

## Establishing Irreparable Harm in Trademark Cases

By Robert R. Cross and Ryan J. Meckfessel

Injunctive relief has long been recognized as “the remedy of choice” for trademark infringement under the Lanham Act (15 U.S.C. §1116) because “there is no adequate remedy at law for



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the injury caused by a defendant’s continuing infringement.” Century 21 Real Estate v. Sandlin. As such, the Ninth Circuit U.S. Court of Appeals has repeatedly stated that in determining the availability of injunctive relief, “irreparable injury may be presumed from a showing of likelihood of success on the merits.” GoTo.com, Inc. v. Walt Disney Co..



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The Supreme Court’s 2006 opinion, eBay Inc. v. Mercexchange, L.L.C., overruled the presumption in favor of injunctive relief as a remedy for patent infringement. Thus, a plaintiff seeking a permanent injunction must meet the traditional four-factor test, demonstrating: “(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the

plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.”

The court later reiterated that a plaintiff seeking a preliminary injunction must show that irreparable injury is “likely,” not merely “possible.” Winter v. Natural Resources Defense Council, Inc.. Accordingly, a plaintiff seeking a preliminary injunction must establish: “that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”

Even after Winter, the Ninth Circuit still recognizes the alternate “serious questions” test, permitting a preliminary injunction upon a showing of “serious questions going to the merits

and a balance of hardships that tips sharply towards the plaintiff ... so long as the plaintiff also shows that there is a likelihood of irreparable injury and that the injunction is in the public interest.” Alliance For the Wild Rockies v. Cottrell.

The Ninth Circuit recently held that eBay and Winter also apply in copyright infringement cases, overruling prior caselaw which recognized a presumption in favor of injunctive relief where the plaintiff could show likely success on the merits. Perfect 10, Inc. v. Google, Inc..

### APPLICATION TO TRADEMARK CASES

To date, the ramifications of eBay/Winter for trademark infringement cases have not been fully developed. The trademark act, like the patent act construed in eBay, provides for injunctive relief “according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office.” 15 U.S.C. §1116 (emphasis added). See also 15 U.S.C. §1125(c) (providing for injunctive relief for dilution by blurring or tarnishment “[s]ubject to the principles of equity.”).

Based on the similarity in statutory language and breadth of the court’s opinion in eBay, district courts considering the issue have generally held that there is no longer a presumption in favor of injunctive relief in trademark cases. However, the Ninth Circuit has not directly addressed the issue. There is a clear tension between the established view that injunctive relief is the “remedy of choice” in trademark cases and the eBay/Winter teaching that such relief requires a showing of likelihood of irreparable injury. The courts are only beginning to address the implications of that tension.

### IRREPARABLE HARM

The Ninth Circuit has quoted with approval a district court’s finding that a presumption of irreparable injury followed from the plaintiff’s showing of likelihood of success on the merits of its trademark infringement claim. Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.. But that conclusion is suspect. In August the Ninth Circuit questioned the validity of the statement in Flexible Lifeline Systems v. Precision Lift (noting that Marlyn did not cite eBay or analyze the issue) and in Perfect 10 (indicating that the presumption may no longer apply to trademark cases, and noting that the court was unaware of any trademark case in which a circuit court has upheld the presumption of irreparable harm after eBay).

District courts in this circuit have moved cautiously in applying eBay to trademark cases. While a number of courts have concluded that there can no longer be a presumption of irreparable harm, others have not taken a clear position. Based in part on *Marlyn*, the leading treatise asserts that trademark cases are distinct from patent or copyright cases, and that the traditional presumption of irreparable injury in trademark preliminary injunction cases is not “in any way inconsistent with the letter or the spirit” of eBay. 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, §30.47 (4th Ed. 2011).

However, it appears that the courts of appeals will continue their gradual movement toward acceptance that there can be no continued presumption of irreparable harm after eBay, even in trademark cases. If that is so, then it would be more productive to focus on the means of showing irreparable harm instead of continuing to invoke the presumption.

#### **SHOWING IRREPARABLE HARM**

Based on pre- and post-eBay case law, there are a few established methods to prove that irreparable harm is likely un-

less injunctive relief is granted.

Damages to goodwill or reputation. The Ninth Circuit has consistently held that a showing of damage to a company’s goodwill or reputation is an irreparable harm justifying injunctive relief. It should generally be possible to persuade the courts that any infringement causing a significant likelihood of confusion to customers will put the plaintiff’s business goodwill and/or reputation at risk.

Ongoing infringement. Courts generally find that ongoing infringing activity cannot be adequately compensated by monetary damages, which will only remedy past acts and not future acts. Thus, in the absence of injunctive relief, the defendant is more likely to continue to violate the trademark holder’s rights.

Money damages are difficult to quantify. As noted in the leading treatise: “It is notoriously difficult for the owner of a trademark to prove measurable damage caused by acts of infringement. Provable damage is not required to establish a prima facie case.” While some cases have found that money damages adequately compensate the plaintiff, they will continue to be the exception.

Plaintiffs should not delay seeking in-

injunctive relief. The courts will deny injunctive relief where the plaintiff’s delay in seeking an injunction undercuts the alleged irreparability of the harm.

#### **CONCLUSION**

While the Ninth Circuit has not spoken clearly, district courts are likely to follow eBay/Winter in trademark cases. A trademark plaintiff must therefore be prepared to show the likelihood of irreparable harm in order to obtain injunctive relief. Nevertheless, the traditional preference for the remedy of injunctive relief in trademark cases will continue to influence courts to accept even a slight but plausible showing.

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