

The Trademark Reporter®



The Law Journal of the International Trademark Association

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The Trademark Reporter (ISSN 0041-056X) is published electronically six times a year by the International Trademark Association, 655 Third Avenue, New York, NY 10017-5646 USA. INTA, the INTA logo, INTERNATIONAL TRADEMARK ASSOCIATION, POWERFUL NETWORK POWERFUL BRANDS, THE TRADEMARK REPORTER, and inta.org are trademarks, service marks, and/or registered trademarks of the International Trademark Association in the United States and certain other jurisdictions.

The Trademark Reporter®

ADIOS! TO THE IRREPARABLE HARM PRESUMPTION IN TRADEMARK LAW*

By *Anne Gilson LaLonde*** and *Jerome Gilson****

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AUTHORS' NOTE

After we wrote this article, the INTA Board of Directors called for an amendment to the Lanham Act to include a rebuttable presumption of irreparable harm. In a resolution passed May 20, 2017, it proposed that the Act should be amended to provide that:

when a claimant seeks injunctive relief under Section 34 of the Act, a rebuttable presumption of irreparable harm shall apply where there has been a finding of liability, or in the case of a motion for a preliminary injunction, a finding of probable success on the merits of the claim.

The Board noted the uncertainty that Lanham Act claimants face because of the divergent views of the various circuits, as well as the lack of clarity over just what evidence can support a claim of irreparable harm. Without the presumption, cautions the Board resolution, “a subset of Lanham Act claimants are likely to be denied meaningful relief despite prevailing on the merits of their claims.”

We fully support the resolution and hope that such an amendment will soon become law.

I. INTRODUCTION

Whatever happened to the irreparable harm presumption in trademark law? After all, federal courts in the United States had long held that a trademark owner seeking a preliminary injunction only had to prove that it was likely to succeed on the merits. It did not have to prove *separately* that the harm was irreparable. Harm was presumed. But just over a decade ago, the Supreme Court set a different and ominous course in motion.

While we question the legitimacy of this change, a court today will probably expect separate proof of irreparable harm when preliminary relief is sought.

In this article, we cover the presumption of irreparable harm, past and present, explain the complications inherent in losing it, and discuss plaintiffs' and defendants' strategies in light of the current status of the presumption.

We conclude that the presumption is almost extinct, that losing it entirely would be a palpable setback to trademark law and the

public interest, and that a Lanham Act amendment would both restore and strengthen it.

II. THE DOWNFALL OF THE IRREPARABLE HARM PRESUMPTION IN TRADEMARK LAW

In this section, we start with the fine print on irreparable harm and its place in injunctive relief overall in United States trademark law. Then we cover the pre-2006 era, during which federal courts commonly presumed that a trademark owner would be irreparably harmed by infringement. Next, we discuss the intervening events of two Supreme Court opinions and why those are thought to severely undermine or even eliminate the presumption of irreparable harm in trademark infringement cases. After an analysis of the (spoiler alert) waning state of the presumption in trademark cases today, we conclude with a note on whether the Supreme Court in fact meant to call it into question at all.

A. Irreparable Harm Basics

Preliminary injunctions and temporary restraining orders, bedrocks of the law of equity, preserve the status quo until a court or jury can decide the case on the merits.¹ Their effect (“temporary” and “preliminary”) is obviously short term. And a court’s accompanying findings of fact and conclusions of law are not binding in a later trial on the merits.² Still, if granted, such injunctions dramatically block infringement and often result in prompt settlement or summary termination of the entire dispute. A defendant ordered to change its mark preliminarily probably will not resume using it months later, and persuading a court after trial to depart from its preliminary ruling is the quintessential long shot.

The Lanham Act states that a court “shall have power to grant injunctions, 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 or to prevent a violation under subsection (a), (c), or (d) of section 43.”³ Courts exercise their discretion in deciding

1. See, e.g., *University of Tex. v. Camenisch*, 451 U.S. 390, 395 (1981) (“The purpose of a preliminary injunction is merely to preserve the relative positions of the parties until a trial on the merits can be held.”).

2. *Id.*

3. 15 U.S.C. § 1116(a). See generally 3 Anne Gilson LaLonde, *Gilson on Trademarks* § 14.02[1] on injunctive relief.

Section 43(a) covers infringement of unregistered trademarks or trade dress, establishes a federal law of unfair competition, and provides for civil actions against those engaging in false advertising. 15 U.S.C. § 1125(a). See 2 *Gilson on Trademarks* § 7.02 for a discussion of actions available under Section 43(a) and 3 *Gilson on Trademarks* § 11.03[2][a][ii] for a discussion of federal unfair competition law.

whether to grant or deny such relief, consistent with “well-established principles of equity.”⁴

A preliminary injunction or temporary restraining order is “an extraordinary remedy never awarded as of right,”⁵ available only “upon a clear showing that the plaintiff is entitled to such relief.”⁶ At the core is also proof of irreparable harm, without which a plaintiff is lost.⁷ To put it in context, according to the Supreme Court, traditional equity doctrine requires that a party seeking preliminary injunctive relief is likely to (a) succeed on the merits, (b) suffer irreparable harm in the absence of preliminary relief, (c) prevail in the balancing of equities, and (d) show that an injunction is in the public interest.⁸

Although this article focuses on preliminary injunctive relief and its particular challenges, courts considering permanent injunctions must also find that a plaintiff has suffered or will suffer irreparable harm.⁹ A permanent injunction requires a party to show actual success on the merits rather than a likelihood, but the meaning of “irreparable harm” is the same in both contexts.¹⁰ Where relevant, therefore, we also cite permanent injunction cases.

Section 43(c) enables the owner of a famous trademark to sue for dilution of that mark by tarnishment or blurring. 15 U.S.C. § 1125(e). See 2 Gilson on Trademarks § 5A.01 et seq. for more on dilution law.

Section 43(d) protects mark owners when their mark has been appropriated in a domain name with the bad faith intention to profit from its goodwill. 15 U.S.C. § 1125(d). See 2 Gilson on Trademarks § 7A.06 for a discussion of the cyberpiracy cause of action.

4. *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

5. *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008).

6. *Id.* at 22.

7. *E.g.*, *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 219 (3d Cir. 2014) (“Absent a showing of irreparable harm, a plaintiff is not entitled to injunctive relief, even if the other three elements are found.”); *Swarovski Aktiengesellschaft v. Bldg. #19, Inc.*, 704 F.3d 44, 55 (1st Cir. 2013) (holding that a district court must make an affirmative finding on irreparable harm in order to issue a preliminary injunction).

8. See also Fed. R. Civ. P. 65(b)(1)(A) (before court can grant temporary restraining order, immediate and irreparable harm must be shown by either affidavit or verified complaint); 13 Moore’s Federal Practice § 65.22[1][b] (“A preliminary injunction will not be granted unless the applicant shows that irreparable harm will result in the absence of such relief.”).

8. *Winter*, 555 U.S. at 20.

9. To obtain permanent injunctive relief, the Supreme Court holds that a plaintiff must show it has suffered an irreparable injury, legal remedies are inadequate, an equitable remedy is warranted given the balance of hardships between the parties, and a permanent injunction would not disserve the public interest. *eBay*, 547 U.S. at 391.

10. *Amoco Production Co. v. Gambell*, 480 U.S. 531, 546 n.12 (1987) (“The standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.”); *Flexible Lifeline Sys. v. Precision Lift, Inc.*, 654 F.3d 989, 996 (9th Cir. 2011) (“Nor does the fact that *eBay* concerned a permanent injunction rather than a preliminary injunction sufficiently distinguish the cases to result in a different outcome.”); 13 Moore’s Federal Practice § 65.05[3] (“As opposed to preliminary injunctions, permanent injunctions ordinarily may be rendered only after a valid adjudication of the merits of the action.”).

But when can harm be *irreparable*? When it cannot be repaired. That is, when a court could not make a plaintiff whole if it succeeds at trial.¹¹ A court will not grant equitable relief if legal relief—money damages—would be adequate. Thus, an injury that can be calculated in dollars is not irreparable.¹² Also, harm that is too remote or speculative is not “irreparable.”¹³ It must be “likely” and not merely “possible.”¹⁴ But a court need not wait for actual injury; it can, of course, enjoin wrongful conduct to prevent threatened or imminent injury.¹⁵

B. Former Reliance on the Presumption

Federal courts agreed for years that irreparable harm was presumed in meritorious trademark cases. When a plaintiff sought a preliminary injunction and showed it would likely succeed at trial on the merits, the courts presumed that, without injunctive relief, the plaintiff also was likely to suffer irreparable harm.¹⁶ As the

11. *Id.* at § 65.22[1][b] (“In general, irreparable injury is an injury for which the court could not compensate the movant should the movant prevail in the final decree. Thus, lost income or other economic loss that is calculable and compensable by monetary damages ordinarily will not be considered an irreparable injury.”) (footnote omitted). *See also, e.g.*, *Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc.*, 735 F.3d 735, 740 (Fed. Cir. 2013) (Irreparable means “not fully compensable or avoidable by the issuance of a final judgment (whether a damages judgment or a permanent injunction, or both) in the plaintiff’s favor. For if the harm can be fully repaired in the final judgment, there is no reason to hurry the adjudicative process.”) (citations omitted).

12. 1 Moore’s Federal Practice at § 2.03[3] (“[A] court may not grant equitable relief unless it first determines that the party seeking equitable relief has no adequate legal remedy.”).

13. *Id.* at § 65.22[1][b] (“Alleged harm that is remote or speculative will not be considered irreparable; rather, the movant must demonstrate that the threatened harm is imminent.”).

14. *Winter*, 555 U.S. at 20-22.

15. Courts require a preliminary injunction movant to prove that “it will suffer” irreparable injury if the injunction is denied. *E.g.*, *Beltronics USA, Inc. v. Midwest Inventory Distrib., LLC*, 562 F.3d 1067, 1070 (10th Cir. 2009); *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 442 (5th Cir. 2000). *See also* 13 Moore’s Federal Practice §§ 65.22[1][a] (describing factor as “[l]ikelihood that movant will suffer irreparable injury if the request for preliminary injunction is denied.”), 65.22[c] (“A preliminary injunction will not be granted in the absence of some actual or threatened violation of a legal right.”).

Cf. *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 826 (9th Cir. 2011) (“Because a likely injury is far less certain than an actual injury, plaintiffs need not prove the latter to establish the commercial injury necessary for Lanham Act standing.”).

16. In order by circuit, *see, e.g.*, *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 33 (1st Cir. 1998) (“In the trademark context, ‘irreparable harm may be shown even in the absence of actual injury to plaintiff’s business based on plaintiff’s demonstration of a likelihood of success on the merits on its claim.’”) (citation omitted); *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 142 (2d Cir. 1997) (“In the context of trademark and unfair competition injunctions, the requirement of irreparable harm carries no independent weight. . . . [A] showing of likelihood of confusion . . . establishes irreparable harm.”); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 726 (3d Cir. 2004) (“As we have already found that [plaintiff] has shown a likelihood of success, we hold it is entitled to a presumption that it will suffer irreparable harm absent an injunction.”); *Scotts Co. v. United Indus. Corp.*, 315 F.3d 264, 273

Third Circuit declared in 1998, “once the likelihood of confusion caused by trademark infringement has been established, the inescapable conclusion is that there was also irreparable injury.”¹⁷ The Seventh Circuit went as far as calling the presumption “well-established” in trademark cases, “even absent a showing of business loss.”¹⁸ The Fifth Circuit, a renegade, occasionally disavowed the presumption and required that a plaintiff separately prove irreparable harm.¹⁹ (Still, even the sole court to disavow the presumption later fell under its spell²⁰ and suggested that it might be valid.²¹)

(4th Cir. 2002) (“In Lanham Act cases involving trademark infringement, a presumption of irreparable injury is generally applied once the plaintiff has demonstrated a likelihood of confusion, the key element in an infringement case.”); *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) (“The law of this Circuit holds that no particular finding of . . . irreparable harm is necessary for injunctive relief in trademark infringement or unfair competition cases.”); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000) (“Irreparable harm is generally presumed in cases of trademark infringement and dilution.”); *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 789 (8th Cir. 2004) (“A showing that confusion is likely supports a strong presumption of irreparable harm.”); *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1204 n.4 (9th Cir. 2000) (“In a trademark infringement claim, ‘irreparable injury may be presumed from a showing of likelihood of success on the merits.’ This presumption effectively conflates the dual inquiries of this prong into the single question of whether the plaintiff has shown a likelihood of success on the merits.”) (citations omitted); *SCFC ILC, Inc. v. VISA USA, Inc.*, 936 F.2d 1096, 1100-01 (10th Cir. 1991) (“Irreparable injury is frequently presumed where a trademark is wrongfully appropriated by another.”); *McDonald’s Corp. v. Robertson*, 147 F.3d 1301, 1310 (11th Cir. 1998) (holding that, in trademark infringement cases, “a sufficiently strong showing of likelihood of confusion . . . may by itself constitute a showing of . . . [a] substantial threat of irreparable harm”) (citation omitted).

The D.C. Circuit did not have occasion to opine on the issue, but one of its district courts did. *See Malarkey-Taylor Assocs. v. Cellular Telecoms. Indus. Ass’n*, 929 F. Supp. 473 (D.D.C. 1996) (“Trademark infringement raises a presumption of irreparable harm.”).

17. *Pappan Enters., Inc. v. Hardee’s Food Sys., Inc.*, 143 F.3d 800, 805 (3d Cir. 1998). *See also, e.g., Am. Bd. of Psychiatry & Neurology, Inc. v. Johnson-Powell*, 129 F.3d 1, 11 (1st Cir. 1997) (“[T]rademark infringement results in irreparable harm because the attendant loss of profits, goodwill, and reputation cannot be satisfactorily quantified, and, thus, the trademark owner cannot adequately be compensated.”).

18. *Abbott Labs. v. Mead Johnson & Co.*, 971 F.2d 6, 16 (7th Cir. 1992).

19. *Sunbeam Prods. Inc. v. West Bend Co.*, 123 F.3d 246 (5th Cir. 1997); *Allied Marketing Group, Inc. v. CDL Marketing, Inc.*, 878 F.2d 806 (5th Cir. 1989); *Southern Monorail Co. v. Robbins & Myers, Inc.*, 666 F.2d 185, 187-88 (5th Cir. 1982). *See also Paulsson Geophysical Serv., Inc., v. Sigmar*, 529 F.3d 303, 312 (5th Cir. 2008) (“This Court has avoided ‘expressly adopting this presumption of irreparable injury.’”) (citation omitted).

See generally 3 *Gilson on Trademarks* § 14.02[10][e] for more on the Fifth Circuit’s preliminary injunction standard.

20. *Abraham v. Alpha Chi Omega*, 708 F.3d 614, 627 (5th Cir. 2013).

21. *Emerald City Mgmt., LLC v. Kahn*, 624 Fed. Appx. 223 (5th Cir. 2015) (unpublished) (declining to consider validity of presumption).

C. Why the Presumption Existed

A presumption is a rule of law holding that the finding of one fact allows a court to assume that another fact exists, until or unless the presumed fact is rebutted by evidence.²² Legal presumptions are useful when there is insufficient evidence or it is difficult or impracticable for a court to draw a definite conclusion.²³ The presumption of irreparable harm was ready-made for, if not inherent in, trademark infringement cases.²⁴

Where a court found that confusion was likely to be proved at trial, it recognized that harm to the trademark owner was as clear as the underlying rationale in support of the finding of infringement. The First Circuit articulated it well in 1992:

By its very nature, trademark infringement results in irreparable harm because the attendant loss of profits, goodwill, and reputation cannot be satisfactorily quantified and, thus, the trademark owner cannot adequately be compensated. Hence, irreparable harm flows from an unlawful trademark infringement as a matter of law.²⁵

22. Black's Law Dictionary 1185 (6th ed. 1990) ("A presumption is a rule of law, statutory or judicial, by which finding of a basic fact gives rise to existence of presumed fact, until presumption is rebutted. A legal device which operates in the absence of other proof to require that certain inferences be drawn from the available evidence.") (citation omitted). See *infra* § IV for more on presumptions and inferences.

