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SJC-13881

DAIKIN APPLIED AMERICAS INC. vs. JOSEPH RUSSO & others.¹

Middlesex. April 6, 2026. – October 14, 2026.

Present: Budd, C.J., Gaziano, Kafker, Wendlandt, Georges,
Dewar, & Wolohojian, JJ.

Trade Secret. Injunction. Practice, Civil, Preliminary
injunction, Presumptions and burden of proof. Evidence,
Presumptions and burden of proof.

Civil action commenced in the Superior Court Department on
May 20, 2025.

A motion for a preliminary injunction was heard by John
Pappas, J.

The Supreme Judicial Court on its own initiative
transferred the case from the Appeals Court.

Stephen T. Melnick for the plaintiff.
Ronald W. Dunbar, Jr. (Jaffar Bari Shiek also present) for
the defendants.

¹ Andrew Porter and RPAC LLC.

BUDD, C.J. The plaintiff, Daikin Applied Americas Inc. (Daikin), filed suit alleging that former employees, Joseph Russo and Andrew Porter, accessed and, together with their newly formed company, RPAC LLC (RPAC), used Daikin's confidential and trade secret information without Daikin's consent. With the exception of one document,² the defendants have denied that the information they took was "confidential or proprietary." Nevertheless, at a hearing on Daikin's motion for a preliminary injunction, the defendants agreed not to use, and to return, any confidential information in their possession.

Despite this concession, Daikin forged ahead with the portion of its motion seeking to enjoin the defendants from competing with Daikin by soliciting its customers, arguing that, assuming its likelihood of success on its claim for misappropriation of trade secrets, it was entitled to a presumption of irreparable harm. Alternatively, it contended that it demonstrated irreparable harm should its requested injunctive relief not be issued. Daikin now appeals from the denial of that injunction. For the reasons that follow, we affirm.

² The defendants admitted that the one document, created by Russo and Porter while they were Daikin employees, related to a bid that was not public information.

Background. We summarize the facts as alleged in the motion for a preliminary injunction, including those allegations from the complaint upon which the movant relies, reserving certain details for later discussion. See Doe v. Worcester Pub. Sch., 484 Mass. 598, 599 (2020).

Daikin provides and maintains heating, ventilation, and air conditioning (HVAC) systems for institutional clients. For several years, defendants Russo and Porter worked for Daikin, as a service supervisor who scheduled technicians and worked with salespersons on pitches, and a technician, respectively. In those roles, the two men had access to Daikin's business information, including customer data, as well as pricing and margins on Daikin projects.

Daikin alleges that, beginning in 2024, Russo and Porter began sending e-mail messages containing Daikin's confidential information to their personal e-mail addresses, including work contacts, information about construction projects and bids showing pricing and costs, photographs of Daikin equipment, internal Daikin service bulletins, equipment passwords, and a link to Daikin's internal website. In December 2024, while still employed by Daikin, Russo and Porter formed a separate HVAC business, RPAC. In March 2025, Russo and Porter left Daikin to begin working at RPAC. Daikin alleges that the

defendants used confidential information taken from Daikin to compete for its business and customers.

In May 2025, Daikin sued Russo, Porter, and RPAC for, among other things, the misappropriation of its trade secrets³ under common law and the Massachusetts Uniform Trade Secrets Act (MUTSA). See generally G. L. c. 93, §§ 42-42G.⁴ Daikin also moved for a preliminary injunction requiring the defendants to return all of Daikin's confidential information, to refrain from using the confidential information that they took, to submit their devices to a third party to scan for and delete any remaining confidential information, and to refrain from

³ "A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. . . . The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret." J. T. Healy & Son, Inc. v. James A. Murphy & Son, Inc., 357 Mass. 728, 736 (1970), quoting Restatement of Torts § 757 comment b.

⁴ The statutory and common-law claims are essentially equivalent. See Incase Inc. v. Timex Corp., 488 F.3d 46, 52 n.10 (1st Cir. 2007) (applying Massachusetts common law); Neural Magic, Inc. v. Meta Platforms, Inc., 659 F. Supp. 3d 138, 158 (D. Mass. 2023) (MUTSA claim). Accord J. T. Healy & Son, Inc., 357 Mass. at 736-738 (describing common-law claim).

soliciting Daikin's customers⁵ for one year (including withdrawing pending bids).

