

No. 13-1271

IN THE
Supreme Court of the United States

HERB REED ENTERPRISES, LLC,

Petitioner,

v.

FLORIDA ENTERTAINMENT MANAGEMENT, INC.
and LARRY MARSHAK,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

**BRIEF OF THE INTERNATIONAL
TRADEMARK ASSOCIATION AS *AMICUS
CURIAE* IN SUPPORT OF PETITIONER**

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TABLE OF CONTENTS

	<u>PAGE</u>
TABLE OF AUTHORITIES.....	iii
INTEREST OF THE <i>AMICUS CURIAE</i>	1
STATEMENT	6
A. Legal Background.....	6
B. Factual and Procedural History.....	7
SUMMARY	9
ARGUMENT.....	10
II. The Ninth Circuit’s Decision Arguably Creates a Circuit Split Requiring Review by This Court.	10
III. The Ninth Circuit Erred As a Matter of Law by Failing to Recognize the Presumption of Irreparable Harm that Applies Upon a Showing of Likely Success in Lanham Act Cases.	12
A. Long-Standing Precedent Supports a Presumption of Irreparable Harm in Lanham Act Cases Upon a Showing of Likely Success on the Merits.	12

B.	<i>eBay</i> and <i>Winter</i> Do Not Preclude Recognition of the Traditional Rebuttable Presumption of Irreparable Harm in Lanham Act Cases.	15
IV.	Application of the Presumption of Irreparable Harm in the Context of Lanham Act False Advertising and Trademark Cases Is Appropriate as an Evidentiary Matter Because the Harm from False Advertising and Trademark Violations Is Inherently Irreparable.....	19
A.	The Harm Caused by Lanham Act Violations Is Distinct from the Harm Caused by Patent and Copyright Infringement.....	19
B.	Without a Presumption of Irreparable Harm, a False Advertising Plaintiff Would Face a Double Burden to Prove That Its Intangible Injury Is Irreparable.	23
	CONCLUSION	25

TABLE OF AUTHORITIES

PAGE(S)

CASES

<i>Abraham v. Alpha Chi Omega</i> , 708 F.3d 614(5th Cir.), <i>cert. denied</i> , 134 S. Ct. 88 (2013).....	6, 11
<i>Active Sports Lifestyle USA, LLC v. Old Navy, LLC</i> , No. SACV 12-572 JVS (Ex), 2014 WL 1246497 (C.D. Cal. Mar. 21, 2014)	10, 12
<i>Alliance Bank v. New Century Bank</i> , 742 F. Supp. 2d 532 (E.D. Pa. 2010)	19
<i>Already, LLC v. Nike, Inc.</i> , 133 S. Ct. 721 (2013).....	2
<i>Audi AG v. D'Amato</i> , 469 F.3d 534 (6th Cir. 2006).....	11
<i>Basis International Ltd. v. Research in Motion Ltd.</i> , 827 F. Supp. 2d 1302 (D.N.M. 2011).....	20
<i>Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.</i> , 696 F.3d 206 (2d Cir. 2012)	2

<i>Christopher Norman Chocolates, Ltd. v. Schokinag Chocolates North America, Inc.</i> , 270 F. Supp. 2d 432 (S.D.N.Y. 2003)	14
<i>Circuit City Stores, Inc. v. CarMax, Inc.</i> , 165 F.3d 1047 (6th Cir. 1999).....	20
<i>Dastar Corp. v. Twentieth Century Fox Film Corp.</i> , 539 U.S. 23 (2003).....	2
<i>eBay Inc. v. MercExchange, L.L.C.</i> , 547 U.S. 388 (2006).....	4, 5, 6, 8, 15, 16, 17, 20, 21
<i>Eisai Co. v. Teva Pharmaceuticals USA, Inc.</i> , No. 05-5727 (HAA) (ES), 07-5489 (HAA) (ES), 2008 WL 1722098 (D.N.J. Mar. 28, 2008)	17
<i>Fleischer Studios, Inc. v. A.V.E.L.A., Inc.</i> , 654 F.3d 958 (9th Cir. 2011).....	2
<i>Fox Film Corp. v. Doyal</i> , 286 U.S. 123 (1932).....	21
<i>Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.</i> , No. 2:12-cv-00560-MMD-GWF, 2012 WL 3020039 (D. Nev. July 24, 2012), <i>rev'd</i> , 736 F.3d 1239 (9th Cir. 2013), <i>petition for cert. filed</i> (U.S. Apr 17, 2014)	7, 8, 17