23. Mark P. Gergen, John M. Golden & Henry E. Smith, *The Supreme Court's Accidental Revolution? The Test for Permanent Injunctions*, 112 Colum. L. Rev. 203, 234 (2012) ("Filters that point toward and away from injunctions can limit error and save a lot of effort. Particularly when administrative costs and limitations are considered, overall decisionmaking can be improved through use of presumptions and defenses that mimic the direction expected for fully-informed judgments attentive to accepted goals such as discouraging opportunism.").

24. Dilution, false advertising, and cybersquatting cases are beyond the scope of this article. See 3 Gilson on Trademarks § 14.02[3][b][iii].

25. *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992). That circuit has since noted that *eBay* may have put this holding in doubt, but did not decide the issue. *Swarovski Aktiengesellschaft*, 704 F.3d 44.

See also, e.g., *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 939 (4th Cir. 1995) ("Infringement gives rise to irreparable injury, in that plaintiff has lost control of its business reputation to this extent, there is substantial likelihood of confusion of the purchasing public, there may be no monetary recovery available, and there is an inherent injury to the good will and reputation of the plaintiff.") (internal quotation marks and citation omitted); Sandra Rierson, *IP Remedies After eBay: Assessing the Impact on Trademark Law*, 2 Akron Intel. Prop. J. 163, 175 (2008), available at <http://ssrn.com/abstract=1135405> ("When a competitor places a trademark holder's mark (or a confusingly similar replication of it) on the competitor's inferior goods, thereby generating a likelihood of confusion on the part of the consumer, one would expect such conduct to have a real impact on (1) the consumer's opinion of the trademark holder's goods; and (2) the sales of those goods.").

And loss of reputation or goodwill may be devastating, even with bold corrective advertising.

The classic presumption also assumed that injury to reputation or goodwill cannot easily be quantified or adequately compensated with money damages.²⁶ It is often next to impossible to prove such evanescent injury at the preliminary injunction stage.²⁷ Consumer confusion, particularly that generated by intentional infringement, would doubtlessly erode market share to an unquantifiable degree.²⁸

Some, deriding it as unfair, have criticized the presumption as a policy matter. One commentator argued that it improperly allowed courts to bypass a stringent analysis of plaintiffs' injuries and reasons they could not be remedied with damages.²⁹ Further, requiring proof of specific irreparable harm "also prevents courts from considering harms that are distant or conjectural, or that are insubstantial, such as a plaintiff's psychic dissatisfaction with the defendant's noncompliance with the law."³⁰ Another scholar thought that, in trademark cases, "the overall level of liability is too high," and questioning the presumption has "triggered a reexamination of expansive harm theories in particular by focusing courts on the issue of irreparable harm, which has allowed them to make a good

26. Cf. Anthony DiSarro, *A Farewell to Harms: Against Presuming Irreparable Injury in Constitutional Litigation*, 35 Harv. J.L. & Pub. Pol'y 743, 783-84 (2012) (stating that in constitutional cases, eliminating the presumption of harm generally would not change outcomes because the abridgement of rights cannot be redressed with an award of damages; "The validity of this observation is not diminished simply because the presumption is eliminated.").

27. See, e.g., *Ty, Inc. v. Jones Group Inc.*, 237 F.3d 891, 902 (7th Cir. 2001) (holding that injuries from trademark infringement "are presumed to be irreparable because 'it is virtually impossible to ascertain the precise economic consequences of intangible harms, such as damage to reputation and loss of goodwill, caused by such violations'") (citation omitted); *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971) (holding that "if an infringer's product is of poor quality, or simply not worth the price, a more lasting but not readily measurable injury may be inflicted on the plaintiff's reputation in the market").

28. See, e.g., *Dialogo, LLC v. Santiago-Bauza*, 425 F.3d 1, 4 (1st Cir. 2005) ("Irreparable—or at least unquantifiable—injury may be fairly likely where two businesses are vying for the same customers using the same trademark or two marks that can be confused with one another. There, every customer diverted to a defendant may be an undetectable loss, even a permanent one, to the plaintiff."); *Tough Traveler v. Outbound Prods.*, 60 F.3d 964, 967-68 (2d Cir. 1995) (holding that proof of "loss of sales due to infringement is . . . notoriously difficult").

29. DiSarro, *supra* note 26, at 761 ("Presuming irreparable harm lets courts off the hook . . .").

30. *Id.* at 753-54 (footnotes omitted).

start on the problem.”³¹ Yet another went so far as to declare that the presumption violated a defendant’s right to due process.³²

We respectfully disagree. Arguing for removal of the presumption ignores a fundamental fact: In most, if not all, meritorious trademark cases, likelihood of confusion will perforce damage the plaintiff’s reputation and goodwill. Moreover, the presumption has proved to be a workable shorthand, and is well within the statutory power to grant injunctive relief “according to the principles of equity and upon such terms as the court may deem reasonable,”³³ and in any event it remains rebuttable by evidence contravening a finding of irreparable harm.³⁴

D. eBay

The trademark bar began to question the irreparable harm presumption in 2006, soon after the Supreme Court decided the patent case *eBay v. MercExchange*.³⁵ The petitioner had challenged a rule frequently applied in patent law: If patent infringement is proved then, absent exceptional circumstances, an injunction will issue. Prior to *eBay*, the general rule was that patent owners were entitled to permanent injunctive relief almost automatically upon a showing of infringement.³⁶

MercExchange owned a business method patent for an electronic marketplace facilitating the sale of goods between individuals and sued online auction house eBay for patent infringement. A jury found the patent valid and infringed, but the district court denied MercExchange’s motion for a permanent injunction. However, the Court of Appeals for the Federal Circuit reversed and applied the general rule.

The Supreme Court emphatically rejected it, finding it antithetical to well-established principles of equity. It held that the

31. Rebecca Tushnet, *What’s the Harm of Trademark Infringement?*, 49 Akron L. Rev. 627, 645 (2016), available at <http://ideaexchange.uakron.edu/akronlawreview/vol49/iss3/1>. See also Rierson, *supra* note 25, at 165 (“Particularly in cases which reflect a broader, propertized version of trademark law, application of *eBay*’s mandate that courts review the merits of a request for injunctive relief, rather than rely upon formulaic assumptions to support the award of such relief, would be an improvement over the status quo.”).

32. Aurelia Hepburn-Briscoe, Note and Comment, *Irreparable Harm in Patent, Copyright, and Trademark Cases after eBay v. MercExchange*, 55 How. L.J. 643, 673 (2012) (stating that the presumption “is counter to a cornerstone of our nation’s jurisprudence—due process”).

33. 15 U.S.C. § 1116(a).

34. See Peter J. Karol, *Trademark’s eBay Problem*, 26 Fordham Intell. Prop. Media & Ent. L.J. 625, 636 (2016) (“Although . . . the pre-*eBay* trademark presumption . . . was powerful and almost universal, it was never absolute or automatic. It was, that is, just a legal presumption always capable of being rebutted.”) (footnote omitted).

35. *eBay*, 547 U.S. 388.

36. See, e.g., *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U.S. 405 (1908).

lower courts must first apply the standard four-part test³⁷ before granting a permanent injunction. Barring exceptional circumstances, it stated, neither the Patent Act nor principles of equity allowed for an automatic injunction. The Court concluded that grant or denial of permanent injunctive relief “is an act of equitable discretion” that does not brook categorical treatment.³⁸ It summarized: “[T]he decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and . . . such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.”³⁹

Still, two concurring justices suggested that courts in patent cases could nevertheless be guided by the former presumption. Chief Justice Roberts emphasized the long tradition of granting injunctive relief after a finding of patent infringement. He stated that courts need not “writ[e] on an entirely clean slate” in exercising their equitable discretion, and suggested that courts could still follow established standards when making their decisions.⁴⁰ Quoting Justice Holmes, he also poetically reminded judges that “a page of history is worth a volume of logic.”⁴¹

Justice Kennedy agreed with the majority that a finding of patent infringement without more should not dictate a remedy, but maintained that the past pattern of enjoining infringers “almost as a matter of course . . . simply illustrates the result of the four-factor test” in typical patent infringement cases.⁴² Justice Kennedy echoed Chief Justice Roberts’ theme, commenting that the “lesson of the historical practice . . . is most helpful and instructive” when similar cases arise. If the facts of a case “present considerations quite unlike earlier cases,” he wrote, then the presumption may not be appropriate.

In sum, in concurrences joined by seven Justices, the message was clear: While irreparable harm and an injunction should not necessarily be linked, upon a finding of a likelihood to prevail on the merits courts should consider the time-honored practice of granting

37. *eBay*, 547 U.S. at 391 (“According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (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.”).

38. *Id.* at 391. *See also id.* at 393 (holding that “traditional equitable principles do not permit such broad classifications”).

39. *Id.* at 394.

40. *Id.* at 395 (Roberts, C.J., concurring).

41. *Id.*, quoting *New York Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921).

42. *Id.* at 396 (Kennedy, J., concurring).

injunctive relief in a new case having substantial parallels to the earlier. This “page of history” of course suggests that the standard for finding irreparable harm is not stringent, and lower courts need not ignore the reality that courts have commonly granted injunctions in the past.

E. Winter

Further calling into question the irreparable harm presumption, the Supreme Court held in 2008 that the Ninth Circuit had erred in requiring no more than a “possibility” of irreparable harm in preliminary injunction cases.⁴³ For a preliminary injunction to issue, said the Court, a plaintiff must show a “likelihood” of irreparable harm, not just a possibility. The case, *Winter v. NRDC*, involved the National Environmental Policy Act rather than intellectual property law, but it has been influential nonetheless. Following *Winter*, the Ninth Circuit held (in another non-trademark decision) that “[t]o the extent that our cases have suggested a lesser standard, they are no longer controlling, or even viable.”⁴⁴ While *Winter* did not address the presumption, it highlighted the weight of the burden of proving irreparable harm.⁴⁵

F. The Current State of the Presumption

Have we not seen the descent of the irreparable harm presumption in trademark cases? The once-flourishing presumption, whether in preliminary or permanent injunctions, is clearly imperiled.⁴⁶ The *eBay* and *Winter* decisions have definitively eliminated reliance on the presumption in some circuits and sent it down a steep decline in others.⁴⁷

43. *Winter*, 555 U.S. at 20-22.

44. *Am. Trucking Ass'ns, Inc. v. City of Los Angeles*, 559 F.3d 1046, 1052 (9th Cir. 2009) (footnote omitted).

45. See Jeffrey M. Sanchez, Comment, *The Irreparably Harmed Presumption? Why the Presumption of Irreparable Harm in Trademark Law Will Survive eBay and Winter*, 2011 B.Y.U. L. Rev. 535, 544 (2011) (“[L]ike in *eBay*, the *Winter* Court sent a strong message that an injunction test that minimized the importance of demonstrating irreparable harm did not square with the notion of injunctive relief as an extraordinary equitable remedy.”).

46. See 3 Gilson on Trademarks § 14.02[3][b][ii] on the current state of irreparable harm and the presumption.

47. See Jiarui Liu, *Copyright Injunctions After eBay: An Empirical Study*, 16 Lewis & Clark L. Rev. 215, 216 (2012) (“The seminal decision of *eBay v. MercExchange* has fundamentally changed the landscape of patent litigation . . .”); Gergen, Golden & Smith, *supra* note 23, at 206 (“For an opinion that claims merely to apply generally acknowledged principles, *eBay* has become a remarkable legal juggernaut. In federal courts throughout the country, and for violations of almost any kind of statutory, regulatory, or judge-made law, the four-factor test from *eBay* has overrun and abrogated prior judicial approaches, all in the name of restoring traditional equity practice.”).

See also *Ferring Pharms.*, 765 F.3d at 212-17 (relying on *eBay* and *Winter* in eliminating the presumption); *Herb Reed Enters., LLC v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1248-

A plurality of circuits, in the preliminary injunction context in trademark cases, has faced the question head-on and found the presumption wanting. The Third, Ninth, and Eleventh have conclusively held that a general presumption of irreparable harm no longer survives even where the plaintiff has proved it is likely to succeed at trial.⁴⁸ The Ninth Circuit will no longer “collapse[] the likelihood of success and the irreparable harm factors.”⁴⁹ The Third Circuit currently requires a “clear showing” of likely irreparable harm for an injunction to issue.⁵⁰ And in an unpublished decision, the Eleventh Circuit found that “a presumption of irreparable harm cannot survive.”⁵¹ Additionally, the First Circuit declared that *eBay* “has threatened the continued validity” of the irreparable harm presumption in trademark cases.⁵²

But why are the courts not moving more swiftly toward uniformity? The reasons vary. Some circuits spotted the issue but avoided taking a stand by ruling on other grounds. Some lower courts had found irreparable harm without relying on the presumption, so a decision was unnecessary.⁵³ In other cases, the

49 (9th Cir. 2013) (same), *cert. denied*, 135 S. Ct. 57 (2014); *Flexible Lifeline Sys. v. Precision Lift, Inc.*, 654 F.3d 989, 996 (9th Cir. 2011) (“If we harbored any doubts about the applicability of *eBay* in the preliminary injunction context, they have been dispelled by the Supreme Court’s decision in *Winter*.”) (copyright case).

48. *Commodores Entm’t Corp. v. McClary*, 648 Fed. Appx. 771 (11th Cir. 2016) (per curiam) (unpublished); *Ferring Pharms.*, 765 F.3d at 216-17; *Herb Reed Enters.*, 736 F.3d at 1249-50.

49. *Id.* at 1251.

50. *Ferring Pharms.*, 765 F.3d at 217. *See also id.* at 206 (concluding that, in light of *eBay* and *Winter*, “a party bringing a claim under the Lanham Act is not entitled to a presumption of irreparable harm when seeking a preliminary injunction and must demonstrate that irreparable harm is likely”).

51. *Commodores Entm’t Corp.*, 648 Fed. Appx. 771. *See also* *North Am. Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008) (stating in dicta that “a strong case can be made that *eBay*’s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act”).

Two weeks after the *Commodores Entertainment* decision, the Eleventh Circuit oddly declined to decide whether the presumption continued. *Hoop Culture, Inc. v. Gap Inc.*, 648 Fed. Appx. 981 (11th Cir. 2016) (unpublished).

52. *Swarovski Aktiengesellschaft*, 704 F.3d at 54 (no finding of confusion at district court level; holding that argument about presumption “does not apply in the absence of a finding of confusion”). *See also* *People’s Fed. Sav. Bank v. People’s United Bank*, 672 F.3d. 1, 9 n.11 (1st Cir. 2012) (stating in dicta that “there is a looming question as to whether this presumption can co-exist with the Supreme Court’s recent holding in *eBay*”); *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 31 (1st Cir. 2011) (finding that the “traditional equitable principles” in *eBay* apply but finding it unnecessary to decide whether presumption of irreparable harm is consistent with those principles).

