

Features

Preliminary Injunctions in U.S. Trademark Infringement Cases and the Presumption of Irreparable Harm

Meredith M. Wilkes

Jones Day, Cleveland, Ohio, USA

Anna E. Raimer

Jones Day, Houston, Texas, USA

INTA Bulletin Features Subcommittee

The unauthorized use of a mark that is likely to cause consumer confusion typically results in harm to the trademark owner's reputation and the goodwill associated with the mark. Such damage can be difficult to quantify, and compensation with monetary damages often does not make the owner whole when the mark is infringed. A preliminary injunction, which may be obtained early in a U.S. trademark infringement case, limits or stops the use of an allegedly infringing mark prior to a final determination of the merits of the case. The grant of an injunction is an important form of relief and many times the primary remedy sought in a trademark infringement case.

Basics for Establishing Grounds for a Preliminary Injunction

Under the traditional principles of equity, the party seeking a preliminary injunction must show that

1. It is likely to succeed on the merits of the case;
2. It is likely to suffer irreparable harm in the absence of preliminary relief;
3. The balance of harms tips in its favor; and
4. An injunction is in the public interest.

To establish irreparable harm, the moving party must show that other available remedies, such as monetary damages, would be inadequate to compensate for the injury. In trademark infringement cases, U.S. courts traditionally have adopted a presumption of irreparable harm when a party demonstrates a likelihood of success on the merits of the case. Recent case law, however, has called into question the viability of this presumption of irreparable harm.

In particular, in *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), the U.S. Supreme Court rejected the application by the U.S. Court of Appeals for the Federal Circuit of a categorical rule that permanent injunctive relief was

available after patent infringement was established. In *eBay*, the district court had denied the prevailing plaintiff's motion for permanent injunctive relief, finding that the plaintiff's willingness to license its patents, and its lack of commercial activity, were sufficient to rebut a presumption of irreparable harm.

The Federal Circuit reversed, adopting a general rule that permanent injunctions should issue on an adjudication of infringement absent exceptional circumstances. The Supreme Court held that equitable principles did not permit the broad classifications made by the lower courts. Rather, "the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts." *Id.* at 394.

Although the *eBay* decision dealt with permanent injunctions in patent infringement cases, most courts have since applied the decision in the context of preliminary injunctions. This conclusion is consistent with Supreme Court precedent, which has recognized that the standard for preliminary and permanent injunctive relief is "essentially the same," except the moving party must show actual success rather than a likelihood of success. See *Amoco Production Co. v. Gambell*, 480 U.S. 531, 546 n.12 (1987) (cited in *eBay*). This rationale is further buttressed by *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7, 22-24 (2008), an environmental case in which the Supreme Court applied the principles of *eBay* to a preliminary injunction.

While *eBay* has eliminated a presumption of irreparable harm in patent cases, as well as in copyright cases in certain jurisdictions (e.g., *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010)), the issue remains unresolved in trademark infringement cases. A number of courts of appeals have recognized *eBay*'s application to trademark cases. However, those courts have declined uniformly to rule on *eBay*'s effect on the presumption of irreparable harm. See *Voice of the Arab World, Inc. v. MDTV Medical News Now, Inc.*, 645 F.3d 26, 37 (1st Cir. 2011); *Paulsson Geophysical Services, Inc. v. Sigmar*, 529 F.3d 303, 313 (5th Cir. 2008); *Lorillard Tobacco Co. v. Engida*, 213 F. App'x 654, 657 (10th Cir. 2007); *North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008).

Different Approaches to Showing "Irreparable Harm"

A review of recent district court cases reveals decisions with three basic approaches to considering the presumption of irreparable harm:

1. Irreparable harm is no longer presumed.

Relying on *eBay* and/or court of appeals decisions in the copyright context, some district courts have taken the position that irreparable harm is no longer presumed in trademark infringement cases. See, e.g., *Aurora World, Inc. v. Ty Inc.*, 719 F. Supp. 2d 1115, 1169 (C.D. Cal. 2009). This approach has been justified by reasoning that Section 34(a) of the Lanham Act, 15 U.S.C. § 1116(a), which governs trademark injunctions, uses language similar to that of the Patent Act.