<i>Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.</i> , 736 F.3d 1239 (9th Cir. 2013).....	7, 8, 11, 17
<i>Kos Pharmaceuticals, Inc. v. Andrx Corp.</i> , 369 F.3d 700 (3d Cir. 2004).....	19, 23
<i>KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.</i> , 543 U.S. 111 (2004).....	2
<i>Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.</i> , 549 F.2d 368 (5th Cir. 1977).....	14, 21
<i>Lexmark International, Inc. v. Static Control Components, Inc.</i> , 134 S. Ct. 1377 (2014).....	2
<i>McDonald's Corp. v. Robertson</i> , 147 F.3d 1301 (11th Cir. 1998).....	14, 19
<i>Moseley v. V Secret Catalogue, Inc.</i> , 537 U.S. 418 (2003).....	2
<i>Natural Resources Defense Council v. Winter</i> , 518 F.3d 658(9th Cir.), <i>rev'd</i> , 555 U.S. 7 (2008).....	5
<i>North American Medical Corp. v. Axiom Worldwide, Inc.</i> , 522 F.3d 1211 (11th Cir. 2008).....	7, 11

<i>Petro Franchise Systems, LLC v. All American Properties, Inc.</i> , 607 F. Supp. 2d 781 (W.D. Tex. 2009).....	17
<i>Pom Wonderful LLC v. Coca-Cola Co.</i> , No. 12-761 (U.S. petition for cert. filed Dec. 21, 2014), <i>cert. granted</i> , 134 S. Ct. 895 (2014).....	2
<i>Quantum Fitness Corp. v. Quantum Lifestyle Centers, L.L.C.</i> , 83 F. Supp. 2d 810 (S.D. Tex. 1999).....	22
<i>Re/Max North Cent., Inc. v. Cook</i> , 272 F.3d 424 (7th Cir. 2001).....	13
<i>Rosetta Stone Ltd. v. Google, Inc.</i> , 676 F.3d 144 (4th Cir. 2012).....	2
<i>S & H Industries v. Selander</i> , 932 F. Supp. 2d 754 (N.D. Tex. 2013)	22
<i>S & R Corp. v. Jiffy Lube International, Inc.</i> , 968 F.2d 371 (3d Cir. 1992)	22
<i>Salinger v. Colting</i> , 607 F.3d 68 (2d Cir. 2010)	7, 11
<i>TrafFix Devices, Inc. v. Marketing Displays, Inc.</i> , 532 U.S. 23 (2001).....	2
<i>Wal-Mart Stores, Inc. v. Samara Bros., Inc.</i> , 529 U.S. 205 (2000).....	2

<i>Winter v. Natural Resources Defense Council, Inc.</i> , 555 U.S. 7 (2008).....	4, 5, 6, 8, 18
--	----------------

OTHER AUTHORITIES

Alfred C. Yen, <i>Eldred, The First Amendment, and Aggressive Copyright Claims</i> , 40 Hous. L. Rev. 673 (2003).....	20
David H. Bernstein & Andrew Gilden, <i>No Trolls Barred: Trademark Injunctions After eBay</i> , 99 TRADEMARK REP. 1037, 1054 (2009).....	20
Ian Ayres & Paul Klemperer, <i>Limiting Patentees' Marketing Power Without Reducing Innovation Incentives: The Perverse Benefits of Uncertainty and Non-Injunctive Remedies</i> , 97 Mich. L. Rev. 985 (1999).....	21
Laura A. Heymann, <i>The Trademark/Copyright Divide</i> , 60 SMU L. Rev. 55 (2007).....	20

INTEREST OF THE *AMICUS CURIAE*¹

Founded in 1878, *amicus curiae* the International Trademark Association (“INTA”) is a not-for-profit organization dedicated to the support and advancement of trademarks and related intellectual property concepts in order to protect consumers and to promote fair and effective commerce. INTA has more than 6,000 members in more than 190 countries. Its members include trademark and brand owners, as well as law firms and other professionals who regularly assist brand owners in the creation, registration, protection, and enforcement of their trademarks. All INTA members share the goal of promoting an understanding of the essential role that trademarks play in fostering effective commerce, fair competition, and informed decision-making by consumers.

INTA was founded in part to encourage the enactment of federal trademark legislation after invalidation on constitutional grounds of the United States’ first trademark act. Since then, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with

¹ In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was authored solely by INTA and its counsel, and no part of this brief was authored by counsel to a party. No party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, and its counsel made such a monetary contribution to its preparation or submission. Letters from both parties consenting to the filing of this *amicus* brief are being submitted herewith.

major trademark and related legislation, and has participated as *amicus curiae* in numerous cases in this Court and other courts across the country involving significant Lanham Act issues.² Moreover, INTA's members are frequent participants in litigations in courts and in administrative proceedings before the United States Patent and Trademark Office ("PTO") and the Trademark Trial and Appeal Board ("TTAB") with respect to actions brought under the Lanham Act, and therefore are interested in the development of clear, consistent, and equitable principles of trademark law.