53. *Emerald City Mgmt.*, 624 Fed. Appx. 223 (“We need not consider the validity of that presumption . . . because the record before us supports a finding of a substantial threat of irreparable harm.”); *U.S. Polo Ass’n v. PRL USA Holdings, Inc.*, 511 Fed. Appx. 81 (2d Cir. 2013) (unpublished) (lower court had made factual finding of harm that was “not simply the product of a legal presumption”); *Mercado-Salinas v. Bart Enters. Int’l*, 671 F.3d 12, 19 n.7 (1st Cir. 2011) (“We need not decide here whether *eBay* precludes a presumption of

preliminary injunction evidence would have rebutted any such presumption,⁵⁴ there was no finding of likely confusion,⁵⁵ or there was no finding of harm.⁵⁶

Nevertheless, most district courts actually grappling with the issue of irreparable harm have held that *eBay* fundamentally altered the rules in trademark cases.⁵⁷ These include courts in several of the remaining circuits: the First,⁵⁸ Second,⁵⁹ Fourth,⁶⁰ Seventh⁶¹ and Eighth.⁶²

A handful of lower courts have defied the trend, making a specific finding that courts may nevertheless continue to presume irreparable harm in trademark cases where confusion is likely. The Middle District of North Carolina, in 2011, confined *eBay* to permanent injunctive relief in patent and copyright cases.⁶³ Although it clearly swam upstream, the court found no reason to “discard the commonly applied presumption of irreparable harm in

irreparable harm because [the plaintiff] has demonstrated enough irreparable harm that the district court did not abuse its discretion in granting the preliminary injunction.”); *Paulsson Geophysical Servs.*, 529 F.3d at 313 (finding no need to rule on the presumption because the facts “support a finding of a substantial threat of irreparable injury”).

54. *Novus Franchising, Inc. v. Dawson*, 725 F.3d 885, 895 n.3 (8th Cir. 2013) (delay rebutted any possible inference of irreparable harm); *Lorillard Tobacco Co. v. Engida*, 213 Fed. Appx. 654 (10th Cir. 2007) (unpublished) (insufficient showing of harm).

55. *Swarovski Aktiengesellschaft*, 704 F.3d at 54-55 (“Whether or not the presumption of irreparable harm remains viable in this context, it is difficult to see how irreparable harm could be established without a finding of confusion, and so the district court’s decision did not include adequate findings to support its grant of the injunction . . .”).

56. *Voice of the Arab World, Inc.*, 645 F.3d at 36 n.9 (remanding to district court for failure to conduct fact-finding on irreparable harm; “[W]e adopt no general or categorical rule as to whether a plaintiff may demonstrate irreparable harm in these types of cases.”).

57. Many more remain unaware of the potential change in the law, however. *See infra* § III.

58. *Concordia Partners, LLC v. Pick*, 2015 U.S. Dist. LEXIS 86214 (D. Me. 2015) (declining to follow presumption where First Circuit questioned its continued validity).

59. *Juicy Couture, Inc. v. Bella Int’l, Ltd.*, 2013 U.S. Dist. LEXIS 34846 (S.D.N.Y. 2013) (holding that “irreparable harm may not be presumed upon a showing of likelihood of success on the merits”).

60. *VeriSign, Inc. v. XYZ.COM, LLC*, 2015 U.S. Dist. LEXIS 157471 (E.D. Va. 2015) (“Plaintiff claims that irreparable harm to their brand and reputation is presumed, and injunctive relief is appropriate. This presumption is inaccurate. The Supreme Court twice rejected an irreparable harm presumption.”) (false advertising case), *aff’d on other grounds*, 848 F.3d 292 (4th Cir. 2017).

61. *Nat’l Fin. Partners Corp. v. Paycom Software, Inc.*, 2015 U.S. Dist. LEXIS 74700 (N.D. Ill. 2015) (“The Court finds the Ninth and Third Circuits’ reasoning persuasive and concludes that [the plaintiff] must show a likelihood of irreparable harm to be entitled to a preliminary injunction.”).

62. *See, e.g.*, *KTM N. Am., Inc. v. Cycle Hutt, Inc.*, 2013 U.S. Dist. LEXIS 67209 (D.S.D. 2013); *Southeast X-Ray, Inc. v. Spears*, 2013 U.S. Dist. LEXIS 32141 (W.D. Ark. 2013).

63. *Rebel Debutante LLC v. Forsythe Cosmetic Grp., Ltd.*, 799 F. Supp. 2d 558 (M.D.N.C. 2011).

preliminary injunction proceedings involving a trademark infringement claim.”⁶⁴

G. Should eBay and Winter Even Be Applied to Trademark Cases?

The answer is no, and the reasons are many. The most compelling is that the Supreme Court in *eBay* was completely silent on the subject of trademarks, the Lanham Act, and the public policy, practices, and underpinnings of trademark law. It also ignored the law’s decades-old presumption of irreparable harm.

The decision in *eBay* was, pure and simple, a patent case, but from there the Court took a giant, ill-advised leap beyond into the “traditional rules of equity.” But because of the vast gulf between patent and trademark law and practice,⁶⁵ the Court may well have shunned trademark law to avoid writing an entirely separate opinion. We can infer that it left the subject for another day.

Courts relying on *eBay* in trademark disputes rely on its dictum, a catchall clause that, on its face, seemed to apply universally: Equitable discretion must be “exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.”⁶⁶ The Court chose only one other example—copyrights—noting that it had “consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.”

But should the trademark law presumption be swept in? The answer is that it should not.⁶⁷

64. *Id.* at 580. See also *Commodores Entm’t Corp. v. McClary*, 2014 U.S. Dist. LEXIS 147021 (M.D. Fla. 2014) (rejecting claim that *eBay* defeated the presumption, *aff’d but rev’d on this ground*, 648 Fed. Appx. 771 (“In light of the Supreme Court’s holding in *eBay*, a presumption of irreparable harm cannot survive.”); *Pond Guy, Inc. v. Aquascape Designs, Inc.*, 2014 U.S. Dist. LEXIS 85504 (E.D. Mich. 2014) (restricting application of *eBay* to patent cases).

Some lower courts have expressed doubt as to the application of the presumption but ultimately did not answer the question of whether it continued to be viable. *E.g.*, *T-Mobile US, Inc. v. Aio Wireless LLC*, 991 F. Supp. 2d 888, 928 (S.D. Tex. 2014) (“It is . . . unclear whether the presumption applied in a patent infringement case such as *eBay* may be distinguishable from presuming harm in a case based on unfair competition under the Lanham Act.”); *Petro Franchise Sys., LLC v. All Am. Props.*, 607 F. Supp. 2d 781, 794 (W.D. Tex. 2009) (stating that “*eBay* does not necessarily foreclose a presumption of harm”); *Nat’l League of Junior Cotillions, Inc. v. Porter*, 2007 U.S. Dist. LEXIS 58117 (W.D.N.C. 2007) (noting that *eBay* came after a full trial on the merits and on a motion for permanent injunction, and may apply only to patent cases as well).

65. Who can forget the centuries-old and time-tested maxim *expressio unius est exclusio alterius*? When one or more things of a class are expressly mentioned, others of the class are excluded by implication. *Black’s Law Dictionary* 581.

66. *eBay*, 547 U.S. at 394.

67. See *Petro Franchise Sys.*, 607 F. Supp. 2d at 794 (concluding that *eBay* did not necessarily end the presumption of harm and noting that “[a] conclusive determination that

Chief Justice Roberts and Justice Kennedy, concurring, clearly saw the importance of precedent. Going forward, equitable principles may be balanced without “writing on an entirely clean slate,” Chief Justice Roberts cautioned in his *eBay* concurrence.⁶⁸ He went on to quote the Supreme Court from 2005: “[L]imiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.”⁶⁹ And “history may be instructive in applying [the four-factor] test,” according to Justice Kennedy’s *eBay* concurrence.⁷⁰ Both concurrences—joined by seven justices in total—inform us that it would be a mistake, particularly if done unintentionally, to jettison a long-settled principle of trademark law equity.

Moreover, because trademark law peculiarities and policies differ so greatly, it makes no sense to apply patent law principles to trademark cases.⁷¹ Thus, we disagree with courts that have ignored *eBay*’s patent context to conclude that the trademark law presumption of irreparable harm has vanished.⁷² After all, the nature of harm caused by trademark infringement differs markedly from that caused by patent infringement.⁷³ In the latter, money damages often suffice to make a plaintiff whole, as if it had licensed its patent.

But in trademark cases, money damages often cannot make a plaintiff whole. Injury to its goodwill and reputation from consumer confusion may well be incalculable.⁷⁴

[all other] equitable factors automatically [weigh in favor of injunctive relief] 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”).

68. *eBay*, 547 U.S. at 395 (Roberts, C.J., concurring).

69. *Id.*, quoting *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005).

70. *Id.* at 396 (Kennedy, J., concurring).

71. Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law?* 92 *Notre Dame L. Rev.* 1795, 1796 (2017) (“The purposes of trademark law—and whom it benefits—should lead us to treat trademark injunctions differently than patent and copyright injunctions.”).

72. For more on why the presumption in trademark law should survive *eBay*, see, for example, Gergen, Golden & Smith, *supra* note 23, at 219-20; Sanchez, *supra* note 45, at 555-65; J. Thomas McCarthy, *Are Preliminary Injunctions Against Trademark Infringement Getting Harder to Achieve?* 14 *Intel. Prop. L. Bull.* 1 (2009); David H. Bernstein & Andrew Gilden, *No Trolls Barred: Trademark Injunctions After eBay*, 99 *TMR* 1037, 1038 (2009) (“This article . . . concludes that *eBay* should not be used to eviscerate the normal presumption of irreparable harm that attaches upon a showing of liability in trademark cases.”). See also Lemley, *supra* note 71, at 1813-14 (arguing that *eBay* could be applied in trademark cases to avoid overreaching by plaintiffs, but cautioning against “rote application of the *eBay* factors [to keep them] from interfering with the legitimate purposes of trademark law”).

73. For analysis of the differences among patents, trademarks and copyrights, see 1 *Gilson on Trademarks* § 1.05.

74. See *supra* § II.C.

III. A NATION OF LAWS AND SOME APPALLINGLY HEEDLESS COURTS

Stare decisis, the familiar Latin maxim meaning “to stand by decisions and not disturb the undisturbed,” is a powerful common law doctrine that ideally ensures legal consistency and predictability. And, of course, legal questions decided by the United States Supreme Court are binding on the lower courts. But during our research we came upon a startling discovery.

Even a decade after *eBay*, the lower courts—in fact *most* of them—are *still* relying on the presumption of irreparable harm in trademark cases. What’s more, a few district courts in circuits that have expressly rejected the continued existence of the presumption have unexpectedly applied it anyway.⁷⁵

This sounds like an outcome to be celebrated, given the utility of the irreparable harm presumption. Unfortunately, it is not. Why? Because these courts are not deliberating over whether *eBay* applies and then deciding to keep the presumption. They are not confused about the law and whether it makes sense to follow *eBay* in the trademark context.

No, they are simply unaware of the *eBay* game changer. Judges or their law clerks and counsel, possibly new to trademark litigation, are simply pulling up outdated boilerplate and citing reflexively to the obsolete presumption. For a while, it would have been understandable for courts deciding trademark infringement cases not to contend with the implications of a Supreme Court patent case. But *eBay* has been around for over a decade and many of the lower courts are simply not paying attention.

For example:

- In a November 2016 opinion reviewing a permanent injunction, the Eighth Circuit cited cases from 1980 and 1987 in support of its statement that “a finding that likelihood of confusion exists results in a presumption that a threat of irreparable harm exists.”⁷⁶
- In an unpublished 2014 permanent injunction opinion, citing a 1991 case from its circuit, the Sixth Circuit declared that,

75. See, e.g., *Way Int’l v. Church of the Way Int’l*, 2017 U.S. Dist. LEXIS 13736 (N.D. Ala. 2017); *True Mfg. Co. v. Boys*, 2016 U.S. Dist. LEXIS 167687 (M.D. Fla. 2016); *FN Herstal, S.A. v. Clyde Armory, Inc.*, 2016 U.S. Dist. LEXIS 131996 (M.D. Ga. 2016); *Scream, Inc. v. Lavingia*, 2016 U.S. Dist. LEXIS 106540 (C.D. Cal. 2016); *Fruit Flowers, LLC v. Jammala, LLC*, 2015 U.S. Dist. LEXIS 130748 (D.N.J. 2015) (not for publication); *U.S. Soo Bahk Do Moo Duk Kwan Fed’n, Inc. v. Tang Soo Karate School, Inc.*, 2015 U.S. Dist. LEXIS 107955 (M.D. Pa. 2015).

76. *Warner Bros. Entm’t, Inc. v. X One X Prods.*, 840 F.3d 971, 982 (8th Cir. 2016). See also *Community of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church*, 634 F.3d 1005, 1012 (8th Cir. 2011) (affirming a permanent injunction and stating that “in trademark law, injury is presumed once a likelihood of confusion has been established”).

in trademark infringement cases, “a likelihood of confusion or possible risk to the requesting party’s reputation satisfies the irreparable injury requirement.”⁷⁷

- The Fifth Circuit, quoting a 2001 edition of the McCarthy treatise, stated in 2013 in a permanent injunction case: “All that must be proven to establish liability and the need for an injunction against infringement is the likelihood of confusion—injury is presumed.”⁷⁸ That court even relied on *eBay*’s four-factor test.
- The Seventh Circuit, in an opinion by the estimable Judge Posner, not even citing *eBay*, relied on the presumption in a 2013 preliminary injunction trademark appeal.⁷⁹ If, said the court, the plaintiff has “a strong likelihood of prevailing in the full trial,” the balance of harms is equal or in the plaintiff’s favor, and the plaintiff could not fully recoup its costs at final judgment, “the injunction should be issued.”
- In 2009, omitting mention of *eBay*, the Ninth Circuit stated that irreparable harm may be presumed in a preliminary injunction case from a showing of likelihood of confusion.⁸⁰

District courts, in case after case, feature statements like the following, from a 2015 opinion from the Northern District of Illinois: “The Seventh Circuit has ‘clearly and repeatedly held that damage to a trademark holder’s goodwill can constitute irreparable injury for which the trademark owner has no adequate legal remedy.’”⁸¹ Or this, from a 2015 opinion from the Middle District of Florida, citing 1991 and 2014 cases: “Once a plaintiff establishes a likelihood of success on the merits of a trademark infringement claim, a presumption of irreparable harm arises.”⁸²

The number of courts reflexively honoring the presumption a decade after *eBay* is, frankly, astonishing. It is surely not the case that they delved into this complex issue and declined to extend *eBay*

77. *Lucky’s Detroit, LLC v. Double L, Inc.*, 533 Fed. Appx. 553 (6th Cir. 2013) (unpublished), *citing* *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 608 (6th Cir. 1991).

78. *Abraham*, 708 F.3d at 627, *quoting* McCarthy on Trademarks and Unfair Competition § 30:2 (4th ed. 2001).

79. *Kraft Foods Group Brands*, 735 F.3d at 740.

80. *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH*, 571 F.3d 873, 877 (9th Cir. 2009) (“Because the court found a likelihood of success on the merits, it reasonably presumed irreparable injury.”). That court has since found the presumption no longer applies. *Herb Reed Enters.*, 736 F.3d at 1251.

81. *Luxottica USA LLC v. P’ships & Unincorporated Ass’ns Identified on Schedule “A,”* 2015 U.S. Dist. LEXIS 78961 (N.D. Ill. 2015), *citing* *Re/Max N. Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001).

82. *Delta Air Lines, Inc. v. Doe*, 2015 U.S. Dist. LEXIS 166859 (M.D. Fla. 2015), *citing* *Fantasia Distrib., Inc. v. Southern Wholesale, LLC*, 2014 U.S. Dist. LEXIS 19884 (M.D. Fla. 2014) and *BellSouth Adver. & Publ’g Corp. v. Real Color Pages, Inc.*, 792 F. Supp. 775, 784 (M.D. Fla. 1991).

into the trademark context without mention of the case. They were plainly unaware of the question altogether. So they fell back on boilerplate language that they had always relied upon in trademark cases. *This footnote, listing courts overlooking eBay, is limited to one case per district court jurisdiction from the last few years; otherwise, it could easily occupy multiple pages.*⁸³ Some courts have even noted that the presumption was eliminated or questioned, and then blithely went on to apply it, citing pre-*eBay* cases in their circuits.⁸⁴

This situation complicates the case law in the area even further, and renders absurd any hope in the near term for a nationally uniform body of trademark injunction law, unless it is established by amending the Lanham Act.