However, some courts that no longer rely on the presumption still find irreparable harm for the same reasons the presumption exists. In other words, even though a court may find there is no presumption of harm, a determination that there is a strong showing of likelihood of confusion, or that a trademark owner will suffer harm to its reputation or its goodwill in the mark, may be sufficient to establish irreparable harm. See, e.g., *Marks Organization, Inc. v. Joles*, 784 F. Supp. 2d 322, 335 (S.D.N.Y. 2011) (holding that extreme likelihood of confusion resulting in lost goodwill demonstrated irreparable injury).

2. The presumption of irreparable harm survives eBay.

Other district courts have found that the nature of trademark infringement actions is distinct from patent and copyright actions such that the presumption of irreparable harm continues to be recognized after *eBay*. See, e.g., *Rebel Debutante LLC v. Forsythe Cosmetic Group, Ltd.*, 799 F. Supp. 2d 558, 580 (M.D.N.C. 2011). As noted in Professor McCarthy's treatise, trademark cases are distinguishable because "trying to 'compensate' after the fact for damage to business goodwill and reputation cannot constitute a just or full compensation." See 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:47 (4th ed. 2008).

Continued on page 8

Features

Preliminary Injunctions in Infringement Cases Continued from page 7

3. Whether irreparable harm is presumed or established, irreparable harm was shown. In taking this approach, courts sidestep the question of *eBay*'s impact on the presumption of irreparable harm by determining, regardless of *eBay*, that the moving party proved irreparable harm. See, e.g., *Petro Franchise Systems, LLC v. All American Properties, Inc.*, 607 F. Supp. 2d 781, 794 (W.D. Tex. 2009); see also *Sylvan Learning Inc. v. Learning Solutions, Inc.*, 795 F. Supp. 2d 1284, 1299 (S.D. Ala. 2011) (finding a presumption of irreparable injury but "in light of *eBay* and *Axiom*" also considering evidence of an actual threat of irreparable harm).

Strategies for Addressing the Irreparable Harm Presumption

As no court of appeals has ruled on whether irreparable harm is presumed in trademark cases in light of *eBay*, a party seeking preliminary injunctive relief is still free to argue that a presumption of irreparable harm exists, for two reasons: first, the nature of the *eBay* decision; second, the difference between trademarks and patents/copyrights. Because the law is in flux, however, the moving party should also consider presenting evidence of irreparable harm.

Courts have found different types of evidence to be sufficient to demonstrate irreparable harm. Examples of evidence that may support irreparable injury include the following:

- Evidence of a trademark owner's strong reputation and goodwill;
- A particularly strong showing of likelihood of confusion;
- Evidence of a threat to the trademark owner's reputation, potential business or goodwill;
- Inability to control the nature and quality of the products sold or services offered by the infringer;
- Evidence of actual confusion;
- Evidence that the infringing mark is being used on an inferior product;
- Evidence that the infringement impairs the trademark owner's ability to market its products or services;
- Evidence that similar types of infringing conduct have led to significant confusion; and
- Evidence of the non-moving party's inability to pay monetary damages.

A party seeking to resist the entry of a preliminary injunction will certainly argue that

the presumption of irreparable harm did not survive *eBay* and that the moving party must present evidence that an irreparable injury is likely and not speculative. The non-moving party should be expected to marshal evidence to rebut the presumption of irreparable harm. Examples of such evidence may include a delay in bringing suit or requesting injunctive relief or a history of not enforcing a mark. See, e.g., *Boomerang!t, Inc. v. ID Armor, Inc.*, 104 U.S.P.Q.2d 1081 (N.D. Cal. 2012) (finding no irreparable harm where defendant had used the mark for four years and plaintiff knew about use for over seven months).

Summary

In short, trademark owners seeking preliminary injunctive relief in the United States should be aware that some courts appear to be moving away from the presumption of irreparable harm in granting preliminary injunctive relief in trademark infringement cases. Others still seem to be presuming irreparable harm in spite of the *eBay* decision. Careful review of the trends in your particular jurisdiction is critical for both plaintiffs and defendants. ■



Renew your INTA Membership

Why should you renew?

- Attend the 2013 Annual Meeting! 9,600+ attended in Washington, DC. Renew and receive the members-only rate for all INTA programs!
- Stay Connected! 6,000+ organizations have joined. Renew and confirm your spot in the 2013-2014 INTA Membership Directory!
- Expand your business! 28,000+ individual members and 10,900+ LinkedIn users are united. Renew and network!
- Keep informed! 14 members-only online trademark law databases are available. Renew and use these resources and publications!

Renew online or print an invoice at:
www.inta.org/renew

Contact Lyonel Yu, Senior Retention Project Coordinator at lyu@inta.org with questions.