INTA and its members have a particular interest in this case because the Ninth Circuit's decision is inconsistent with and detrimental to a key evidentiary presumption that has historically applied in

² Recent Supreme Court and Circuit Court cases in which INTA has filed *amicus* briefs include, without limitation: *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014); *Pom Wonderful LLC v. Coca-Cola Co.*, No. 12-761 (U.S. petition for cert. filed Dec. 21, 2012), *cert. granted*, 134 S. Ct. 895 (2014) (*amicus* brief filed Mar. 3, 2014); *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721 (2013); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000); *Ferring Pharmaceuticals Inc. v. Watson Pharmaceuticals Inc.*, No. 13-2290 (3d Cir. Appeal docketed May, 7, 2013) (*amicus* brief filed Sept. 20, 2013); *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012); and *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 654 F.3d 958 (9th Cir. 2011).

trademark infringement litigations and upon which INTA's members have long relied: that a showing of likelihood of success gives rise to a presumption of irreparable harm.

Unlike copyright and patent infringement, in which the harm is principally monetary in nature, the harm resulting from trademark infringement is fundamentally reputational in nature and thus particularly difficult, if not impossible, to quantify. The presumption of irreparable harm is particularly important at the preliminary injunction stage where trademark owners are trying to prevent further injury from occurring due to ongoing infringement. Moreover, such injury extends beyond the trademark owner to the general public, who may be unable to differentiate among products and brands and who are unlikely to be able to remedy the damage of being confused or deceived into buying an unintended and possibly inferior product.

Further, from an evidentiary perspective, it is difficult to identify and submit concrete evidence of harm that has yet to occur, which is why a presumption of irreparable harm is so important; at the same time, defendants are protected because the presumption can be rebutted with evidence that any harm is in fact compensable or otherwise is not irreparable. Failure to retain the traditional presumption of irreparable harm would unfairly force trademark and other Lanham Act plaintiffs to bear a greater—and in some instances insurmountable—burden of proof.

More specifically, the Ninth Circuit's error reflects a misunderstanding of the extent to which this Court's

decisions in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) and *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008), require courts to disregard the traditional presumption of irreparable harm that applies upon a showing of a likelihood of success in Lanham Act cases.

eBay was a patent case that involved a review of the Federal Circuit’s categorical rule that permanent injunctive relief should automatically issue once patent infringement has been shown. The Court rejected that categorical rule and instead required that a plaintiff show that injunctive relief is appropriate based on the four traditional injunction factors, including the existence of irreparable harm. 547 U.S. at 393-94. In its discussion, the Court drew parallels between the Patent Act and the Copyright Act, and referred to both copyrights and patents as “equivalent[s] given by the public for benefits bestowed by the genius and meditations and skill of individuals.” *Id.* at 392 (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)). The Court, however, did not mention or consider, let alone abolish, the presumption of irreparable harm that has long applied in the very different context of Lanham Act violations, which involve injury to goodwill and the creation of consumer confusion caused by defendant’s conduct, nor did the reasoning of this Court mandate rejection of the traditional evidentiary rebuttable presumption of irreparable harm in such cases. Moreover, in the two concurrences in *eBay*, a total of seven Justices agreed that district courts may continue to allow such evidentiary rules—implemented as “lesson[s] of . . . historical practice”—to inform their equitable discretion “when the

circumstances of a case bear substantial parallels to litigation the courts have confronted before.” 547 U.S. at 395-96 (Kennedy, J., concurring, joined by Stevens, Souter, and Breyer, JJ.); *accord id.* at 394-95 (Roberts, C.J., concurring, joined by Scalia and Ginsburg, JJ.).

Winter also presented a very different scenario than the case at bar. In that case, the Ninth Circuit held that if a plaintiff made a strong showing of likelihood of success on the merits, then the plaintiff had to only prove a “possibility” of irreparable harm to be entitled to a preliminary injunction. *See Natural Res. Def. Council v. Winter*, 518 F.3d 658, 696-97 (9th Cir.), *rev’d*, 555 U.S. 7 (2008). The Court rejected that rule as well, holding that a likelihood, rather than a mere possibility, of irreparable injury must be shown. *Winter*, 555 U.S. at 22. But, like *eBay*, *Winter* said nothing about the rebuttable presumption of irreparable injury that has long applied in Lanham Act cases, as an evidentiary matter, when plaintiffs have shown a likelihood of success on the merits involving harm to a party’s intangible goodwill.

Because INTA’s members believe that the traditional presumption of irreparable harm (which is, after all, rebuttable) is well-founded in policy and should continue to apply when a party shows a likelihood of success on the merits in a trademark infringement case, INTA has a strong interest in participating as *amicus curiae* in this case to urge the Court to resolve the conflict that has developed in the circuits and lower courts, to clarify the confusion that has developed by courts’ inappropriate application of the categorical rule addressed in the patent context to the rebuttable evidentiary presumption in the

trademark context, and to urge the Court to reaffirm the validity of the longstanding presumption of irreparable harm in such cases.

STATEMENT

A. Legal Background

The legal issue in this case is whether a trademark owner who has shown a likelihood of success on the merits is likewise entitled to a rebuttable presumption of irreparable injury when seeking injunctive relief.