Courts and litigators throughout the country are thus faced with a confusing mishmash of presumption case law in trademark cases. The muddle may mean that sensible legal conclusions are tainted because they were adopted in opinions that incorrectly rely on the presumption. For example, a pre-*eBay* opinion explicitly relying on the presumption may say that loss of control of reputation without more constitutes irreparable harm. A post-*eBay* opinion erroneously relying on the presumption may say that loss of market share demonstrates irreparable harm. Should these holdings be

83. See, e.g., *Way Int'l*, 2017 U.S. Dist. LEXIS 13736; *Hydreon Corp. v. JC Bros.*, 2016 U.S. Dist. LEXIS 160545 (D. Minn. 2016); *Novus Franchising, Inc. v. Brockbank*, 2016 U.S. Dist. LEXIS 122655 (D. Utah 2016); *Vesta Corp. v. Vesta Mgmt. Servs.*, 2016 U.S. Dist. LEXIS 136588 (S.D. Tex. 2016); *Acushnet Co. v. 168GOLFSHOP*, 2016 U.S. Dist. LEXIS 122335 (S.D. Fla. 2016); *AAA v. AAA Locksmith, Inc.*, 2016 U.S. Dist. LEXIS 50365 (M.D. Fla. 2016); *Intelligent Office Sys., LLC v. Virtualink Can., Ltd.*, 2016 U.S. Dist. LEXIS 20374 (D. Colo. 2016); *Beats Elecs., LLC v. Deng*, 2016 U.S. Dist. LEXIS 10485 (E.D. Cal. 2016); *JS IP, LLC v. Great Neck Pavilion Assocs. LLC*, 2016 U.S. Dist. LEXIS 16551 (E.D.N.Y. 2016); *Diesel S.P.A. v. Doe*, 2016 U.S. Dist. LEXIS 2720 (S.D.N.Y. 2016); *Elder Care Providers of Ind., Inc. v. Home Instead, Inc.*, 2015 U.S. Dist. LEXIS 122367 (S.D. Ind. 2015); *Mon Cheri Bridals v. P'ships & Unincorporated Ass'ns Identified on Schedule "A,"* 2015 U.S. Dist. LEXIS 72511 (W.D.N.C. 2015); *Coldwell Banker Real Estate LLC v. DC Prop. & Loans, Inc.*, 2014 U.S. Dist. LEXIS 152504 (N.D. Cal. 2014); *Howard v. Laws*, 2014 U.S. Dist. LEXIS 111092 (D.N.J. 2014); *Epic Sys. Corp. v. Neil Silver*, 2014 U.S. Dist. LEXIS 80640 (W.D. Wisc. 2014); *Legacy Inv. & Mgmt., LLC v. Susquehanna Bank*, 2014 U.S. Dist. LEXIS 26349 (D. Md. 2014); *AARP v. Sycle*, 991 F. Supp. 2d 224 (D.D.C. 2013); *Portfolio Recovery Assocs. v. Portfolio Recovery Grp., LLC*, 2013 U.S. Dist. LEXIS 150998 (E.D. Va. 2013); *TYR Sport, Inc. v. TYR Natural Spring Water, Inc.*, 2013 U.S. Dist. LEXIS 81574 (D. Conn. 2013); *Neuros Co. v. KTurbo, Inc.*, 2013 U.S. Dist. LEXIS 56095 (N.D. Ill. 2013).

84. *Choice Hotels Int'l, Inc. v. Zeal*, 135 F. Supp. 3d 451, 471 (D.S.C. 2015) (noting the elimination of the presumption but applying it anyway) ("The plaintiff has established likelihood of confusion and actual confusion, and the defendant has done nothing to rebut the presumption of irreparable injury. Accordingly, the Court finds that the plaintiff has suffered an irreparable injury."), citing *Lone Star Steakhouse & Saloon*, 43 F.3d at 939; *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1333 (S.D. Fla. 2015) ("[T]his presumption has been called into question by the Supreme Court's decision in *eBay*. . . . However, 'a sufficiently strong showing of likelihood of confusion may by itself constitute a showing of a substantial threat of irreparable harm.'"), quoting *McDonald's Corp.*, 147 F.3d at 1310.

disregarded by later courts because of what is now seen as an incorrect standard?⁸⁵

But courts need not discard all analysis from pre-*eBay* cases or those post-*eBay* cases that do not embrace the new standard. Governed by specific facts, they have been exercising their equitable discretion for decades. The presumption is nominatively gone, true, but the underlying reasons remain.⁸⁶ Harm to reputation from the unauthorized use of a confusingly similar trademark has not simply vanished,⁸⁷ and it is not suddenly incorrect to say that consumer confusion typically causes a loss of goodwill and control over one's reputation.⁸⁸

Nonetheless, the *eBay* and *Winter* avalanche may induce courts to begin reviewing with fresh eyes the types and extent of harm endured by a trademark owner. They must, for a time, tread a fine line when citing cases under the old standard, and should begin making their own way and defining infringement in terms of irreparable harm.

IV. PRESUMPTIONS AND INFERENCES

Likelihood of confusion does not mean there is irreparable harm, unless it does. This section tackles that conundrum.

The days when a trademark owner with a strong infringement case could obtain a preliminary injunction just for the asking are over. The irreparable harm presumption in most jurisdictions is moribund, and a growing number of courts now require more, maybe even much more, than likely success on the merits to establish irreparable harm. In fact, to some courts, it may not even matter that the infringement is egregious or intentional or that a large percentage of consumers is likely to be confused.

Take, for example, the severe language in the Ninth Circuit's *Herb Reed* opinion.⁸⁹ In the nine states comprising the Ninth along

85. See *PolyPortables LLC v. Endurequest Corp.*, 2016 U.S. Dist. LEXIS 149986 (E.D. Cal. 2016) (rejecting irreparable harm analysis of cases that followed the presumption).

86. See *supra* § II.C.

87. See, e.g., *7-Eleven, Inc. v. Sodhi*, 2016 U.S. Dist. LEXIS 15733 (D.N.J. 2016) (“Although there is no longer any sort of presumption of harm in trademark infringement cases, the same harm that typically flows from the unauthorized use of a trademark still exists, namely harm to reputation.”).

88. See *infra* § IV.

89. See *Karol*, *supra* note 34, at 685 (“[I]t is fair to say that in regions such as the Ninth Circuit, where *eBay* has been understood to put the burden on prevailing trademark plaintiffs to show irreparable harm and justify injunctive relief, those prevailing plaintiffs have the presumptive entitlement to neither money nor an injunction even where they have met all of the elements for liability.”).

with Guam and the Northern Mariana Islands, this is the law: “[T]o establish irreparable injury, a trademark owner must do more than merely demonstrate that a trademark has been infringed or that consumers have been confused.”⁹⁰ Under that precedent, evidence of confusion may be relevant only to the merits, not to the harm analysis.⁹¹ One court found evidence of underlying actual confusion in the irreparable harm context to be “nothing more than a regurgitation of consumer confusion evidence, which is the exact type of evidence explicitly rejected by the Ninth Circuit in *Herb Reed*. Irreparable harm is no longer presumed or proven by a mere showing of consumer confusion.”⁹²

But other, more enlightened courts still tacitly recognize that likely confusion means more or less what it did pre-*eBay*: that irreparable harm is likely as well.⁹³ In its opinion rejecting the presumption, for example, even though the district court had

90. *Herb Reed Enters.*, 736 F.3d at 1250.

See also *Cerule, LLC v. Stemtech Healthsciences, Inc.*, 2016 U.S. Dist. LEXIS 112741 (D. Ore. 2016) (holding that “the Ninth Circuit specifically rejected the argument that a showing of infringement supported a finding of irreparable harm”); *Pom Wonderful LLC v. Pur Beverages LLC*, 2015 U.S. Dist. LEXIS 176834 (C.D. Cal. 2015) (holding that “the mere possibility that plaintiff’s product will be associated with defendant’s product and that product may be of lesser quality, standing alone, is insufficient to show a likelihood that plaintiff’s reputation and goodwill will be irreparably harmed”); *Active Sports Lifestyle USA, LLC v. Old Navy, LLC*, 2014 U.S. Dist. LEXIS 45575 (C.D. Cal. 2014) (stating that trademark infringement, by itself, does not constitute irreparable harm and the existence of intangible harms such as loss of goodwill must be shown by evidence).

91. *Herb Reed Enters.*, 736 F.3d at 1250 (noting that an email from a potential customer showing source confusion “simply underscores consumer confusion, not irreparable harm”). See also *Cafe Found., Inc. v. Seeley*, 2016 U.S. Dist. LEXIS 44121 (N.D. Cal. 2016) (also finding that evidence of a misdirected email “goes to consumer confusion rather than irreparable harm”).

92. *Williams v. Green Valley RV, Inc.*, 2015 U.S. Dist. LEXIS 103409 (C.D. Cal. 2015) (denying motion for preliminary injunction).

93. *E.g.*, *Boulan South Beach Master Ass’n v. Think Props., LLC*, 617 Fed. Appx. 931 (11th Cir. 2015) (unpublished) (finding error in lower court refusal to grant injunction after finding likelihood of confusion) (“Our precedent recognizes such confusion as an injury that ordinarily warrants injunctive relief.”); *UBU/Elements, Inc. v. Elements Pers. Care, Inc.*, 2016 U.S. Dist. LEXIS 110544 (E.D. Pa. 2016) (finding likely confusion and holding that “[t]his confusion in the marketplace demonstrates the harm necessary to justify injunctive relief”); *Reynolds Consumer Prods., Inc. v. Handi-Foil Corp.*, 2014 U.S. Dist. LEXIS 98059 (E.D. Va. 2014) (“While under *eBay* a finding of irreparable harm on its own does not automatically trigger injunctive relief, [courts have] continued to find that irreparable harm is generally applied once the plaintiff has demonstrated a likelihood of confusion, the key element of an infringement case.”); *Mrs. U.S. Nat’l Pageant, Inc. v. Miss U.S. of Am. Org., LLC*, 875 F. Supp. 2d 211, 226-27 (W.D.N.Y. 2012) (“Although irreparable harm may not be presumed upon a showing of a likelihood of success, . . . it will often be the case that a party’s demonstration of a likelihood of success on a trademark claim will also show a threat of irreparable harm.”); *Coryn Group II, LLC v. O.C. Seacrets, Inc.*, 868 F. Supp. 2d 468, 497 (D. Md. 2012) (“A finding of infringement does not create a presumption of irreparable injury, but infringement often threatens irreparable injury to a senior user’s goodwill.”); *Marks Org., Inc. v. Joles*, 784 F. Supp. 2d 322, 334 (S.D.N.Y. 2011) (holding that, even without the presumption, “a particularly strong likelihood of confusion should weigh in favor of finding irreparable injury”).

applied the presumption the Eleventh Circuit found no error. The district court had also made a “factual finding” of likely consumer confusion.⁹⁴ The court of appeals concluded that the fact that the district court relied on confusion evidence to support its finding of irreparable harm “does not violate *eBay*.” In a later opinion, oddly declining to decide on the existence of the presumption when it had already eliminated it, the Eleventh Circuit hedged: “All of this is not to say that a presumption of irreparable harm or something like it will never be an appropriate exercise of the district court’s equitable discretion.”⁹⁵ In other words, courts can still grant injunctions under the Lanham Act “according to the principles of equity and upon such terms as the court may deem reasonable.”⁹⁶

The Second Circuit similarly upheld a finding of irreparable harm where the defendant had effectively taken over control of the plaintiff’s reputation and consumer goodwill: “While a similar finding might be made in many infringement cases, it is a factual finding nonetheless, and not simply the product of a legal presumption. Accordingly, we identify no abuse of discretion in the district court’s irreparable-harm finding.”⁹⁷

The post-*eBay* Seventh Circuit omits mention of the presumption donnybrook, finding that likelihood of confusion could cause a trademark owner to be “badly hurt.”⁹⁸ The court reasoned that a mark’s reputation for quality, based on an investment in quality control, customer service and advertising, generates repeat purchases and word-of-mouth recommendations. Thus, “consumers will be willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality.” If quality falters, consumers become disinclined to pay for those products, and the company “no longer earns a sufficient return on its expenditures

94. *Commodores Entm’t Corp.*, 2014 U.S. Dist. LEXIS 147021, *aff’d*, 648 Fed. Appx. 771.

95. *Hoop Culture, Inc.*, 648 Fed. Appx. 981. *See also* *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1262 (N.D. Fla. 2016) (“[W]hile it was perhaps inappropriate in the past to presume irreparable harm, that practice was grounded upon the sound principle that the harm associated with trademark infringement is typically irreparable in nature. So while a court must, in each trademark infringement case, make a finding of irreparable harm before an injunction may issue, that finding will often be made due to the nature of the harm.”) (citation omitted).

96. 15 U.S.C. § 1116(a).

97. *U.S. Polo Ass’n*, 511 Fed. Appx. 81. *See also* *Groupe SEB U.S., Inc. v. Euro-Pro Operating LLC*, 774 F.3d 192, 205 n.8 (3d Cir. 2014) (“Although we no longer apply a presumption, the logic underlying the presumption can, and does, inform how we exercise our equitable discretion in this particular case.”).

98. *Kraft Foods Group Brands*, 735 F.3d at 739. *See also* Mark P. McKenna, *Testing Modern Trademark Law’s Theory of Harm*, 95 Iowa L. Rev. 63, 71 (2009) (“Consumers have an interest . . . in being able to rely on information about who is responsible for the quality of the goods or services with which a mark is used. Because some uses of a mark for non-competing goods convey this sort of quality information, claims against non-competitive uses are warranted, even if mark owners are not significantly harmed, when the contested use creates confusion about responsibility for quality.”).

on promoting the trademark to justify them.” The court looked separately at irreparable harm without noting the presumption issue, finding that infringement would impact the plaintiff’s “valuable goodwill and control.”⁹⁹

Even though some courts find that likely confusion does not cause likely irreparable harm, can a court award injunctive relief based on irreparable harm without it? Of course not. In fact, *likelihood of confusion evidence is essential to, and is indeed a component of, a finding of irreparable harm*. One district court was flatly wrong when it interpreted *Herb Reed* as rejecting the claim that a showing of infringement supports a finding of irreparable harm.¹⁰⁰ Such a showing obviously supports a finding of irreparable harm, and a *lack* of evidence of likely confusion indicates that there is no irreparable harm.¹⁰¹

An *inference* is a deduction based on evidence and reasoning, such as the inference that a person sprinting from a bank robbery with a bag of cash is a robber. A court can infer irreparable harm from confusion without presuming that it exists. By contrast, a *presumption* is an idea that is assumed to be true but is not known for certain, such as that of a defendant’s innocence in a criminal trial. Sensibly, the Third Circuit reasoned that eliminating the presumption “does not bar drawing fair inferences from facts in the record. . . . [C]ourts considering whether to grant injunctive relief must exercise their equitable discretion in a case-by-case, fact-specific manner. A critical aspect of fact-finding in this and other contexts is drawing reasonable inferences from facts in the record.”¹⁰²

V. PLAINTIFF’S CASE FOR PRELIMINARY INJUNCTIVE RELIEF—THE BASICS

For the critical finding of irreparable harm, the plaintiff should—and in some courts must—show actual or prospective harm *that lies beyond likelihood of confusion*. The harm must be caused by the defendant and be immediate and irreparable. Plaintiffs

99. *Kraft Foods Group Brands*, 735 F.3d at 740.

100. *Cerule, LLC*, 2016 U.S. Dist. LEXIS 112741.

101. *E.g.*, *Baltic Linen Co. v. Anichini, Inc.*, 2016 U.S. Dist. LEXIS 37294 (E.D.N.Y. 2016) (no showing of likelihood of confusion, therefore no demonstration of irreparable harm); *Peoples Fed. Sav. Bank v. People’s United Bank*, 750 F. Supp. 2d 217, 227 (D. Mass. 2010) (“[T]he fact that Peoples United has been using its name to operate the former . . . branches for more than three months with scant evidence of consumer confusion . . . suggests that harm is neither imminent nor irreparable.”), *aff’d*, 672 F.3d 1.

