contract which runs through 2010;
and (2) Defendants are also selling the infringing toothbrushes to a correctional facility in Iowa.

1 However, Plaintiffs do not offer any objective evidence in support of these statements. Without
2 such evidence, the Court will not accept such naked allegations at face value. Additionally,
3 Defendants refute both claims, arguing that they have stopped manufacturing and selling the
4 toothbrushes at-issue once they received actual notice of Plaintiffs' patent in June of 2008.
5 Defendants also claim that the reference to the Iowa correctional facility, which notably was
6 asserted by Plaintiffs in their reply, was disingenuous because Defendants have evidence to
7 refute such a claim. And while the Court equally does not accept these allegations at face-
8 value, it would be premature for the Court to conclude that either party's assertions are true
9 without the benefit of discovery.

10 Alternatively, Plaintiffs may succeed on the merits by showing that Defendants had
11 "constructive notice" of Plaintiffs' patent. A party claiming patent infringement can "either
12 provide constructive notice (through marking) or actual notice in order to avail itself of
13 damages" under 35 U.S.C. § 287(a). *American Medical Sys. Inc., v. Medical Eng'g Corp.*, 6
14 F.3d 1523, 1537, n.18 (Fed. Ci. 1993). Furthermore, "[i]n determining whether the patentee
15 marked its products sufficiently to comply with constructive notice requirement, the focus is not
16 on what infringer actually knew, *but on whether patentee's actions were sufficient*, in the
17 circumstances, to provide notice[.]" *Halliburton Services v. Smith Intern. Inc.*, 317 F. Supp. 2d
18 719, 723 (E.D. Tex. 2004) (citation omitted) (emphasis added). This inquiry, however, is
19 heavily fact-intensive. Moreover, Plaintiffs do not provide any arguments that they have met
20 the notice requirements of 35 U.S.C. § 287(a) outside of their broad allegation in their
21 complaint that Defendants had sufficient notice. Therefore the Court does not find Plaintiffs
22 have established that Defendants had constructive notice at this stage of the litigation.

23 In sum, Plaintiffs did not have their patent application accepted by the United States
24 Patent & Trademark office until February 28, 2008. Furthermore, Plaintiffs do not focus on
25 Defendants' conduct following this date. Under such circumstances, the Court finds that
26 Plaintiffs have not shown that they will succeed on the merits.

27 **D. Irreparable Harm**

28 The second factor courts consider in a preliminary injunction analysis is whether the

1 moving party can establish that it will suffer irreparable harm if an injunction does not issue.
2 Significantly, most courts adopt a sliding scale approach wherein the probable success on the
3 merits and the possibility of irreparable harm “represent two points on a sliding scale in which
4 the required degree of irreparable harm increases as the probability of success decreases.” *A&M*
5 *Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9th Cir. 2001); *see also Belgium v. U.S.*,
6 452 F.3d 1289, 1293 (Fed. Cir. 2006). In other words, the greater the relative hardship to the
7 party seeking the injunction, the less the probability of success must be shown, and vice versa.
8 *See Clear Channel Outdoor, Inc. v. City of Los Angeles*, 340 F.3d 810, 813 (9th Cir. 2003).
9 No one factor is necessarily dispositive, “because the weakness of the showing regarding one
10 factor may be overborne by the strength of the others.” *Belgium*, 452 F.3d at 1293 (internal
11 quotations and citation omitted).

12 Thus, as applied to the instant case, Plaintiffs must make a strong showing that they will
13 suffer irreparable harm because they have not clearly shown they will succeed on the merits. To
14 support this showing, Plaintiffs argue that a patentee is presumed to have suffered irreparable
15 harm where another infringes upon the patentee’s patent. (Dkt. #5 at 19) (*citing Polymer*
16 *Technologies, Inc. v. Bridwell*, 103 F.3d 970, 973 (Fed. Cir. 1996)). However, for the reasons
17 set forth above, the Court cannot definitively find that Defendants are infringing Plaintiffs’
18 patent when the majority of the activities complained of by Plaintiffs occurred prior to the
19 issuance of Plaintiffs’ patent. Therefore the presumption of irreparable harm does not apply in
20 this case.

21 Plaintiffs also argue that they will suffer irreparable harm because they have lost market
22 share and business relationships due to Defendants’ alleged infringement. Plaintiffs indicate that
23 the toothbrushes at-issue, as well as the floss they sell, represent 95% of their sales, and that
24 their sales have decreased significantly since April of 2007. However, Plaintiffs do not clearly
25 delineate what portion of the 95% in sales represents the sale of the toothbrushes at-issue, and
26 what portion represents the sale of floss. This is clearly significant because Plaintiffs are
27 alleging that Defendants are only infringing upon their toothbrushes.

28 In addition, Plaintiffs’ arguments are significantly undermined by their statement that

1 they “have developed a niche market of providing patented and trademarked safety dental
2 products for correctional inmates . . . In doing so, Plaintiffs have established substantial
3 goodwill and reputation with *hundreds of federal, state and county jails nationwide. Numerous*
4 *correctional facilities allow inmates to exclusively use Plaintiffs’ products to the exclusion of*
5 *other competing products.”* (Dkt. #5 at 21) (emphasis added). Plaintiffs also state that their
6 complaint that their toothbrushes “are used by *many* U.S. correctional facilities.” (Pls.’ Compl.,
7 ¶ 16) (emphasis added). Therefore Plaintiffs’ suggestion that the loss of the NYC-DCS has had
8 a crippling effect on its business seems contrary to the assertions they make in their pleadings
9 that they are serving “hundreds” of jails nationwide. Irreparable harm does not seem likely to
10 result if the Court does not issue an injunction because by Plaintiffs’ own assertions, “numerous
11 correctional facilities” are using Plaintiffs’ products. As a result, the Court finds that Plaintiffs
12 have not clearly shown that irreparable harm will result at this stage of the proceedings.

13 **E. Remaining Factors**

14 As mentioned above, a preliminary injunction in a patent infringement case will not issue
15 “unless [the movant] establishes *both* of the first two factors, *i.e.*, likelihood of success on the
16 merits and irreparable harm.” *Amazon.com*, 239 F.3d at 1350 (emphasis in original). Therefore
17 while the Court recognizes that no one factor is dispositive, a party must, at the very least,
18 establish both factors discussed above. Because the Court has ruled that Plaintiffs have not
19 shown a high likelihood of success or shown irreparable harm, the Court finds it unnecessary to
20 analyze the remaining factors in the preliminary injunction inquiry. Accordingly, Plaintiffs’
21 motion is denied.

22 **III. CONCLUSION**

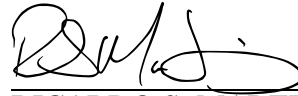
23 Having reviewed the relevant pleadings, the declarations and exhibits attached thereto,
24 and the remainder of the record, the Court hereby finds and ORDERS:

25 (1) Plaintiffs’ Motion for Preliminary Injunction (Dkt. #5) is DENIED. The Court shall
26 issue its initial scheduling order once Defendants answer Plaintiffs’ amended complaint as
27 directed by the Court’s order denying Defendants’ motion to dismiss.

28 (2) The Clerk shall provide a copy of this Order to all counsel of record.

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DATED this 20th day of November, 2008.



RICARDO S. MARTINEZ
UNITED STATES DISTRICT JUDGE