In *eBay*, a case involving patent infringement claims, this Court held that, rather than employing a “categorical rule,” 547 U.S. at 393, courts must apply the traditional four-factor test (namely, irreparable harm, inadequacy of legal remedies, the balance of hardship between the parties and the public interest, *see id.* at 391) in determining whether to grant a permanent injunction “in patent disputes no less than in other cases.” *Id.* Two years later, the Court applied *eBay* in *Winter* to hold that plaintiffs seeking preliminary injunctive relief against the Navy’s use of sonar in military exercises had to establish a likelihood, as opposed to a mere “possibility,” of irreparable harm. *Winter*, 555 U.S. at 21-22.

As a result of these two decisions, most courts have discarded the presumption of irreparable harm in patent and copyright cases, but it remains in dispute whether the traditional presumption of irreparable harm in Lanham Act cases has been undermined. Although some courts have continued to apply the presumption of irreparable harm in Lanham Act cases, *see, e.g., Abraham v. Alpha Chi Omega*, 708

F.3d 614, 627 (5th Cir.), *cert. denied*, 134 S. Ct. 88 (2013), others, like the Eleventh Circuit, have strongly suggested that *eBay* does apply in the trademark context. *See N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008). Likewise, the Second Circuit (in dictum) has suggested that the presumption is no longer viable post-*eBay* in false advertising cases and beyond. *See Salinger v. Colting*, 607 F.3d 68, 78 n.7 (2d Cir. 2010) (“[A]lthough today we are not called upon to extend *eBay* beyond the context of copyright cases, we see no reason that *eBay* would not apply with equal force to an injunction in *any* type of case.”).

The Ninth Circuit’s decision in this case appears to be the first decision *affirmatively* holding that *eBay* applies to trademark infringement cases. *See Herb Reed Enters., LLC v. Fla. Entm’t Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013) (“*Reed II*”), *petition for cert. filed* (U.S. Apr. 17, 2014) (No. 13-1271).

B. Factual and Procedural History

The Platters are a famous 1950s musical group founded by Herb Reed. Reed’s assignee sought to preliminarily enjoin respondents from promoting an unlicensed show featuring a group called The Platters. The district court preliminarily enjoined Respondents from holding themselves out as “The Platters,” finding that Petitioner was likely to succeed in proving (a) ownership of a valid, protectable mark in The Platters, and (b) that Respondents were using a confusingly similar mark. *See Herb Reed Enters., LLC v. Fla. Entm’t Mgmt., Inc.*, No. 2:12-cv-00560-MMD-GWF, 2012 WL 3020039, at *9-14, *19 (D. Nev. July 24, 2012) (“*Reed I*”), *rev’d*, 736 F.3d 1239 (9th Cir.

2013), *petition for cert. filed* (U.S. Apr. 17, 2014) (No. 13-1271).

The district court did not presume irreparable injury, but found that Reed's legacy would likely suffer irreparable reputational harm absent an injunction, and that Reed and his heirs and assigns would be denied the right to benefit from his fame. *See Reed I*, 2012 WL 3020039, at *15-16. The district court further found that the balance of hardships and the public interest favored Reed. *Id.* at *17.

On appeal, the Ninth Circuit agreed with the district court that Reed was likely to succeed on the merits of the trademark dispute. *See Reed II*, 736 F.3d at 1247-48. However, the court reversed the grant of injunctive relief because it found Reed's evidence of irreparable injury unsupported and conclusory. *See id.* at 1242, 1250. Although the court recognized that evidence of loss of control over business reputation and damage to goodwill can constitute irreparable harm, *id.* at 1250, it relied on *eBay* and *Winter* to reject the principle that evidence of customer confusion constitutes evidence of irreparable harm. *See Reed II*, 736 F.3d at 1250-51. Finally, the Ninth Circuit affirmatively held that "the *eBay* principle—that a plaintiff must establish irreparable harm—applies to a preliminary injunction in a trademark infringement case." *Id.* at 1249.

As a result, the court held that the district court effectively and improperly applied a presumption of irreparable harm based solely on a strong case of infringement on the merits. *Id.* at 1250-51.

SUMMARY

As discussed above, the Ninth Circuit's decision potentially creates a split among the circuits, as at least one other Circuit (the Fifth) has held that injury is in fact presumed in trademark infringement cases.

INTA submits that that it is critically important for this Court to review and resolve both the potential split and the issue of whether *eBay* applies in Lanham Act cases. There are important doctrinal reasons for treating trademark infringement and false advertising cases brought under the Lanham Act differently from other types of cases such as those under the Patent Act. The Lanham Act is, at its heart, a consumer protection law rather than a law designed to protect private property rights like patent and copyright. In patent and copyright cases, the public interest may tolerate continued sales of infringing items under a compulsory license, and/or damages from infringement may be quantifiable. In Lanham Act cases, however, the nature of the injury to intangible goodwill caused by trademark infringement and false advertising is inherently irreparable and can be difficult, if not impossible, to quantify.