102. *Groupe SEB U.S.*, 774 F.3d at 205.

should no longer assume that a judge will apply the presumption of irreparable harm.¹⁰³

Experienced counsel who have sought many an injunction are familiar with what follows. Nevertheless, the rules of the injunctive relief game are changing and more may be required than counsel has previously presented. Perhaps too much more—some of the following evidence may be unavailable, nonexistent, or too costly to obtain. At any rate, whether this is a refresher or new information, we offer a primer on current case law.

A. Harm

A plaintiff seeking a preliminary injunction should show loss of reputation and goodwill, loss of control over reputation and goodwill, and loss of customers or market share. Courts, including the strict Ninth Circuit, have stated that a finding of loss of control over reputation and goodwill itself may be sufficient grounds for a finding of irreparable harm.¹⁰⁴

How does a trademark owner, at the early stages, go about it? Short of a survey, there is ordinarily no direct evidence of either an injured reputation or a loss of control. Infringement harms are typically shown by inference and indirect evidence. There is also the

103. For a cautionary tale for plaintiffs, see *Joseph Paul Corp. v. Trademark Custom Homes, Inc.*, 2016 U.S. Dist. LEXIS 126206 (N.D. Tex. 2016). In that case, the plaintiff had maintained the existence of the presumption in its motion, and the defendants responded by explaining that such a rule no longer existed. The court refused to allow the plaintiff to present evidence of irreparable harm for the first time in its reply brief.

104. *E.g.*, *OTR Wheel Eng'g, Inc. v. West Worldwide Servs.*, 602 Fed. Appx. 669 (9th Cir. 2015) (unpublished) (“Loss of control over business reputation and damage to goodwill are cognizable irreparable harms in the trademark infringement context.”); *Herb Reed Enters.*, 736 F.3d at 1250 (“Evidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm.”); *CFE Racing Prods. v. BMF Wheels, Inc.*, 793 F.3d 571, 595-96 (6th Cir. 2015) (Irreparable harm “exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . because loss of control over one’s reputation is neither ‘calculable nor precisely compensable.’”), quoting *Juicy Couture, Inc.*, 930 F. Supp. 2d at 503; *Mercado-Salinas*, 671 F.3d at 23 (finding irreparable harm where defendant’s use of mark impaired plaintiff’s ability to market its own goods); *Paulsson Geophysical Servs.*, 529 F.3d at 313 (finding substantial threat to plaintiff’s goodwill and value of its trademark where plaintiff had lost control of quality of product associated with its mark); *Kos Pharms.*, 369 F.3d at 726 (“Grounds for irreparable injury include loss of control of reputation, loss of trade, and loss of goodwill.”); *Re/Max N. Cent., Inc.*, 272 F.3d at 432 (“The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendants’ goods.”); *Microsoft Corp. v. BH Tech, Inc.*, 2016 U.S. Dist. LEXIS 120162 (C.D. Cal. 2016) (“A plaintiff’s loss of control over its business reputation due to a defendant’s unauthorized use of its protected mark during the pendency of an infringement action constitutes irreparable harm.”).

dilemma of proceeding without delay when such injury may take significant time to occur or detect.

The following sections cover concrete factual showings that may convince a court to infer that, without injunctive relief, the plaintiff will indeed suffer irreparable harm. Such advocacy showings include actual and likely confusion, investment in reputation, loss of market share, the questionable quality of the defendant's products, counterfeiting, defendant's default, and defendant as holdover franchisee.

Of course, framing these in the context of wrongful intent or other inequity is crucial. Invoking a compelling atmosphere of injustice, if not overdone, can lead the court to understand what is at stake. A court can be convinced by the equities and disposed to infer that the plaintiff will suffer harm that is irreparable. Courts should still be sympathetic to such plaintiffs, recognizing that confusion will cause loss of goodwill and future business, which can alone constitute irreparable harm.¹⁰⁵ But mere argument on the point of irreparable harm may not suffice, because conclusory statements are generally unpersuasive.¹⁰⁶

1. Groundwork for Showing Reduction in Goodwill or Reputation

The first step in proving harm to a trademark's reputation is building it up.¹⁰⁷ Courts, which often single out the plaintiff's efforts in making a name for itself, may well bend over backwards to

105. *E.g.*, *Dynamic Aviation Grp., Inc. v. Dynamic Int'l Airways*, 2016 U.S. Dist. LEXIS 39248 (W.D. Va. 2016) (The rule that loss of goodwill and future business is irreparable "holds true in the context of trademark infringement claims, as violation of a trademark 'can result in irreparable harm where there is an inherent injury to the goodwill and reputation of the plaintiff.'" (citation omitted).

106. *See, e.g.*, *Csi Entm't v. Anthem Media Grp., Inc.*, 2016 U.S. Dist. LEXIS 180749 (E.D.N.Y. 2016) (finding that plaintiff "never substantiated [its] conclusory belief [of lack of control] with any demonstrative evidence of loss of sales, goodwill, or customer confusion"); *Maaco Franchising, LLC v. Ghirimoldi*, 2015 U.S. Dist. LEXIS 98336 (W.D.N.C. 2015) (statement that infringement will "seriously erode and damage" plaintiff's "goodwill, commercial reputation, name, logo, and marks, and will continue to cause confusion, mistake, and deception among the consuming public" was not enough to show irreparable harm); *Alzheimer's Found. of Am., Inc. v. Alzheimer's Disease & Related Disorders Ass'n, Inc.*, 2015 U.S. Dist. LEXIS 84172 (S.D.N.Y. 2015) ("[C]onclusory statements of loss of reputation will not justify an irreparable harm finding.").

For more case law and the defendant's point of view on this issue, see *infra* § VI.A.

107. *E.g.*, *Groupe SEB U.S.*, 774 F.3d at 204-05 (describing testimony of plaintiff's marketing director that its allegedly infringed product had a "strong reputation among retailers and consumers as the premier . . . brand on the market" and that plaintiff had made substantial investments in "advertising, promotion and product development"); *Brandywine Prod. Group Int'l v. Universal Distrib. Ctr. LLC*, 2016 U.S. Dist. LEXIS 132195 (D.N.J. 2016) (not for publication) (chastising the plaintiff for failing to provide "evidence of the reputation or brand loyalty it argues is likely to sustain irreparable harm," such as customer feedback from reviews or surveys or evidence the product was featured in trade publications).

protect the value of a business reputation created by blood, sweat, tears, and marketing.¹⁰⁸

Evidence of efforts made to build and sustain a mark's reputation echoes the types of evidence mark owners show to demonstrate secondary meaning.¹⁰⁹ This could include:

- consumer surveys;
- advertising expenditures and types and extent of advertising to which the relevant public has been exposed, together with any agency supporting data on ad campaigns' effectiveness;
- the length, manner, and exclusivity of use of the mark;
- sales success under the mark and establishment of the particular products in the marketplace;
- expansion of the business, past, present, and future;
- unsolicited and solicited press coverage mentioning the mark and the source;
- numbers of purchasers of the trademarked products;
- geographic areas of sales and advertising;
- attempts by others to imitate or infringe the mark;
- enforcement against other infringers; and
- proof of the defendant's intentional copying.

A sterling reputation among consumers, coupled with proof of likely confusion, can lead a court to infer harm to that reputation.

Reputational harm won the day in a case brought by the Benihana chain of Japanese restaurants against a rebellious franchisee that was serving hamburgers.¹¹⁰ The chain proved that its reputation was for higher-end cuisine, such as steak and seafood, and that hamburgers would sully its image. The Second Circuit upheld a finding that the chain would “suffer substantial harm to its reputation” from sale of the unauthorized product, harm that was “not calculable nor precisely compensable.”

108. *E.g.*, *Luxottica Grp. S.p.A. v. Light in the Box Ltd.*, 2016 U.S. Dist. LEXIS 144660 (N.D. Ill. 2016) (allegation that plaintiff spends “millions of dollars annually to advertise, promote, and market” its branded products “indicates that Plaintiffs’ marks have significant economic value as source identifiers, which would be undermined by Defendant’s sale of allegedly counterfeit” goods); *Adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1248-49 (D. Ore. 2016) (infringement undermines investment of millions of dollars of marketing through advertising, social media campaigns, product placement, media coverage); *Toyo Tire & Rubber Co. v. Kabusikiki Kaisha Tokyo Nihon Rubber Corp.*, 2015 U.S. Dist. LEXIS 146294 (D. Nev. 2015) (citing number of years of sales and dollar amount of annual sales, as well as investment in marketing and promotional activities); *Nat’l Fin. Partners Corp.*, 2015 U.S. Dist. LEXIS 74700 (“If a company spends significant time and resources promoting its trademark, that is a strong indication that the mark has significant economic value as a source identifier. Any infringement that impedes that identifying function will cause significant harm.”).

109. See 1 Gilson on Trademarks § 2.06 for a full discussion of secondary meaning.

110. *Benihana, Inc. v. Benihana of Tokyo, LLC*, 784 F.3d 887 (2d Cir. 2015).

And a healthcare services provider proved reputational harm from the resemblance between its logo and the defendant's, which the court termed "jaw-droppingly similar."¹¹¹ The Second Circuit found irreparable harm where the defendant displayed its logo in advertising-laden educational programs shown in doctor's offices. The plaintiff objected that this use could hinder its own solicitation of funds for medical research and clinical trials: To preserve its reputation, and its ability to receive grants, the plaintiff had to avoid any appearance of partiality from accepting advertisements. The court agreed that defendant's transmissions could cause "serious harm" to the plaintiff's reputation.¹¹²

2. Reduction in Market Share, Sales, or Customers

To prove loss of market share, the plaintiff should begin with its revenue stream, likely under seal, and the amount of revenue generated by sales of the infringed product.¹¹³ Then, plaintiff should ideally introduce any data marking a decline in such sales since the infringement began.¹¹⁴ Courts may view a lack of such evidence negatively, even if the parties' goods have not co-existed for long.¹¹⁵ A component of this proof is, of course, evidence of the scale of the defendant's infringing activity.¹¹⁶

111. *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 48 (2d Cir. 2016).

112. *See also OTR Wheel Eng'g, Inc.*, 602 Fed. Appx. 669 (finding irreparable harm from "nonquantifiable injury" to goodwill where defendant's sales of allegedly infringing product to plaintiff's main customer led customer to believe plaintiff had leaked confidential information to defendant).

113. *E.g., Brandywine Prod. Group Int'l*, 2016 U.S. Dist. LEXIS 132195 (failure to explain the percentage of revenue from the infringed product leaves the court with "no basis for estimating the likely extent of [the plaintiff's] injury relative to the size of the company"); *Plant Food Sys. v. AgroSource, Inc.*, 2016 U.S. Dist. LEXIS 124185 (S.D. Fla. 2016) (noting plaintiff's failure to introduce evidence of its profits before defendant's infringing activity began).

114. *E.g., Csi Entm't*, 2016 U.S. Dist. LEXIS 180749 (finding that plaintiff "failed to produce profit or loss statements or business plans revealing any damages it suffered, despite [defendant's] strenuous requests"); *Smart Vent Prods. v. Crawl Space Door Sys.*, 2016 U.S. Dist. LEXIS 108052 (D.N.J. 2016) (criticizing plaintiff for "point[ing] to no evidence of lost sales, business, or the like").

115. *See Am. Beverage Corp. v. Diageo N. Am., Inc.*, 936 F. Supp. 2d 555, 614-15 (W.D. Pa. 2013) (denying relief where plaintiff failed to show "a measurable decrease in the [its] sales . . . correspond[ing] to sales increases for the defendant"); *Grout Shield Distribs., LLC v. Elio E. Salvo, Inc.*, 824 F. Supp. 2d 389, 403 (E.D.N.Y. 2011) (no irreparable harm found in opinion written in November 2011 because plaintiff did not show reduced sales since defendant's product went on the market in January 2011).

Compare *Boulan South Beach Master Ass'n*, 617 Fed. Appx. 931 (clarifying that it is not necessary for trademark owners to show "that the viability of their business would be seriously threatened" without an injunction).

116. *E.g., Brandywine Prod. Group Int'l*, 2016 U.S. Dist. LEXIS 132195 (sale of infringing products at single location insufficient to show irreparable harm); *Conair Corp. v. Barbar, Inc.*, 2014 U.S. Dist. LEXIS 90869 (M.D. Fla. 2014) (finding no irreparable harm where "volume of Defendants' sales is de minimis").

However, because many market factors are usually at work, proving that infringement caused any decrease in the plaintiff's sales may well prove daunting. In one case, for example, the plaintiff claimed that a 40% sales drop was due to the defendant's infringement. But the court noted that the plaintiff's sales had "fluctuated widely from year to year," and the drop could "be attributable to the fluctuations in the market and not necessarily from the entry of [the other product] into the marketplace."¹¹⁷ On the other hand, where the parties compete directly, proving causation may not be as difficult, particularly in the case of lost market share.¹¹⁸

Even non-consumer confusion may be relevant.¹¹⁹ The Second Circuit found irreparable harm where a defendant's use of a confusingly similar logo could affect the employment decisions of those the plaintiff sought to recruit.¹²⁰ In another case, where both parties promoted triathlons, defendant's use of an infringing mark impaired the plaintiff's ability to secure sponsorships.¹²¹

3. Inferior Quality of Defendant's Goods or Services or Customer Dissatisfaction

Where defendant's goods are substandard, loss of reputation or goodwill may be dispositive.¹²² For example, complaints or critical reviews on review sites such as Yelp, on sites where the goods might be purchased such as Amazon, or on the plaintiff's or defendant's social media platforms could well be persuasive. Misdirected consumer complaints are also vital.¹²³ Where there could be safety

117. *Suja Life, LLC v. Pines Int'l, Inc.*, 2016 U.S. Dist. LEXIS 147014 (S.D. Cal. 2016).

118. *E.g.*, *Groupe SEB U.S.*, 774 F.3d at 205 (citing evidence that parties' steam irons competed and were sold side-by-side on store shelves); *Get in Shape Franchise, Inc. v. TFL Fishers, LLC*, 167 F. Supp. 3d 173, 202-03 (D. Mass. 2016) (finding that a competing fitness studio that violated a non-compete clause would likely harm the former franchisor's goodwill and ability to open its own local fitness studio).

See also McKenna, *supra* note 98, at 68 ("[T]he harm to producers from confusion about the source of *competing* goods is relatively clear: a competing NIKE shoe company could use consumer confusion to divert customers who otherwise would have bought shoes from Nike, Inc.") (emphasis in original).

119. For more on non-purchaser confusion, see 2 Gilson on Trademarks § 5.14[3].

120. *Guthrie Healthcare Sys.*, 826 F.3d at 48.

121. *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305 (S.D.N.Y. 2010).

122. *E.g.*, *Starbucks Corp. v. Heller*, 2014 U.S. Dist. LEXIS 165801 (C.D. Cal. 2014) (finding irreparable harm based on the "perceived association" between the plaintiff's marks and the defendant's counterfeit goods of lower quality).

Quality of the defendant's goods is a factor in the likelihood of confusion determinations of two circuits, the Second and Fourth. For more, see 2 Gilson on Trademarks § 5.12.