Prior to the motion hearing, the defendants agreed to the first two conditions and expressed a willingness to agree to a more tailored forensic search than the one Daikin proposed in the third condition.⁶ However, the defendants did not agree to Daikin's fourth demand: to refrain from soliciting Daikin's customers for one year. The hearing thus went forward on that remaining issue.

Daikin argued that it was able to show a likelihood of success on the merits of the underlying case and that it was

⁵ More particularly, Daikin sought to enjoin the defendants from contacting the seventy-five customers "about which they learned confidential information and/or with which they had extensive contact, for one year (and withdraw any pending bids)."

⁶ The defendants agreed "not [to] use, access, review, disclose or share any document, file, data, or electronically-stored information that in any way relates to Plaintiff or Plaintiff's business, operations or customers (including, but not limited to, information relating to customer and contact lists, financial information, sales plans and pipelines, strategy and marketing, and sales pursuits), including but not limited to Plaintiff's confidential information."

The motion judge entered an order reflecting the parties' agreement, and based on their representations that they would negotiate a more narrowly tailored forensic search, the judge denied the broader request in Daikin's motion. Daikin does not contest that denial in its appeal.

therefore entitled to a presumption that it would suffer irreparable harm without the requested injunctive relief.⁷

The judge was not convinced that Daikin had established a likelihood of success on the merits, noting that there were "genuine disputes as to whether some of the information that was taken was, in fact, confidential and/or trade secrets and whether Daikin took steps to protect that information."⁸ In any event, the judge apparently was unpersuaded by Daikin's passing arguments that the irreparable harm could be presumed from a loss of trade secrets and instead applied the "well-known standard" when deciding a preliminary injunction motion requiring the moving party to establish specific proof of irreparable harm due to loss of business. And because Daikin "[did] not allege that the monetary loss it would suffer as a result of the defendants' alleged wrongful use of information is enough to threaten the very existence of its business," the judge denied the motion. Daikin sought interlocutory review of

⁷ Daikin also argued that it could demonstrate that it would suffer irreparable harm without the requested relief regardless of any presumption.

⁸ The judge further noted that Daikin did not have nonsolicitation or noncompetition agreements with its former employees -- a tacit reference to the fact that Daikin sought a benefit for which it had not bargained and for which it had not compensated Russo or Porter.

the decision, and we transferred the case to this court on our own motion.

Discussion. The purpose of a preliminary injunction is to reduce the noncompensable harm that may befall a party during the pendency of the litigation. See GTE Prods. Corp. v. Stewart, 414 Mass. 721, 726 (1993), quoting Packaging Indus. Group, Inc. v. Cheney, 380 Mass. 609, 616 (1980) ("the moving party must show that, without the requested relief, it may suffer a loss of rights that cannot be vindicated should it prevail after a full hearing on the merits"). To obtain preliminary relief, the moving party must demonstrate that (1) it is likely to succeed on the merits of its claim or claims; (2) it will suffer irreparable harm in the absence of the requested injunction; and (3) in light of its likelihood of success, the risk of irreparable harm to the moving party outweighs the potential harm to the nonmoving party in granting the injunction. See Tri-Nel Mgt., Inc. v. Board of Health of Barnstable, 433 Mass. 217, 219 (2001), citing Packaging Indus. Group, Inc., supra at 617.

We review decisions on preliminary injunction motions for an abuse of discretion, determining "whether the judge applied proper legal standards and whether there was reasonable support for his evaluation of factual questions." Commonwealth v. Fremont Inv. & Loan, 452 Mass. 733, 741 (2008), citing Packaging

Indus. Group, Inc., 380 Mass. at 615. In doing so, we examine the same factors considered by the motion judge. Packaging Indus. Group, Inc., supra at 615-616. As no evidence was taken during the hearing, "although 'weight will be accorded to the exercise of discretion by the judge below, . . . we may draw our own conclusions from the record.'" Lieber v. President & Fellows of Harvard College (No. 2), 488 Mass. 816, 821 (2022), quoting Packaging Indus. Group, Inc., supra at 616.