The implications of the Ninth Circuit's decision here are significant. For example, in a decision issued by the United States District Court for the Central District of California following *Reed II*, the court denied plaintiff's request for a permanent injunction despite the fact that a jury had found defendant liable for trademark infringement of plaintiff's federally registered and common law trademarks (but awarded

plaintiff no damages and none of defendant's profits). *See Active Sports Lifestyle USA, LLC v. Old Navy, LLC*, No. SACV 12-572 JVS (Ex), 2014 WL 1246497, at *1, *5 (C.D. Cal. Mar. 21, 2014). In denying the requested injunctive relief, the court relied on *eBay* and *Reed II*. On the irreparable harm issue, the courts after citing *Reed II*'s holding, *see Active Sports*, 2014 WL 1246497, at *2 (citing *Reed II*, 736 F.3d at 1250-51), found that because "no monetary damage resulted from the pre-trial infringement and no other harm beyond speculation has been demonstrated," no irreparable harm flowed from the infringing activity. *Id.* at *3. The court so held despite the fact that it explicitly noted that "[f]ailing to award an injunction would permit [defendant] to continue its infringing activity on a national scale," and that such infringing activity was "almost certain to continue." *Id.* at *2. .

For all these reasons, INTA urges the Court to grant the petition and hear this case.

ARGUMENT

II. The Ninth Circuit's Decision Arguably Creates a Circuit Split Requiring Review by This Court.

The question of whether *eBay* and *Winter* undermine the traditional presumption of irreparable harm in Lanham Act cases is a matter that varies among circuits, a resolution of which can only be made by this Court.

Post-*eBay*, the Fifth Circuit has continued to presume harm from a showing of trademark infringement, but has not held that *eBay* does not apply to trademark infringement cases. Rather, in

Abraham v. Alpha Chi Omega, 708 F.3d 614 (5th Cir.), *cert. denied*, 134 S. Ct. 88 (2013), the court, quoting a well-known trademark treatise, stated: “As to the first [*eBay*] factor [of irreparable harm] . . . ‘All that must be proven to establish liability and the need for an injunction against infringement is the likelihood of confusion—injury is presumed.’” *Id.* at 627 (quoting J. Thomas McCarthy, 5 *McCarthy on Trademarks and Unfair Competition* § 30:2 (4th ed. 2001)).

By contrast, the Eleventh Circuit has stated that “a strong case can be made that *eBay*’s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act.” *N. Am. Med.*, 522 F.3d at 1228. Likewise, the Second Circuit (in dictum) has suggested that a presumption of irreparable harm is no longer viable post *eBay* in Lanham Act cases and beyond. *See Salinger*, 607 F.3d at 78, n.7).

The Ninth Circuit’s decision in this case appears to be the only such Circuit decision *affirmatively* holding that *eBay* applies to trademark infringement cases. *See Reed II*, 736 F.3d at 1249 (“We now join other circuits in holding that the *eBay* principle—that a plaintiff must establish irreparable harm—applies to a preliminary injunction in a trademark infringement case.” While the Ninth Circuit stated that it “join[ed]” other circuits—namely, the Eleventh and the Sixth³—in so holding, the law in other circuits

³ The Sixth Circuit, in *Audi AG v. D’Amato*, 469 F.3d 534 (6th Cir. 2006), while applying the four *eBay* factors, *see id.* 469 F.3d at 550, did not address the presumption issue, and, at any rate,

on this issue, as outlined herein, is far from clear. Moreover, courts post-*Reed II* have explicitly noted the “tension” between *Reed II*s holding and those of other circuits. *See Active Sports*, 2014 WL 1246497, at *2.

Therefore, this Court’s review and resolution of the ongoing debate as to the scope of *eBay*’s application is critical for all trademark owners seeking to protect their valuable commercial rights in the competitive marketplace.

III. The Ninth Circuit Erred As a Matter of Law by Failing to Recognize the Presumption of Irreparable Harm that Applies Upon a Showing of Likely Success in Lanham Act Cases.

A. Long-Standing Precedent Supports a Presumption of Irreparable Harm in Lanham Act Cases Upon a Showing of Likely Success on the Merits.

The rebuttable evidentiary presumption of irreparable harm in trademark infringement cases has developed over many years through careful judicial analysis based on equitable principles, logic, and the commercial realities at play in the context of trademark law.

The presumption arises from the premise that the harms caused by false advertising and trademark violations—including damage to goodwill and/or reputation, inability to control the quality of allegedly

concluded that Audi would be irreparably harmed if the defendant continued to sell counterfeit merchandise. *Id.*

infringing goods or services, and permanent loss of market share—are intangible because they are not capable of measurement with any certainty, and therefore that such harms are inherently irreparable. *See Re/Max North Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001) (“[T]he most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendant’s goods. Even if the infringer’s products are of high quality, the plaintiff can properly insist that its reputation should not be imperiled by the acts of another.” (citation omitted)). In this respect, the harms caused by Lanham Act violations are distinct from the harms caused by copyright and patent infringement, which, because the latter two reflect an infraction on the economic rights of the rights holder, can be readily measured by lost sales and/or unjust enrichment. Indeed, as discussed further in Section II.A, *infra*, courts have long grappled with the difficulty of ascertaining and calculating damages in trademark infringement cases given that the injury is difficult, if not impossible, to quantify.