123. *See, e.g.*, *Hand & Nail Harmony, Inc. v. ABC Nail & Spa Prods.*, 2016 U.S. Dist. LEXIS 82147 (C.D. Cal. 2016) (customer complaints expressed confusion and described the poor quality of defendant's counterfeit products).

issues, the quality of the defendant's products is, of course, even more important.¹²⁴

A disparity between the defendant's low-end products and the plaintiff's high-end ones can also generate irreparable harm. Where defendant's inexpensive shoes were likely to cause confusion with the plaintiff's premium brand, for example, the court declared that that confusion would "harm [plaintiff's] reputation and goodwill—harm that is not compensable by money damages."¹²⁵ Similarly, a court found irreparable harm when confusion would generate a belief that plaintiff's premium brand hair care products were sold as mass market.¹²⁶ And where a store selling indoor gardening supplies had established an anti-marijuana reputation, a court found that consumer confusion with a pro-marijuana supplier would irreparably harm its goodwill.¹²⁷

Customer dissatisfaction about the defendant's business that spills over to the plaintiff's reputation ranks high in evidentiary persuasiveness. For example, complaints to the plaintiff in one case about annoying robocalls from the defendant were damning, posing a threat to the plaintiff's reputation and goodwill and establishing irreparable harm.¹²⁸

But where the defendant's products are of reasonably good quality, a court may well be less sympathetic. In one case, though there had been actual confusion, consumers' comments about the plaintiff's and defendant's products were uniformly positive. Thus, there was no harm to the plaintiff's goodwill or loss of customers.¹²⁹ In fact, positive reviews of one defendant's product led a court to

124. *E.g., Dynamic Aviation Grp., Inc.*, 2016 U.S. Dist. LEXIS 39248 (plaintiff aviation company could be associated with defendant's aircraft accidents, which could "irrevocably affect [its] reputation in the airline industry"); *AstraZeneca AB v. Camber Pharms., Inc.*, 2015 U.S. Dist. LEXIS 156272 (D. Del. 2015) (defendant's sale of purple pills likely to create false impression that they are generic equivalent to plaintiff's purple pills; "Such identity of source, sponsorship or affiliation . . . puts at risk [the plaintiff's] reputation in the event of quality or safety issues with [the defendant's] generic.").

125. *Adidas Am., Inc.*, 149 F. Supp. 3d at 1249.

126. *Moroccanoil, Inc. v. Zotos Int'l, Inc.*, 2017 U.S. Dist. LEXIS 12513 (C.D. Cal. 2017).

127. *Titaness Light Shop v. Sunlight Supply, Inc.*, 2014 U.S. Dist. LEXIS 12326 (D. Nev. 2014).

128. *Life Alert Emergency Response, Inc. v. LifeWatch, Inc.*, 601 Fed. Appx. 469 (9th Cir. 2015) (unpublished).

129. *San Miguel Pure Foods Co. v. Ramar Int'l Corp.*, 625 Fed. Appx. 322 (9th Cir. 2015) (unpublished). The harm a plaintiff suffers from loss of reputation stems directly from an inability to control its own good name; the fact that defendant currently has a good reputation does nothing to remedy plaintiff's loss of control.

But see Zino Davidoff SA v. CVS Corp., 571 F.3d 238, 243 (2d Cir. 2009) ("Where the alleged infringer has interfered with the trademark holder's ability to control quality, the trademark holder's claim is not defeated because of failure to show that the goods sold were defective. That is because the interference with the trademark holder's legitimate steps to control quality unreasonably subjects the trademark holder to the risk of injury to the reputation of its mark.").

make the bizarre suggestion that plaintiff could benefit from any source confusion.¹³⁰

Surprisingly, some courts refuse to find irreparable harm even where there is a double whammy—both confusion and inferiority of the defendant’s products.¹³¹ District courts in the Ninth Circuit, due to *Herb Reed*, appear to be more skeptical of loss of control arguments, and one such opinion stands out:

The plaintiff lacks control over the quality of a third party’s product in every trademark infringement case. As a result, the mere possibility that plaintiff’s product will be associated with defendant’s product and that product may be of lesser quality, standing alone, is insufficient to show a likelihood that plaintiff’s reputation and goodwill will be irreparably harmed.¹³²

In that case, failure to prove either that the defendant’s product was of poor quality or that the public perceived it to be of poor quality meant failure to prove danger to reputation and goodwill.

4. Parallels Between Current Case and One Finding Irreparable Harm

In some circuits, at least, plaintiffs would do well to point courts to the parallels between their case and earlier cases in which courts found irreparable harm. The First and Eleventh Circuits hearken back to yesteryear where current cases “are so similar to past cases ‘that a presumption of irreparable injury is an appropriate exercise of its discretion in light of the historical traditions.’”¹³³

This reference to prior cases recalls Chief Justice Roberts’ concurrence in *eBay*, where he emphasized that courts need not

130. *Kotori Designs, LLC v. Living Well Spending Less, Inc.*, 120 U.S.P.Q.2d 1800 (M.D. Fla. 2016). The court conducted some factual research on its own, apparently: “A brief internet search revealed that the ‘Living Well Planner’ has been reviewed quite favorably. Hence, Plaintiff may stand to benefit if consumers purchase—and enjoy —Defendants’ planner, but mistakenly believe it is Plaintiff’s competing product.”

131. *E.g., Brandywine Prod. Group Int’l*, 2016 U.S. Dist. LEXIS 132195 (no irreparable harm where plaintiff did not show that consumers blamed the plaintiff for any of the defendant’s product failures).

132. *Pom Wonderful LLC*, 2015 U.S. Dist. LEXIS 176834.

See also TPW Mgmt., LLC v. Yelp Inc., 2016 U.S. Dist. LEXIS 147884 (N.D. Cal. 2016) (following *Pom Wonderful* and holding that accepting plaintiff’s claims on its potential loss of control over its mark and reputation “would necessarily collapse the likelihood of confusion and the irreparable harm analyses, in direct contravention to the law in the Ninth Circuit”); *Purdum v. Wolfe*, 2014 U.S. Dist. LEXIS 5480 (N.D. Cal. 2014) (no evidence of inferior quality or manufacturing by defendant so harm from loss of control is no more than “speculative”).

133. *Swarovski Aktiengesellschaft*, 704 F.3d at 55, citing *North Am. Med. Corp.*, 522 F.3d at 1228.

ignore the past in exercising their equitable discretion.¹³⁴ While he may have been referring generally to the historical tradition rather than to specifically comparing the facts in one case to those in another, plaintiffs can invoke his cautionary language in urging courts to look back to their past application of the legal standards.

But the Ninth Circuit has held firm, holding that “citation to a different case with a different record does not meet the standard of showing ‘likely’ irreparable harm.”¹³⁵ In that circuit, then, plaintiffs will have difficulty convincing a court that similar precedent should hold sway.

B. Impending Nature of Harm

A key irreparable harm factor in a preliminary injunction motion is urgency.¹³⁶ Is the damage so imminent that the court should grant relief immediately and not wait until a final decision? The plaintiff can emphasize the defendant’s encroachment in the market, customer complaints about the defendant, and any reduction in profits or market share caused by the defendant. If it is unclear how an injunction would stop harm, an explanation to the court is imperative.¹³⁷ It is essential to avoid delay in requesting preliminary relief, as delay undercuts or contradicts claims of urgency.¹³⁸

A request for a temporary restraining order is a different animal. It is relatively rare in trademark litigation and usually seen in only the most dire of situations.¹³⁹ Even a brief delay before filing seems unthinkable to a court when a plaintiff seeks this accelerated emergency relief.¹⁴⁰

134. *eBay*, 547 U.S. at 395 (Roberts, C.J., concurring). See § II.D *supra* for more on *eBay* and § IV *supra* for more on presumptions and inferences.

135. *Herb Reed Enters.*, 736 F.3d at 1250.

136. *E.g.*, *Csi Entm’t*, 2016 U.S. Dist. LEXIS 180749 (“[C]laims of irreparable harm sufficient to support injunctive relief must be real, actual, and imminent, not remote or speculative.”); *Dynamic Aviation Grp., Inc.*, 2016 U.S. Dist. LEXIS 39248 (“Irreparable harm must be ‘actual and imminent’ and not ‘remote’ or ‘speculative.’”) (citation omitted).

137. *Buzz Bee Toys, Inc. v. Swimways Corp.*, 20 F. Supp. 3d 483, 513 (D.N.J. 2014) (denying injunctive relief where, despite list of possible harms, “[p]laintiff has not shown that these events are likely to occur without an injunction”).

138. See *infra* § VI.B for more on delay.

139. *Lee v. Haj*, 2016 U.S. Dist. LEXIS 21378 (E.D. Cal. 2016) (“Parties facing the threat of immediate and irreparable harm generally seek a temporary restraining order as quickly as possible.”) (citing cases where application filed simultaneously with complaint or the next day); *Karimi v. Poker Media Sys. SAS*, 2013 U.S. Dist. LEXIS 99767 (D. Nev. 2013) (“Temporary restraining orders are a mechanism for the court to deal with real, immediate, and serious risks and injuries. Plaintiff’s delay in protecting his alleged interests demonstrates that this situation does not warrant immediate ex parte relief.”).

140. *E.g.*, *Phyllis Schlafly Revocable Trust v. Cori*, 2016 U.S. Dist. LEXIS 155409 (E.D. Mo. 2016) (plaintiff filed action on October 19, 2016 and moved for a TRO on November 3, 2016) (While “not dispositive . . . , Plaintiffs’ delay in filing their emergency motion further supports the Court’s finding that there is no risk of immediate harm.”); *KB Wellbore*

One risky area is settlement negotiations, and even a plaintiff's settlement proposal may backfire. One plaintiff, before filing suit, would have allowed the defendant to phase out use of the objectionable trademark over a several-month period. The court found the proposal "wholly inconsistent with—and therefore fatal to—a claim of imminent irreparable harm, absent an injunction."¹⁴¹

C. Lack of Redress with Award of Money

The plaintiff should explain why the harm from infringement cannot be compensated in money damages.¹⁴² An award may come too late to repair the plaintiff's reputation, damages may be too difficult to quantify, and the defendant may not be able to afford to pay a judgment.

Most courts realize that a dollar amount for harm to goodwill and lessening of customers cannot be calculated accurately.¹⁴³ An automobile repair business infringed the American Automobile Association triple-A mark, and was enjoined because the plaintiff would lose control over its reputation. The court noted that "loss of control over one's reputation is neither calculable nor precisely compensable."¹⁴⁴ In an antitrust case, the Sixth Circuit disposed of the argument that lost profits were simple to calculate and remedy: "[T]o the extent there is a realistic prospect of lost sales and market share, these losses would harm [plaintiff's] goodwill and competitive position in ways that would be hard to compensate and that would support a preliminary injunction. It is appropriate to use a preliminary injunction to avoid harms to goodwill and competitive position."¹⁴⁵

Solutions, LLC v. Sweatt, 2016 U.S. Dist. LEXIS 51789 (N.D. Tex.) (magistrate judge recommendation) (plaintiff learned of defendant's use of mark on January 4, 2016, and moved for a TRO on February 17, 2016) (delay "appears to indicate that Plaintiff is not experiencing the type of urgency which would warrant the issuance of a TRO"), *adopted by* 2016 U.S. Dist. LEXIS 50725 (N.D. Tex. 2016); Dahl v. Swift Distrib., Inc., 2010 U.S. Dist. LEXIS 35938 (C.D. Cal. 2010) (26-day delay between filing complaint and moving for TRO implies a lack of urgency).

141. *Kotori Designs, LLC*, 120 U.S.P.Q.2d 1800. The plaintiff had put the settlement proposal into evidence, waiving any evidentiary objections under Federal Rule of Evidence 408.

142. See *infra* § VI.C for more case law and argument on this issue from the defendant's side. For more on monetary relief in trademark cases, see 3 Gilson on Trademarks § 14.03.

143. See *Uber Promotions, Inc.*, 162 F. Supp. 3d at 1276 (Harm from reverse confusion "is usually deemed irreparable because loss of reputation, goodwill, etc. is not easy to quantify and can't readily be remedied with money damages or a post-trial injunction. It seems clear that if [plaintiff] is harmed by confusion between now and the time of trial, that harm will be difficult, if not impossible, to quantify, and will thus be irreparable.") (citation omitted).

144. *AAA, Inc. v. Limage*, 2016 U.S. Dist. LEXIS 114778 (E.D.N.Y. 2016).

145. *Collins Inkjet Corp. v. Eastman Kodak Co.*, 781 F.3d 264, 279 (6th Cir. 2015).

In deciding whether harm is irreparable, a court can also consider the defendant's inability to pay damages.¹⁴⁶ Evidence tending to prove that fact could include annual reports, public tax filings, financial news, or declarations showing capital deficiencies or impending insolvency.¹⁴⁷ Showing that the defendant was culpable of concealing assets can also buttress a finding of irreparable harm.¹⁴⁸

D. Special Cases

1. Counterfeiting

A finding of counterfeiting—trademark infringement that could be criminal—is almost certain to trigger a finding of irreparable harm.¹⁴⁹ Courts routinely find that knock-off products, without more, damage the plaintiff's reputation and consumer confidence as well. Complaints to the trademark owner about those products would almost be conclusive of such harm. In such a case,

146. Tushnet, *supra* note 31, at 637 (“The irreparable harm argument is most persuasive when the defendant lacks the resources to pay any significant monetary damages.”); Douglas Laycock, *The Death of the Irreparable Injury Rule*, 103 Harv. L. Rev. 687, 716 (1990) (“Damages are no remedy at all if they cannot be collected, and most courts sensibly conclude that a damage judgment against an insolvent defendant is an inadequate remedy.”).

147. *E.g.*, *Cerule, LLC*, 2016 U.S. Dist. LEXIS 112741 (no proof of assertion that defendant would be unable to satisfy a judgment; no irreparable harm); *Smart Vent Prods.*, 2016 U.S. Dist. LEXIS 108052 (self-serving, unsubstantiated affidavit speculating about defendants' financial position does not meet irreparable harm standard); *Tecnimed SRL v. Kidz-Med, Inc.*, 763 F. Supp. 2d 395, 412 (S.D.N.Y. 2011) (information in defendant's S.E.C. filing stating that auditors “have expressed substantial doubt about [its] ability to continue as a going concern”; irreparable harm found).

See also *Castle Creek Tech. Partners v. Cellpoint Inc.*, 2002 U.S. Dist. LEXIS 23760 (S.D.N.Y. 2002) (non-trademark case finding irreparable harm where plaintiff “provided ample and specific evidence that [the defendant] is at the brink of insolvency, and that by the conclusion of the litigation, [it] may be in no position to satisfy a money judgment or an injunction”).

148. *Microsoft Corp. v. Premier Selling Techs.*, 2015 U.S. Dist. LEXIS 39012 (W.D. Wash. 2015) (Where defendants went “to great lengths to hide themselves and the[ir] assets,” the fact that plaintiff was unlikely to obtain monetary relief was found to be “further evidence of irreparable harm.”).

149. *E.g.*, *Excelled Sheepskin & Leather Coat Corp. v. Oregon Brewing Co.*, 2016 U.S. Dist. LEXIS 133568 (S.D.N.Y. 2016); *River Light V, L.P. v. Zhangyali*, 2016 U.S. Dist. LEXIS 111301 (N.D. Ill. 2016) (“Plaintiffs have established that infringement occurred, and the harm to its brand from the sales of counterfeit goods is irreparable—the confusion caused by knock-off products in the stream of commerce damages the value of the brand and cannot be compensated by money alone.”); *Mycoskie v. 2016tomsshoessaleoutlet.us*, 2016 U.S. Dist. LEXIS 95963 (S.D. Fla. 2016) (finding “immediate and irreparable injury” where the defendant owned websites advertising and selling counterfeit goods); *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 689 (D.N.J. 2015) (“[H]aving established that Defendant's use of Plaintiff's exact Marks creates a clear case of confusion, and that Defendant's counterfeited products of inferior quality arguably diminish [Plaintiff's] reputation, irreparable injury becomes ‘the inescapable conclusion.’”) (citation omitted).