Here, the judge determined that a preliminary injunction to enjoin the defendants from soliciting Daikin's customers was not warranted because Daikin failed to demonstrate that it would suffer irreparable harm without such an order. Harm is irreparable if it cannot be remedied through a final judgment. See Packaging Indus. Group, Inc., 380 Mass. at 616-617. See, e.g., Loyal Order of Moose, Inc., Yarmouth Lodge # 2270 v. Board of Health of Yarmouth, 439 Mass. 597, 603 (2003) (smoking ban would cause irreparable harm where lodge's purpose compromised and revenue loss made layoffs and reduced hours likely). Generally, economic harm may be remedied by a monetary judgment. See Tri-Nel Mgt., Inc., 433 Mass. at 227-228 (economic harm alone, including "interfer[ing] with existing customer relationships . . . will not suffice as irreparable harm"). Such harm may be irreparable, however, if the nonmovant's actions threaten "the very existence of the movant's business."

Business Interiors Floor Covering Business Trust v. Graycor Constr. Co., 494 Mass. 216, 226 n.8 (2024), quoting Hull Mun. Lighting Plant v. Massachusetts Mun. Wholesale Elec. Co., 399 Mass. 640, 643 (1987). Although Daikin argued at the motion hearing and on appeal that it would suffer irreparable harm in the absence of the requested injunction due to a potential loss of goodwill with its customer base, it failed to present any evidence to that effect. Daikin merely asserted that it will be harmed by lost HVAC sales and the value of any accompanying maintenance service contracts. Contrary to Daikin's assertions,⁹ these are quantifiable losses. Even if, as Daikin claims, the precise value of a maintenance contract is unknown ex ante,

⁹ In support of this argument on appeal, Daikin relies only on its counsel's argument at the hearing on the motion for a preliminary injunction. Nothing in the only affidavit submitted in support of its motion -- the affidavit of its district manager -- undergirds the proposition that these losses, even if shown, are immeasurable. Moreover, the affidavit does not assert that the continued outreach to Daikin's customer base by the defendants would result in a threat to Daikin's goodwill, as claimed in Daikin's appellate brief. Instead, the affidavit states only that the listed seventy-five Daikin customers are those "with which Porter and/or Russo had access to confidential [Daikin] information, and/or with which Porter and/or Russo had significant contact on behalf of [Daikin]." Other than counsel's argument that the continued outreach by the defendants (now enjoined from using any Daikin confidential information) threatens Daikin's customer base, nothing supports the proposition that monetary damages would not fully compensate Daikin should it prevail at the end of the litigation.

certainly a robust approximate value can be derived using economic models based on historic information.

Putting the customary three-factor test to one side, Daikin's principal argument on appeal is that because it claims to have a likelihood of success in the underlying misappropriation of trade secrets claim, including, as relevant here, with respect to its so-called customer lists, the company is entitled to a presumption of irreparable harm from the defendants' solicitation of any customers on that list. In short, Daikin urges this court to abandon the traditional standard for obtaining a preliminary injunction and instead adopt the position that whenever a plaintiff establishes a likelihood of success on the merits of a trade secret misappropriation claim, irreparable harm is to be presumed.¹⁰ We decline to do so.

¹⁰ Daikin points to cases issued by the United States District Court for the District of Massachusetts that ostensibly endorse its position. See DraftKings Inc. v. Hermalyn, 732 F. Supp. 3d 84, 119–120 (D. Mass.), *aff'd*, 118 F.4th 416 (1st Cir. 2024), and cases cited ("irreparable harm is presumed at the preliminary injunction stage when the plaintiff shows a likelihood of success on its claims for misappropriation of trade secrets").

We note that, in nearly all of the reported cases Daikin cites, the court found that the plaintiff demonstrated irreparable harm notwithstanding any presumption. See, e.g., DraftKings, 732 F. Supp. 3d at 120 ("DraftKings has established that it would suffer irreparable harm absent injunctive relief"); SpeedDee Worldwide, LLC v. Toppa, 729 F. Supp. 3d 125, 131 (D. Mass. 2024) ("In any event, there are independent

Were we to adopt Daikin's theory, as long as parties seeking a preliminary injunction on a trade secrets claim could demonstrate a likelihood of success on the merits, no irreparable harm analysis would be required. That approach is inconsistent with both MUTSA and the long-standing common-law equity principles that the act incorporates by reference. See G. L. c. 93, § 42A (a) ("Actual or threatened misappropriation may be enjoined upon principles of equity, including but not limited to consideration of prior party conduct and circumstances of potential use . . .").

