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### Irreparable Harm, I Presume?

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Trademark infringement actions are often won or lost at the preliminary injunction stage. Although a plaintiff seeking a preliminary injunction must ordinarily show a likelihood of suffering irreparable harm, plaintiffs in trademark cases—once they have shown a likelihood of success on their infringement claims—have traditionally benefited from a presumption of irreparable harm.

Two relatively recent Supreme Court decisions have thrown the continued viability of this presumption into question. In *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), the Supreme Court held that it was error to apply a “general rule” in patent cases that injunctions should issue once validity and infringement had been determined. Two years later, in *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008), the Court held that a party seeking a preliminary injunction must show that irreparable harm is “likely,” not merely “possible.” Although many commentators claimed *eBay* and *Winter* heralded the death of the presumption of irreparable harm in intellectual property cases generally, over five years after *eBay* the impact on trademark cases remains murky.

*eBay*’s broad holding—that courts’ discretion to grant injunctions “must be exercised consistent with traditional principles of equity”—suggests that any presumption of irreparable harm must be scrapped. But at the appellate level, while strongly questioning whether the presumption of irreparable harm in trademark cases survives *eBay*, courts have thus far declined to decide the issue.

In *Voice of Arab World, Inc. v. MDTV Medical News Now, Inc.*, 645 F.3d 26 (1st Cir. 2011), the First Circuit held that the district court had abused its discretion in presuming that the plaintiff was likely to suffer irreparable harm. But the court expressly declined to address the full impact of *eBay* and *Winter*, and whether the traditional presumption of irreparable harm “would be consistent with traditional equitable principles.” More recently, the First Circuit again passed up the opportunity to decide this issue, noting instead that “there is a looming question as to whether this presumption can co-exist with the Supreme Court’s recent holding in [*eBay*].” *Peoples Fed. Savings Bank v. People’s United Bank*, 672 F.3d 1, 9 n. 11 (1st Cir. 2012). The Eleventh Circuit has similarly questioned the continued application of the presumption of irreparable harm in trademark cases, without going so far as to overrule it. In *North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008), the court reversed an order granting a preliminary injunction, but expressly declined to decide whether the district court was correct in holding that the nature of trademark infringement gives rise to a presumption of irreparable injury. Instead, the Eleventh Circuit remanded to the district court for further proceedings “not inconsistent with” *eBay*.

The Ninth Circuit’s post-*eBay* trademark injunction decisions further illustrate the uncertainty surrounding this issue. In one decision affirming a preliminary injunction in a trademark case, the Ninth Circuit cited the presumption of irreparable harm with approval, but made no reference to *eBay* or *Winter*. “Because the court found a likelihood of success on the merits, it reasonably presumed irreparable injury.” *Marlyn Nutraceuticals v. Mucos Pharma GMBH*, 571 F.3d 873, 877 (9th Cir. 2009).

While some practitioners hoped that *Marlyn* signaled the presumption’s continuing survival in the Ninth Circuit, two more recent Ninth Circuit decisions—both arising in the copyright context—questioned the presumption’s viability. In *Flexible Lifeline*

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*Systems, Inc. v. Precision Lift, Inc.*, 654 F.3d 989 (9th Cir. 2011) and *Perfect 10, Inc. v. Google, Inc.*, 653 F.3d 976 (9th Cir. 2011), the Ninth Circuit cautioned against reliance on *Marlyn* for the proposition that harm should be presumed in trademark cases. In *Perfect 10*, the court held that the presumption of irreparable harm in copyright cases “is clearly irreconcilable with the reasoning of the Court’s decision in *eBay* and has therefore been effectively overruled.” 653 F.3d at 981. Addressing the conflict between that decision and *Marlyn*’s holding in the trademark context, the *Perfect 10* court cautioned: “under *eBay*, courts must analyze each statute separately to determine whether Congress intended to make ‘a major departure from the long tradition of equity practice’ and create a statutory presumption or categorical rule for the issuance of injunctive relief.” And in *Flexible Lifeline*, the Ninth Circuit distanced itself even further from *Marlyn*, stating that “[t]he panel’s summary treatment of the presumption without consideration of the effect of *eBay* and *Winter* does not bind this panel or constitute an affirmation of the presumption’s continued vitality.” 654 F.3d at 997.

Notwithstanding the lack of clarity at the appellate level, the growing trend in district courts is to reject the presumption of irreparable harm in trademark cases. See *Aurora World, Inc. v. Ty Inc.*, 719 F. Supp. 2d 1115, 1167–69 (C.D. Cal. 2009) (*eBay* rule that irreparable harm cannot be presumed applies to preliminary injunctions in the trademark context); *Innospan Corp. v. Intuit, Inc.*, No. 10-04422, 2010 WL 5157157 (N.D. Cal. Dec. 3, 2010) (in context of preliminary injunction, irreparable harm cannot be presumed, even for trademark actions); *Groupion LLC v. Groupon Inc.*, 826 F. Supp. 2d 1156 (N.D. Cal. 2011) (“the presumption of irreparable harm is no longer applicable.”); *U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515 (S.D.N.Y. 2011) (presumption in trademark cases “is no longer appropriate.”).

Other courts, however, have distinguished trademark cases and concluded that the presumption of irreparable harm survives. In *Rebel Debutante v. Forsythe Cosmetic Group*, 799 F. Supp. 2d 558, 579 (M.D.N.C. 2011), the district court, in granting a preliminary injunction, distinguished patent and copyright cases, “where monetary damages are often central” from trademark cases, “where confusion may have long-lasting effects.”

As a practical matter, regardless of whether they apply a presumption of irreparable harm, most courts continue to grant preliminary injunctions in trademark cases once a plaintiff has shown a likelihood of success on the merits. Against this backdrop of uncertainty, however, brand owners seeking preliminary injunctions are well advised not to neglect evidence of irreparable harm—a good practice regardless of any presumption. A plaintiff seeking a preliminary injunction should not take for granted that a showing of some likely confusion equates to irreparable harm, but should instead highlight the unique facts that underscore the need for injunctive relief in that particular case. For example:

- Where an accused infringer’s products are of inferior quality, or the defendant engages in any unsavory practices, plaintiffs should emphasize these facts to underscore the potential damage to their reputation.
- Famous brand owners may wish to emphasize the threatened erosion of their strong goodwill, while new startups—though lacking in extensive brand recognition—may be able to show that consumer confusion threatens their crucial early-stage growth.
- While lost sales attributable to infringement may be compensable in money damages, plaintiffs may be able to emphasize the impact on their long term opportunities to sell to those customers in the future, and the inherent difficulty of regaining lost market share.
- Where the plaintiff’s goods or services uniquely impact the public interest (think of medical supplies, security services, or other offerings that effect

health or safety), the public interest supporting an injunction may be particularly strong.

The fears that *eBay* and *Winter* heralded the end of injunctions in intellectual property cases have proven unfounded for trademark litigation. While their impact on the presumption of irreparable harm in trademark cases remains unclear, practitioners should remember the underlying reasons that courts adopted a presumption of irreparable harm in the first place: a likelihood of confusion as to the source or origin of a party's goods and services is inherently difficult to compensate with money damages. By emphasizing evidence that bears on the impact to the plaintiff's goodwill and reputation, a plaintiff with a strong infringement case will be more likely to obtain interim injunctive relief, and to build a record that can survive an appeal.

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