For more on counterfeiting, see 2 Gilson on Trademarks § 5.19.

regardless of whether *eBay* changes the presumption, “common sense confirms that Defendant’s sale of goods that look nearly identical to Plaintiffs’ creates a risk of irreparable harm by devaluing Plaintiffs’ brands.”¹⁵⁰ Counterfeiting inevitably endangers the plaintiff’s goodwill¹⁵¹ and can poison relationships with its distributors.¹⁵²

2. Default

Where the defendant fails to answer a complaint and defaults, the plaintiff’s well-pleaded fact allegations on liability are deemed

150. *Luxottica Grp.*, 2016 U.S. Dist. LEXIS 144660.

See also, e.g., *Levi Strauss & Co. v. Sunrise Int’l Trading Inc.*, 51 F.3d 982, 986 (11th Cir. 1995) (“There is no doubt that the continued sale of thousands of pairs of counterfeit jeans would damage [the plaintiff’s] business reputation and decrease its legitimate sales.”); *Bulgari, S.P.A. v. Zou Xiaohong*, 2015 U.S. Dist. LEXIS 140606 (N.D. Ill. 2015) (holding that Defendant’s “sale of counterfeit BVLGARI branded products [online] poses unmistakable peril to Bulgari’s goodwill, and therefore constitutes an irreparable injury that the available legal remedies are inadequate to compensate for”); *Hand & Nail Harmony, Inc. v. Guangzhou Cocome Cosmetics Co.*, 2014 U.S. Dist. LEXIS 137221 (D. Nev. 2014) (“The irreparable harm to Plaintiffs [from defendant’s sale of counterfeits] will occur in the form of loss of control over its intellectual property rights, loss of consumer goodwill, loss of sales, and interference with Plaintiffs’ ability to exploit their trademarks. The Plaintiffs clearly have no connection to and thus control over the marketing and distribution of these counterfeit products by the Defendants.”); *Bikinvention 2 CC v. Squirt, LLC*, 2014 U.S. Dist. LEXIS 61310 (D. Colo. 2014) (“Common sense dictates that the counterfeit Squirt [bicycle chain lubricant], which is alleged to be of an inferior quality, will diminish the Squirt brand in ways that Plaintiff will find difficult to correct.”); *CJ Prods. LLC v. Snuggly Plushez LLC*, 809 F. Supp. 2d 127, 145 (E.D.N.Y. 2011) (not relying on the presumption) (“Injecting the market with counterfeit products will not only result in lost sales, but will impair plaintiffs’ reputation achieved through considerable time and effort. This type of harm cannot be redressed by monetary damages available at law.”).

151. *Luxottica Grp.*, 2016 U.S. Dist. LEXIS 144660 (“Defendant’s sale of allegedly counterfeit goods poses an obvious risk to the goodwill that Plaintiffs have built up over the decades, which constitutes irreparable harm.”); *Mitchell Grp. USA, LLC v. Nkem Udeh*, 2014 U.S. Dist. LEXIS 143001 (E.D.N.Y. 2014) (“[I]t has been recognized that counterfeiting specifically may . . . lead to irreparable harm. . . . The Court finds that there is irreparable injury to the Plaintiffs because Defendants have engaged in the act of selling goods bearing marks that are almost identical to Plaintiffs’ marks, but not identical in composition or in warnings to consumers.”); *Sanrio Co. v. J.I.K. Accessories*, 2012 U.S. Dist. LEXIS 55280 (N.D. Cal. 2012) (finding that sale of counterfeits will result in “monetary harm from reduced sales” and harm to goodwill, especially “given that many of the counterfeit items have high levels of lead, which could result in consumers who believed they purchased genuine products having a poorer opinion of Plaintiff’s products”).

152. *E.g.*, *Hand & Nail Harmony, Inc. v. Guangzhou Shun Yan Cosmetics Co.*, 2015 U.S. Dist. LEXIS 93744 (D. Nev. 2015) (“Defendant’s resumption of its counterfeiting activities would have irreversibly harmful effects on the goodwill associated with the . . . marks and the . . . goods. This is especially so when consumers mistakenly believe that Defendant’s Counterfeit Merchandise of inferior and even unusable or harmful quality originated from [plaintiff]. Moreover, Defendant’s resumption of its counterfeiting activities would irreparably harm [plaintiff’s] relationships with its distributors and purchasers, who end up competing with unauthorized purchasers that acquire product from unauthorized distributors of Counterfeit Merchandise.”) (citations omitted).

admitted, and courts almost always find irreparable harm.¹⁵³ Courts assume from a default that confusion is likely when the complaint alleges it. Courts will also probably assume that, without acting, the infringement will continue and generate irreparable harm.¹⁵⁴ Courts may further find harm from the inaction of an uncooperative defendant, including its likely failure to pay money damages.¹⁵⁵

Few district courts in default cases raise questions about the presumption. Well-pleaded allegations of fact lead to a likelihood of success on the merits, and the vast majority of courts go on to find that irreparable harm is presumed, perhaps because there is no defendant bringing *eBay* to the court's attention. Still, even defaulted allegations of irreparable harm and continuing

153. 13 Moore's Federal Practice § 55.32[1][a] ("The effect of an entry of default, if not set aside, is to establish the liability of the defaulting party as a basis for default judgment. . . . On a motion for default judgment, the well-pleaded facts in the complaint relating to liability are taken as true."). See also, e.g., *Choice Hotels Int'l, Inc. v. Hosp., LLC*, 2012 U.S. Dist. LEXIS 94515 (W.D. Mich.) (magistrate judge) (allegation that unauthorized use of plaintiff's marks resulted in irreparable harm; default judgment and allegations deemed admitted), adopted at 2012 U.S. Dist. LEXIS 93933 (W.D. Mich. 2012).

154. E.g., *Microsoft Corp.*, 2016 U.S. Dist. LEXIS 120162 (defendant's failure to appear suggests it will continue to infringe absent judicial intervention); *Mister Softee, Inc. v. Konstantakakos*, 2016 U.S. Dist. LEXIS 84034 (E.D.N.Y. 2016) ("Defendants' defaults give rise to the inference that defendants are willing to continue infringing plaintiffs' . . . Mark, leading to the conclusion that plaintiffs have no adequate remedy at law."); *Las Vegas Sands Corp. v. Unknown Registrants*, 2016 U.S. Dist. LEXIS 60117 (D. Nev. 2016) ("Several district courts have granted injunctions in the default judgment context by accepting as true the facts alleged in plaintiffs' complaints, including facts establishing irreparable injury."); *Toyo Tire & Rubber Co.*, 2015 U.S. Dist. LEXIS 146294 (finding fact of irreparable harm "especially true" given defendant's failure to acknowledge case); *Krevat v. Burgers to Go, Inc.*, 2014 U.S. Dist. LEXIS 131256 (D.N.J. 2014); *Ashland Inc. v. Randolph*, 2013 U.S. Dist. LEXIS 153316 (S.D. W. Va. 2013); *Otels, Inc. v. Altun*, 2012 U.S. Dist. LEXIS 114584 (E.D. Va. 2012) (accepting allegation that defendant uses a similar mark for same type of business, targeting same potential customers, and will continue to infringe; following presumption); *Coach, Inc. v. O'Brien*, 2011 U.S. Dist. LEXIS 135988 (S.D.N.Y. 2011) (The defendant's "default constitutes an admission of liability as to the trademark infringement claim, . . . such that [the plaintiff] has established a likelihood of confusion from which irreparable harm is presumed.").

155. *Hydreon Corp.*, 2016 U.S. Dist. LEXIS 160545 (though following the presumption, finding irreparable harm "also present because Plaintiff's ability to accurately assess the magnitude of the losses from infringing conduct has been stymied by Defendant's failure to appear"); *Hand & Nail Harmony, Inc.*, 2014 U.S. Dist. LEXIS 137221 ("[B]ecause many of the Defendants appear to have no presence in the United States, it may be difficult or impossible for Plaintiffs to enforce a monetary judgment. In fact, none of the Defendants has responded to the summons to attend a hearing or responded to motions. There is little reason to believe at this time that Defendants will pay heed to any money damages awarded.").

See *supra* § V.C for more on the role of a defendant's finances in the decision whether to grant irreparable harm.

infringement may prove unpersuasive,¹⁵⁶ and a court may yet require a showing of harm from the plaintiff.¹⁵⁷

3. Holdover Franchisees

Courts usually hold that a terminated or expired franchisee continuing to use the franchisor's trademarks has infringed and is causing irreparable harm.¹⁵⁸ Such uses, usually in violation of a franchise or trademark license agreement, harm not only the franchisor but also legitimate franchisees and deceived consumers. A terminated franchisee may also have highly confidential business information that is placed at risk.¹⁵⁹ Where the holdover continues to operate under the trademarks and name, irreparable harm is usually clear-cut.¹⁶⁰

Customer complaints of poor holdover quality are particularly damning evidence of harm, as are the franchisor's low quality ratings made during inspections.¹⁶¹ In one typical case, a district

156. *E.g.*, *SPFM, L.P. v. Felix*, 2016 U.S. Dist. LEXIS 138940 (W.D. Tex. 2016); *Zeltiq Aesthetics, Inc. v. Sun Serenity Spa*, 2016 U.S. Dist. LEXIS 17826 (E.D. Cal. 2016); *MGM Resorts Int'l v. Unknown Registrant of www.imgmcasino.com*, 2015 U.S. Dist. LEXIS 128394 (D. Nev. 2015) (“[A] default judgment does not relieve Plaintiff of its burden to provide factual allegations for the Court to take as true. Merely stating that Plaintiff has suffered irreparable harm is not a demonstration of irreparable harm as required by the Ninth Circuit.”).

157. *E.g.*, *Zeltiq Aesthetics, Inc.*, 2016 U.S. Dist. LEXIS 17826 (putting plaintiff to its proof of irreparable harm in context of default judgment); *Century 21 Real Estate, LLC v. Destiny Real Estate Props.*, 101 U.S.P.Q.2d 1423 (N.D. Ind. 2011).

158. *See* 2 Gilson on Trademarks § 6.04[4][e]. *See also, e.g.*, *U.S. Structures, Inc. v. J.P. Structures, Inc.*, 130 F.3d 1185, 1190 (6th Cir. 1997) (“Common sense compels the conclusion that a strong risk of consumer confusion arises when a terminated franchisee continues to use the former franchisor's trademarks.”); *Maaco Franchising, LLC v. Boensch*, 2016 U.S. Dist. LEXIS 123203 (W.D.N.C. 2016) (finding that continued unauthorized use of franchise trademarks “threatens [the franchisor], its authorized franchisees, and the consuming public generally with immediate and irreparable harm”); *Get in Shape Franchise, Inc.*, 167 F. Supp. 3d at 202-03 (violation of non-compete clause would cause irreparable harm to franchisor's goodwill without injunction); *Choice Hotels Int'l*, 135 F. Supp. 3d at 471; *Philips Elecs. N. Am. Corp. v. Hope*, 631 F. Supp. 2d 705, 711 (M.D.N.C. 2009) (“Loss of permanent relationships with customers and loss of proprietary information may constitute irreparable harm.”); *Hollywood Athletic Club Licensing Corp. v. GHAC-CityWalk*, 938 F. Supp. 612, 615 (C.D. Cal. 1996) (“In a licensor/licensee case, the reasons for issuing a preliminary injunction for trademark infringement are even more compelling than in the ordinary case.”).

159. *Cellairis Franchise, Inc. v. Duarte*, 2015 U.S. Dist. LEXIS 147890 (N.D. Ga. 2015) (“Disclosure of confidential information harms plaintiffs' good will, dilutes their brand value, and discourages potential franchisees from entering their franchise system.”).

160. *E.g.*, *Novus Franchising, Inc.*, 2016 U.S. Dist. LEXIS 122655 (no irreparable harm where former franchisee was using different name and logos and court found them not confusingly similar); *ACG Pizza Partners, LLC v. Mykull Enters.*, 2014 U.S. Dist. LEXIS 119989 (M.D. Ga. 2014) (finding irreparable harm without presumption from holdover franchisee).

161. *E.g.*, *IHOP Franchising, LLC v. Hameed*, 2015 U.S. Dist. LEXIS 12021 (E.D. Cal. 2015) (failed evaluation by franchisor with multiple quality deficiencies including potential health hazards for customers); *IHOP Franchising, LLC v. Tabel*, 2014 U.S. Dist. LEXIS 60028 (D. Kan. 2014) (several negative customer complaints, including some indicating they would never go back to any of the chain's restaurants); *7-Eleven, Inc. v. Kapoor Bros., Inc.*, 977 F.

court found irreparable harm where a former ice cream truck franchisee continued to use the franchised marks after termination.¹⁶² Consumers of course associated the defendant's trucks with plaintiffs, and any reduction in quality or sanitation would reflect poorly on them and their legitimate franchisees.

However, even in the holdover context, relief post-*eBay* is not inevitable.¹⁶³ In one case, there were seven consumer complaints about a holdover-run convenience store, but several occurred before the defendant breached the franchise agreement.¹⁶⁴ Finding no irreparable harm, the court surmised that such complaints were common to similar stores around the country.

The most persuasive evidence in a holdover case is actual confusion, customer complaints and other proof of low quality. On-site interviews of holdover customers or comment cards for them to complete and mail may be productive. However, a franchise agreement provision declaring that a breach automatically constitutes irreparable harm is not likely to help the plaintiff's case.¹⁶⁵ Courts generally do not regard such provisions as determinative.¹⁶⁶

VI. DEFENDANT'S CASE AGAINST PRELIMINARY INJUNCTIVE RELIEF—THE BASICS

In defending a motion for preliminary relief in a trademark case, depending on the jurisdiction, counsel needs to be prepared to

Supp. 2d 1211, 1226-27 (M.D. Fla. 2013) (“Even in the absence of such presumptions, [the plaintiff] has established actual confusion and consequent continuing and irreparable harm to its goodwill and reputation by the numerous post-termination customer complaints made against Defendants’ stores because [the plaintiff] cannot control the quality of Defendants’ services and products.”).

162. *Mister Softee, Inc.*, 2015 U.S. Dist. LEXIS 158290 (permanent injunction); *Mister Softee, Inc.*, 2014 U.S. Dist. LEXIS 77434 (preliminary injunction).

163. *E.g.*, *Miller Constr. Equip. Sales, Inc. v. Clark Equip. Co.*, 2016 U.S. Dist. LEXIS 60319 (D. Alaska 2016) (claim that dealership was of low quality insufficient where holdover only lasted six weeks).

164. *7-Eleven, Inc.*, 2016 U.S. Dist. LEXIS 15733.

165. *E.g.*, *Executive Home Care Franchising LLC v. Marshall Health Corp.*, 642 Fed. Appx. 181 (3d Cir. 2016) (unpublished) (upholding refusal to find irreparable harm even with such a provision in the franchise agreement); *Benihana, Inc., LLC*, 784 F.3d at 896 (finding irreparable harm but noting that such a provision is not controlling); *Laidlaw, Inc. v. Student Transp. of Am.*, 20 F. Supp. 2d 727, 758 (D.N.J. 1998) (“A contractual provision simply cannot act as a substitute for a finding by this Court that determines whether a preliminary injunction is proper.”).

But see *AcryliCon USA, LLC v. Silikal GmbH*, 2016 U.S. Dist. LEXIS 22760 (N.D. Ga. 2016) (finding that plaintiff had shown irreparable harm because of contract provision).

166. *See* *JL Powell Clothing LLC v. Powell*, 590 Fed. Appx. 3 (1st Cir. 2014) (unpublished) (vacating district court finding of irreparable harm where it was based solely on the contract between the parties, which provided that “irreparable damage would occur” if there were a breach; remanding for review of issue).

educate the court that the presumption is dead. District court judges nationwide are no more than *likely* to find the presumption eliminated, but they *must* so find in the Third, Ninth, and Eleventh Circuits. And under *Winter*, the plaintiff must not only show that it is likely to win on the merits but also that irreparable harm is probable, not merely possible.¹⁶⁷

Now is the time to put the plaintiff to its proof, and in a way that was not possible a decade ago. It is the plaintiff's burden to prove irreparable harm.¹⁶⁸ Mere argument will not suffice, and a finding of likely success on the merits does not automatically lead to preliminary relief.¹⁶⁹ The *Herb Reed* case from the Ninth Circuit is particularly strict on this point.¹⁷⁰ This section assumes that the plaintiff has established that it will likely succeed on the merits, and now comes the next step.