The presumption also derives from, and serves to achieve, the Lanham Act’s purpose of providing reliable information to the consuming public about a consumer good. Unlike the Patent Act and Copyright Act, the Lanham Act is, at its heart, a consumer protection law rather than a law designed to protect private property rights. In patent and copyright cases, the principal reason the law grants protection is to encourage the development of the arts and sciences; the public interest may therefore tolerate continued sales of infringing items under certain circumstances,

such as under a compulsory license when damages from the infringement are quantifiable.

On the other hand, the Lanham Act's goal of protecting consumers is always in the public interest and the harm to goodwill and reputation cannot be quantified with any reasonable degree of accuracy. *See, e.g., McDonald's Corp. v. Robertson*, 147 F.3d 1301, 1309-10 (11th Cir. 1998) (holding damage to reputation and loss of customers caused by unauthorized distribution of inferior products presents incalculable damages and thus irreparable harm); *see also Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387 (5th Cir. 1977) ("If a trademark owner allows licensees to depart from its quality standards, the public will be misled, and the trademark will cease to have utility as an informational device.").

Although the public interest and the principles underlying the Lanham Act thus support a presumption of irreparable harm when likely success has been shown, that presumption is rebuttable to allow a defendant to put forth facts that show the harm is not irreparable. The presumption is thus not a categorical finding of irreparable harm that automatically applies in every case; rather, it is an evidentiary doctrine that allows a Lanham Act plaintiff to establish a prima facie showing of irreparable harm, which shifts the burden of production to the defendant to adduce evidence that the harm is compensable and thus not irreparable. *See, e.g., Christopher Norman Chocolates, Ltd. v. Schokinag Chocolates N. Am., Inc.*, 270 F. Supp. 2d 432, 434 (S.D.N.Y. 2003) (finding that the facts

presented rebutted the presumption of irreparable harm where parties were, *inter alia*, not competitors in the marketplace).

B. *eBay* and *Winter* Do Not Preclude Recognition of the Traditional Rebuttable Presumption of Irreparable Harm in Lanham Act Cases.

In holding that irreparable harm may not be presumed based upon a showing of a likelihood of success on the merits, the Ninth Circuit relied on this Court's decisions in *eBay* and *Winter*. Those cases, however, do not reject the rebuttable presumption of irreparable harm upon a showing of a likelihood of success in Lanham Act cases.

eBay overturned the categorical rule imposed by the Court of Appeals for the Federal Circuit that, in patent cases, "courts will issue permanent injunctions against patent infringement absent exceptional circumstances." *eBay*, 547 U.S. at 390-91 (quoting *MercExchange L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005), *vacated*, 547 U.S. 388 (2006)). In rejecting this rule, the Court found that such a blind approach in patent cases was inconsistent with equitable principles because it did not properly consider the traditional four-factor test for granting injunctive relief, including considering whether the public interest favors the grant of injunctive relief and whether the harm could be compensated by money damages. The Court expressly noted, though, that its holding was limited, and was simply designed to ensure that patent cases, just like all other cases, were subject to traditional principles of equity:

We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.

Id. at 394. Thus, *eBay* does not preclude the continued recognition of a rebuttable presumption of irreparable harm in Lanham Act cases if that presumption is applied consistently with the traditional four-factor equitable test for granting an injunction.

A further distinction between the Lanham Act presumption of irreparable harm and the rule rejected by *eBay* is that the Lanham Act presumption is rebuttable. The reason the this Court rejected the Federal Circuit’s categorical rule requiring entry of a permanent injunction in patent cases was that it prevented courts from considering the four-factor equitable test for injunctive relief. *See eBay*, 547 U.S. at 393-94. Here, the question is not whether courts may “categorically” enter injunctions in Lanham Act cases, but rather, whether courts may continue to presume, absent countervailing rebuttal evidence, that a party has met one factor of the four factor test for injunctive relief—irreparable harm—once it finds the party likely to succeed on the merits of its claim.

Indeed, this is precisely what the district court in *Reed I* did. Absent any attempt by the defendant to provide countervailing evidence in response to plaintiff’s claim that Reed’s legacy would “suffer

irreparable reputational harm as an entertainer” if he and his heirs and assigns were denied the right to benefit from Reed’s fame, the district court found that continued use of the mark would likely result in a loss of goodwill. *Reed I*, 2012 WL 3020039, at *15-16.