A preliminary injunction is an equitable tool meant to prevent, or minimize, irreparable injury before the entry of final judgment. See Packaging Indus. Group, Inc., 380 Mass. at 616. It is "an extraordinary remedy never awarded as of right." Winter v. Natural Resources Defense Council, Inc., 555 U.S. 7, 24 (2008). The party moving for a preliminary injunction must therefore, "[o]n the basis of th[e] record" before the court,

reasons to believe plaintiffs would suffer irreparable harm without injunctive relief"); Optos, Inc. v. Topcon Med. Sys., Inc., 777 F. Supp. 2d 217, 241 (D. Mass. 2011) ("Even if irreparable harm were not presumed as a matter of law, the [c]ourt would find the likelihood of such harm in this case"). In contrast, the judge here found no irreparable harm.

To the extent that any of the cases Daikin has identified relies solely on a rote presumption of irreparable harm, for reasons discussed infra, we remain unpersuaded.

show that "without the requested relief, it may suffer a loss of rights that cannot be vindicated should it prevail after a full hearing on the merits." Packaging Indus. Group, Inc., supra. That analysis has traditionally required case-by-case consideration. See Commonwealth v. Mass. CRINC, 392 Mass. 79, 87-88 (1984) ("An injunction may issue properly only if the judge concludes that the risk of irreparable harm to [the movant], in light of his chances of success on his claim, outweigh the [nonmovant's] probable harm and likelihood of prevailing on the merits of the case"). See also Winter, supra at 22 ("injunctive relief [is] an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief"). Presuming, rather than demonstrating, irreparable harm therefore departs from traditional "principles of equity." G. L. c. 93, § 42A (a).

Notably, the United States Supreme Court has applied similar reasoning to hold that presumptions of irreparable harm are inappropriate when considering injunctions in response to patent and copyright infringement. See eBay Inc. v. MercExchange, LLC, 547 U.S. 388, 393-394 (2006) (rejecting rule purporting to establish presumptions for or against irreparable harm because such "categorical rule . . . cannot be squared with the principles of equity"); New York Times Co. v. Tasini, 533 U.S. 483, 505-506 (2001) (explaining injunction need not

automatically follow findings of liability for copyright infringement). In particular, the Court has reasoned that "a major departure from the long tradition of equity practice should not be lightly implied" (citation omitted). eBay Inc., supra at 391. In light of that reasoning, Federal Courts of Appeals have declined to apply a presumption of irreparable harm in the trade secrets context. See Life Spine, Inc. v. Aegis Spine, Inc., 8 F.4th 531, 545 (7th Cir. 2021) (holding no presumption of irreparable harm applies to trade secret misappropriation claims after eBay Inc.); First W. Capital Mgt. Co. v. Malamed, 874 F.3d 1136, 1142-1143 (10th Cir. 2017) (holding no presumption available to establish irreparable harm based on alleged violation of State and Federal trade secret statutes).

Applying the same principles to this case, we reject the presumption Daikin proposes and instead hold that ordinary equitable principles should apply. Cf. eBay Inc., 547 U.S. at 391-392. As is the case for preliminary injunction motions in other cases concerning private parties, when deciding a motion for a preliminary injunction in a trade secrets case, a judge should consider the specific allegations, the type of irreparable harm likely to arise, and the form of injunctive relief most likely to mitigate any such harm. See Packaging Indus. Group, Inc., 380 Mass. at 616-617.

The defendants have agreed (and have been ordered) to return Daikin's confidential information and to refrain from using any such information, including, inter alia, the alleged "customer list" at issue. The judge did not abuse his discretion in declining to issue a preliminary injunction precluding the defendants for one year from soliciting any of the seventy-five Daikin customers absent a showing of irreparable harm. Accordingly, the order denying the motion for a preliminary injunction is affirmed.¹¹

So ordered.

¹¹ Because we affirm the order denying Daikin's motion for a preliminary injunction, Daikin's request for costs pursuant to Mass. R. A. P. 26, as appearing in 481 Mass. 1655 (2019), is denied.