A number of other courts have expressly distinguished *eBay* on this basis. because they recognized the distinction between a categorical rule that an injunction should issue and a rebuttable presumption that irreparable harm, one of the four factors in the equitable test, exists. *See, e.g., Eisai Co. v. Teva Pharm. USA, Inc.*, No. 05-5727 (HAA) (ES), 07-5489 (HAA) (ES), 2008 WL 1722098, at *10 (D.N.J. Mar. 28, 2008) (“[T]he standard rejected by the Supreme Court in *eBay* was one in which the Federal Circuit applied a presumption that the *injunction* should issue, not a presumption that one of the four prongs – irreparable harm – exists.”); *Petro Franchise Sys., LLC v. All Am. Props., Inc.*, 607 F. Supp. 2d 781, 794 (W.D. Tex. 2009) (“A conclusive determination that three equitable factors automatically follow when success on the merits is established is quite far from a mere presumption that a single factor – irreparable harm – should usually follow when likelihood of confusion is established.”).

Similarly, nothing in *Winter* supports abandonment of the traditional presumption of irreparable harm. In that case, the Court rejected the Ninth Circuit’s holding, in a non-Lanham Act case, that if a plaintiff makes a strong showing of likelihood of success on the merits, then the plaintiff need only prove a “possibility” of irreparable harm to be entitled

to a preliminary injunction, regardless of the type of injury involved:

We agree with the [defendant] that the Ninth Circuit’s “possibility” standard is too lenient. Our frequently reiterated standard requires plaintiffs seeking preliminary relief to demonstrate that irreparable injury is *likely* in the absence of an injunction. Issuing a preliminary injunction based only on a possibility of irreparable harm is inconsistent with our characterization of injunctive relief as an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief.

See Winter, 555 U.S. at 21 (citations omitted). Although *Winter* thus makes clear that a likelihood of irreparable harm must be shown, it does not undermine the rationale supporting the evidentiary doctrine that certain factual showings can give rise to a rebuttable presumption of certain facts, such as that irreparable harm is likely.

IV. Application of the Presumption of Irreparable Harm in Lanham Act Cases Is Appropriate as an Evidentiary Matter Because the Harm from False Advertising and Trademark Violations Is Inherently Irreparable.

A. The Harm Caused by Lanham Act Violations Is Distinct from the Harm Caused by Patent and Copyright Infringement.

The injury that stems from the loss of control over one's goodwill or the way in which consumers perceive the plaintiff or its product or service is inherently unquantifiable. Consequently, courts have long grappled with the difficulty of ascertaining and calculating damages in trademark infringement cases and legal remedies are typically insufficient to redress the harm caused by false advertising. *See, e.g., McDonald's*, 147 F.3d at 1309-10; *cf. Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 726 (3d Cir. 2004) ("Lack of control over one's mark 'creates the potential for damage to . . . reputation[, which] constitutes irreparable injury for the purpose of granting a preliminary injunction in a trademark case.") (alteration in original) (citation omitted); *Basis Int'l Ltd. v. Research in Motion Ltd.*, 827 F. Supp. 2d 1302, 1310 n.5 (D.N.M. 2011) ("Unlike patent cases, [Lanham Act] cases involve intangibles like the trademark owner's reputation and goodwill."); *Alliance Bank v. New Century Bank*, 742 F. Supp. 2d 532, 565-66 (E.D. Pa. 2010) (finding that the potential of damage to reputation constitutes irreparable injury and supports the grant of a preliminary injunction

against trademark infringement); *see generally* David H. Bernstein & Andrew Gilden, *No Trolls Barred: Trademark Injunctions After eBay*, 99 TRADEMARK REP. 1037, 1054 (2009). Accordingly, where a Lanham Act plaintiff is able to establish a likelihood of success on the merits, a presumption of irreparable harm logically follows. *See, e.g., Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) (holding that irreparable injury “ordinarily follows when a likelihood of confusion or possible risk to reputation appears” from infringement) (citation omitted).

The harm in patent and copyright cases is qualitatively different than harm to an intangible like goodwill. That is because the harm that patent and copyright laws seek to prevent relates to private property rights—“a set of rights used to induce creators and inventors to share their work with the public by granting a limited period of time during which the creator or inventor can exact monopoly prices.” Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L. Rev. 55, 63 (2007); *see also eBay*, 547 U.S. at 392 (“Like a patent owner, a copyright holder possesses ‘the right to exclude others from using his property.’”) (quoting *Fox Film*, 286 U.S. at 127) (citation omitted). Infringement of patent and copyright property rights constitute “an attempt by the infringer to appropriate for himself the economic due that is the author’s [or inventor’s]” and thus is readily measurable and compensable in monetary damages such as lost sales and/or unjust enrichment. *Heymann, supra*, at 64 (footnote omitted); *see also* Alfred C. Yen, *Eldred, The First Amendment, and Aggressive Copyright Claims*,

40 Hous. L. Rev. 673, 674 (2003) (“[C]opyright plaintiffs generally sue to keep defendant from appropriating or destroying revenue streams the plaintiff would otherwise enjoy from the sale or other exploitation of the plaintiff’s work.”).

Therefore, even if an infringer of another’s copyright or patent is able to continue selling the infringing product during the pendency of litigation (in the preliminary injunction context) or after proving liability (as in *eBay*), the plaintiff may still be able to be made whole by calculating the profits from the infringing sales. A Lanham Act plaintiff cannot so easily avail itself of such a calculation in order to be made whole because the injury suffered consists not only of lost profits, but also of the incalculable loss of control of goodwill.

Another distinction between patent/copyright cases and trademark/advertising cases is that the harm in Lanham Act cases is suffered not only by the plaintiff but by the public as well (which is confused and injured by the defendant’s deception). *See, e.g., Ky. Fried Chicken*, 549 F.2d at 387.

Moreover, the very grant of monopoly rights in patent and copyright cases envisions those private rights as a necessary social cost required to produce social benefits—that is, they are trade offs, not inherent means by which the public is benefitted. *See, e.g., Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) (“A copyright, like a patent is [an] equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals” (citations omitted)); Ian Ayres & Paul Klemperer, *Limiting Patentees’ Marketing Power Without Reducing*

Innovation Incentives: The Perverse Benefits of Uncertainty and Non-Injunctive Remedies, 97 Mich. L. Rev. 985, 987 (1999) (“If society wants to use patent profits to induce innovation, it should choose the method of producing a particular level of profit that produces the least cost to society.”). In contrast, trademark law serves twin goals—both that of protecting the hard-earned goodwill of a mark, hence benefitting owners, yet also reducing search costs for consumer goods, thus benefitting the public, as well.

In that vein, even if damages *could* be measured in Lanham Act cases, those damages would not compensate the public, which is why speedy injunctive relief (made more readily obtainable with a presumption of irreparable harm) makes more sense in the Lanham Act context than in either copyright or patent cases. In other words, although the public interest may not be harmed by the continued sales of infringing items under a compulsory license and damages from infringement may be quantifiable in a patent or copyright case, courts have consistently found that the public interest is served by enjoining the use of infringing marks or public deception. *See, e.g., S & R Corp. v. Jiffy Lube Int’l, Inc.*, 968 F.2d 371, 379 (3d Cir. 1992) (“Where a likelihood of confusion arises out of the concurrent use of a trademark, the infringer’s use damages the public interest.”); *Quantum Fitness Corp. v. Quantum Lifestyle Centers, L.L.C.*, 83 F. Supp. 2d 810, 832 (S.D. Tex. 1999) (“The public interest is always served by requiring compliance with Congressional statutes such as the Lanham Act and by enjoining the use of infringing marks.”). Courts deciding Lanham Act cases have continued to so find, even post-*eBay*. *See, e.g., S & H*

Indus. v. Selander, 932 F. Supp. 2d 754, 765 (N.D. Tex. 2013) (“[T]he entry of an injunction comports with the public interest because it advances the purposes of the Lanham Act.”).

For these reasons, even if a presumption of irreparable injury no longer applies in patent and copyright cases after *eBay*, the presumption should continue to apply in trademark infringement (and other Lanham Act) cases given the distinct nature of the injury in such cases and the public’s interest in truthful, accurate source identification and reduced search costs.

B. Without a Presumption of Irreparable Harm, a Lanham Act Plaintiff Would Face a Double Burden to Prove That Its Intangible Injury Is Irreparable.

Without the possibility of a presumption of irreparable harm, a plaintiff seeking injunctive relief from a false advertisement or trademark infringement faces the high burden of having to prove the irreparable nature of the injuries stemming from the loss of control over its reputation, advertising, and/or trademarks—difficult things to prove given that the irreparable nature of the harm derives from the form of injury itself. Reputational damage is inherently irreparable if unchecked. *See Kos Pharm.*, 369 F.3d at 726. Therefore, if a Lanham Act plaintiff can meet the heavy burden of establishing a likelihood of success on the merits of the case, there should be a presumption of irreparable injury given that the very nature of such an injury cannot easily be calculated, let alone redressed, with monetary remedies. To ignore this fact and require a plaintiff to offer tangible proof of

the harm flowing from reputational damage at the outset of litigation would unfairly require a plaintiff to twice prove its entitlement to injunctive relief. Such a double burden is patently unjust and contradicts the longstanding precedent recognizing the unique nature of the injury involved in false advertising and trademark cases.

CONCLUSION

For decades, courts have applied a rebuttable presumption of irreparable harm once trademark infringement has been proven. This presumption is not a “categorical rule”; rather, it is merely an evidentiary doctrine that shifts the burden to the infringer to adduce at least some evidence that the harm is not irreparable (which may, for example, be proven if the defendant shows that the infringement has permanently ceased or that they are of a nature that can readily be calculated and compensated). This long-established rebuttable presumption of irreparable harm appropriately shifts the burden of proof on the difficult-to-quantify question of injury in Lanham Act cases and promotes the public interest in reducing consumer search costs. Nothing in *eBay* or *Winter* forecloses such a presumption in trademark infringement cases or even addresses Lanham Act law or precedent. Thus, this Court should follow its own precedent, and that of most other Circuit Courts of Appeals, and require courts to continue to apply the long-standing rebuttable presumption of irreparable harm when a likelihood of success has been proven in Lanham Act claims.

Respectfully submitted,

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