As on the plaintiff's side, experienced counsel will, of course, know these general principles. But the opportunities for resisting a motion for preliminary injunction have certainly expanded, and a look at current case law may help.

A. Plaintiff's Irreparable Harm Is Speculative and Its Evidence Is Cursory, Conclusory, or Unsupported

Courts cannot base a finding of trademark irreparable harm on merely speculative injury, or where plaintiff's evidence is cursory or unsupported.¹⁷¹ This rationale has been key in rejecting claims of

167. *Winter*, 555 U.S. at 20-22. See § II.E *supra*.

168. For more on what the plaintiff is seeking to prove, see *supra* § V.

169. *E.g.*, *Oriental Fin. Group, Inc. v. Cooperativa De Ahorro y Credito Oriental*, 832 F.3d 15 (1st Cir. 2016) (finding infringement but remanding to lower court to determine whether to grant or deny injunctive relief).

170. *Herb Reed Enters.*, 736 F.3d at 1250-51.

171. *E.g.*, *San Miguel Pure Foods Co.*, 625 Fed. Appx. 322 (“Irreparable harm may not be based on speculative injury.”); *Humana Ins. Co. v. Tenet Health Sys.*, 2016 U.S. Dist. LEXIS 161274 (N.D. Tex. 2016) (defendant vigorously and successfully pressed the “speculative argument” claim and court agreed); *Brandywine Prod. Group Int’l*, 2016 U.S. Dist. LEXIS 132195 (noting failure to offer evidence of current and imminent harm; “While evidence of intangible harm is often elusive, the law nonetheless requires [the plaintiff] to ‘demonstrate that irreparable injury’ of such nature is likely to flow from the sale of [the defendant’s] products.”) (emphasis in original) (citation omitted); *Haas Automation, Inc. v. Denny*, 2014 U.S. Dist. LEXIS 89860 (C.D. Cal. 2014) (“Damage to goodwill can constitute irreparable harm. However, Plaintiff has provided no evidence relating to its goodwill or any damages that its goodwill has suffered. In sum, Plaintiff has offered no evidence—such as lost profits or lost goodwill—to show that it has suffered irreparable harm.”); *Wahoo Int’l, Inc. v. Phix Doctor, Inc.*, 2014 U.S. Dist. LEXIS 74927 (S.D. Cal. 2014) (“[B]esides a conclusory statement that Plaintiff will suffer irreparable harm to its reputation and good will, Plaintiff has not

irreparable harm, a rationale that has proved useful to defendants. In particular, the Ninth Circuit in *Herb Reed* requires plaintiffs to submit evidence rather than just argument, and many lower courts have relied on that mandate to find proof of irreparable harm lacking. As *Herb Reed* dictates, where a lower court's "pronouncements are grounded in platitudes rather than evidence," and they fail to support likelihood of irreparable harm or inadequacy of damages, they are not grounds for granting an injunction.¹⁷² In fact, a district court's failure to make impressive factual findings may simply "reinsert the now-rejected presumption of irreparable harm based solely on a strong case of trademark infringement."¹⁷³

Plaintiffs submitting no evidence at all in support of irreparable harm are, of course, in jeopardy in certain jurisdictions.¹⁷⁴ Even with compelling evidence of confusion and a finding of likely success on the merits, deficient evidence associated specifically with the harm factor can be fatal. In one case, a nonprofit foundation offered board member declarations explaining that without an injunction they would lose symposium attendance and the foundation "may have to dissolve."¹⁷⁵ The court dismissed the statements as unsupported and conclusory.

Evidence and arguments speaking to the general dangers of trademark infringement also may not suffice. These should relate explicitly to the risk of harm to that plaintiff from that defendant. Where one damages expert opined that trademarks as a rule fail to

provided any evidence to support such a claim. Accordingly, this factor weighs against injunctive relief.").

172. *Herb Reed Enters.*, 736 F.3d at 1250 ("The district court's analysis of irreparable harm is cursory and conclusory, rather than being grounded in any evidence or showing offered by [the plaintiff]."). See also, e.g., *Zeltiq Aesthetics, Inc.*, 2016 U.S. Dist. LEXIS 17826 (holding that "the evaluation of whether actual irreparable harm has resulted is based on the evidence presented to the court, and 'platitudes' or suggestions of the possibility of harm are insufficient to establish irreparable harm").

173. *Herb Reed Enters.*, 736 F.3d at 1250.

174. E.g., *Suja Life, LLC*, 2016 U.S. Dist. LEXIS 147014 (finding no irreparable harm where the plaintiff's "argument that it will lose control of its goodwill and reputation due to its customers associating [the plaintiff] and [the opposing party] is not supported by any evidence"); *7-Eleven, Inc.*, 2016 U.S. Dist. LEXIS 15733 (denying injunctive relief where plaintiff failed to provide "a factual basis for why harm is likely to occur"); *Sleash, LLC v. One Pet Planet, LLC*, 2014 U.S. Dist. LEXIS 113520 (D. Ore. 2014) (The plaintiff "has not offered any evidence showing a likelihood of irreparable harm. Rather than providing any such evidence, [it] argues that such irreparable harm automatically flows from the loss of control of its business and trademark. This argument, however, is inconsistent with *Herb Reed* as the Court cannot rely on conclusory assertions unsupported by evidence."); *Active Sports Lifestyle USA, LLC*, 2014 U.S. Dist. LEXIS 45575 ("[T]he Court may not conclude that the fact of infringement itself constitutes irreparable harm, and the existence of intangible harms such as a loss of goodwill must be shown by evidence. [The plaintiff] has failed to present evidence beyond speculation that it will face a loss of goodwill in the future, or that its inability to fully control the use of marks substantially similar to its own will result in harm.").

175. *Cafe Found., Inc.*, 2016 U.S. Dist. LEXIS 44121.

recoup their value post-infringement, one court belittled the expert opinion as no more than

a generalized statement concerning the impact infringement has on *any* trademark. . . . Assuming this is true, then the same is true in every case of infringement, and would warrant entry of a preliminary injunction in every case. This cannot be squared with the rule that a plaintiff must adduce evidence of likely irreparable harm to obtain an injunction.¹⁷⁶

It is not surprising that courts often reject declarations that simply characterize the generalized abstract harm from trademark infringement.¹⁷⁷

Evidence of harm that does not pinpoint a reduction in customers or profits may also be unconvincing. One plaintiff argued that its Google AdWords costs were increasing and bemoaned the fact that its product did not appear until on the third page of Google search results. The court was unmoved:

If Plaintiff were truly harmed, the Court would expect evidence showing a precipitous drop in visitors to Plaintiff's website, drops in sales, actual confusion, or any other evidence tending to show that Plaintiff lost goodwill or position in the market. On the face of the evidence submitted, it is not clear that Plaintiff had any goodwill or position in the market . . . to begin with.¹⁷⁸

Because various market forces may have contributed, a specific showing of lost market share may not demonstrate irreparable harm either.¹⁷⁹ Even a showing of actual confusion may not persuade a court that future diversion of sales or damage to goodwill is likely.¹⁸⁰ Where one plaintiff described not only its high-quality products but also the imminent harm from the defendants'

176. *Pom Wonderful LLC*, 2015 U.S. Dist. LEXIS 176834.

177. *E.g.*, *Hakkasan LV, LLC v. Miller*, 2016 U.S. Dist. LEXIS 34649 (D. Nev. 2016); *Wenger S.A. v. Fuzhou Hunter Prod. Imp. & Exp. Co.*, 2015 U.S. Dist. LEXIS 85855 (D. Nev. 2015) (denying motion for preliminary injunction where plaintiff "failed to present any evidence with its motion, apart from declarations containing conclusory statements, showing a likelihood of irreparable harm"); *Gatsinaris v. ART Corporate Solutions, Inc.*, 2015 U.S. Dist. LEXIS 70020 (C.D. Cal. 2015) ("[C]ourts should be wary of granting a preliminary injunction based solely on allegations and conclusory affidavits submitted by plaintiff.") (citation omitted); *Wells Fargo & Co.*, 2014 U.S. Dist. LEXIS 121444 ("In order to establish harm to its reputation or its goodwill, [the plaintiff] must do more than simply submit a declaration insisting that its reputation and goodwill have been harmed.").

178. *Young v. 3.1 Phillip Lim, LLC*, 2016 U.S. Dist. LEXIS 158931 (C.D. Cal. 2016).

179. *Aurora World, Inc. v. Ty Inc.*, 719 F. Supp. 2d 1115, 1169 (C.D. Cal. 2009) ("Loss of sales alone will not support a finding of irreparable injury 'because acceptance of that position would require a finding of irreparable harm to every' plaintiff regardless of circumstances."), quoting *Reebok Int'l Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1557 (Fed. Cir. 1994).

180. *Spiraledge, Inc. v. SeaWorld Entm't, Inc.*, 2013 U.S. Dist. LEXIS 96616 (S.D. Cal. 2013) (misdirected consumer inquiries were not "probative, nonspeculative evidence that [the plaintiff] has lost, or likely will lose, prospective customers or goodwill due to [the defendant's] use of the . . . mark").

counterfeits, the court found that presentation lacking: the plaintiff's statements were "conclusory" and mere "speculation on future harm."¹⁸¹

B. Excessive Delay

Delay in seeking preliminary relief erodes and sometimes ends the argument that immediate relief is necessary, suggesting that the plaintiff's harm cannot be irreparable.¹⁸² Indeed, before the presumption was called into question by *eBay*, courts found that delay alone eliminated it.¹⁸³ Courts often make broad declarations on this point that defendants can applaud: "In order to demonstrate irreparable harm, a party must show that the harm is certain and great and of such imminence that there is a clear and present need for equitable relief."¹⁸⁴

In measuring the reasonableness of delay, pinning down the precise date when the clock started ticking is critical: When did the plaintiff know or when should it have known of the infringement? A period in which the plaintiff was unaware of the infringement probably will not be held against it. Where the defendant progressively encroached on the plaintiff's territory, the parties paused to engage in settlement discussions, or the plaintiff spent

181. *Wenger S.A.*, 2015 U.S. Dist. LEXIS 85855 (denying motion for preliminary injunction where plaintiff "failed to present any evidence with its motion, apart from declarations containing conclusory statements, showing a likelihood of irreparable harm").

182. *E.g.*, *Tough Traveler*, 60 F.3d at 968 ("[F]ailure to act sooner undercuts the sense of urgency that ordinarily accompanies a motion for preliminary relief and suggests that there is, in fact, no irreparable injury."). See generally 3 Gilson on Trademarks § 11.08[3][i][ii][D][III] for more on delay in the preliminary injunction context. For more on a plaintiff's attempt to show the impending nature of irreparable harm, see *supra* § V.B.

Sandra Edelman has written and co-written an excellent, thorough series analyzing the effect of delay in preliminary injunction cases. See Sandra Edelman & Fara S. Sunderji, *Delay in Filing Preliminary Injunction Motions: 2015 Edition*, 105 TMR 1012 (2015); Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: 2009 Edition*, 99 TMR 1074 (2009); Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: Update 2002*, 92 TMR 647 (2002); Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: A Five Year Update*, 85 TMR 1 (1995); Robert L. Raskopf & Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: How Long Is Too Long?* 80 TMR 36 (1990).

183. *E.g.*, *Voice of the Arab World, Inc.*, 645 F.3d at 35 (noting that "such presumption has been held inapplicable in cases where the party seeking injunctive relief excessively delays in seeking such relief"); *Tough Traveler*, 60 F.3d at 968 (holding the presumption "inoperative if the plaintiff has delayed either in bringing suit or in moving for preliminary injunctive relief").

184. *Novus Franchising, Inc.*, 725 F.3d at 895. See also, *e.g.*, *Spiraledge, Inc.*, 2013 U.S. Dist. LEXIS 96616 ("An injunction will not issue if the person or entity seeking injunctive relief shows a mere possibility of some remote future injury, or a conjectural or hypothetical injury.") (citation omitted).

time in a good faith effort to investigate the infringement, a court may find irreparable harm¹⁸⁵ but need not.¹⁸⁶

The impact of delay in a court setting is highly fact-intensive, but some generalizations are possible. For example, a delay of three or fewer months will probably not result in a court denying a preliminary injunction.¹⁸⁷ Delay between four and six months may conclude with relief being denied.¹⁸⁸ From seven to twelve months, the split of grant and denial is about half and half.¹⁸⁹ Longer than that, “there is still a chance of obtaining expedited preliminary injunctive relief, but the case must be strong on the merits and the equities, and the plaintiff better have a good excuse for the delay.”¹⁹⁰

185. *2die4kourt v. Hillair Capital Mgmt., LLC*, 2016 U.S. Dist. LEXIS 118211 (C.D. Cal. 2016) (finding irreparable harm despite five-month delay in which plaintiffs attempted to settle matter informally, “which would obviate the need for an injunction”); *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671, 698-99 (N.D. Tex. 2015) (finding “reasonable explanation” for delay that plaintiff was investigating the claims, wanted to be sure evidence of confused consumers would support a claim of likelihood of confusion, and did not foresee the increase in customer complaints); *Institute for Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042 (E.D. Va. 2015) (defendant re-branded to a mark even closer to plaintiffs after settlement discussions failed, so delay was not evidence that there was no irreparable harm).

Cf. Suja Life, LLC, 2016 U.S. Dist. LEXIS 147014 (delay due to good faith settlement negotiations did not weigh against irreparable harm finding, but other proof of harm was lacking).

186. *E.g., Gym Door Repairs, Inc.*, 2016 U.S. Dist. LEXIS 123139 (delay of seven years since discovery of infringement while plaintiff pursued administrative remedies through state and local government counseled against finding irreparable harm).

187. *Edelman & Sunderji*, *supra* note 182, at 1015.

188. *Id. See, e.g., Wreal, LLC v. Amazon.com*, 840 F.3d 1244, 1248 (11th Cir. 2016) (unexplained five-month delay “fatally undermined any showing of irreparable injury”); *Smart Vent Prods.*, 2016 U.S. Dist. LEXIS 108052 (delay of two to seven months “knocks the bottom out of any claim of immediate and irreparable harm”) (citation omitted); *27-24 Tavern Corp. v. Dutch Kills Centraal*, 2015 U.S. Dist. LEXIS 133648 (E.D.N.Y. 2015) (five-month delay undercuts argument of irreparable harm).

189. *Edelman & Sunderji*, *supra* note 182, at 1015. *See, e.g., Health New Eng., Inc. v. Trinity Health—New Eng., Inc.*, 2016 U.S. Dist. LEXIS 124946 (D. Mass. 2016) (delay of eleven months in moving for preliminary injunctive relief indicates no immediate need for such relief); *Dynamic Aviation Grp., Inc.*, 2016 U.S. Dist. LEXIS 39248 (ten-month delay reasonable when parties were trying to resolve their dispute) (“[T]he need for urgent relief must be balanced against the ‘goal of voluntary resolution of disputes.’”) (citation omitted); *Transcience Corp. v. Big Time Toys, LLC*, 50 F. Supp. 3d 441, 458 (S.D.N.Y. 2014) (nine months before filing suit, then four months to move for injunctive relief, constituted too long of a delay).

190. *Edelman*, *supra* note 182, at 1077. *See also Edelman & Sunderji*, *supra* note 182, at 1014 (“A surprising number of plaintiffs filed a motion for a preliminary injunction where the delay was a year or much longer. One might wonder why so many movants believed that a preliminary injunction might be obtainable when there had been such an extended period of delay in seeking expedited relief.”) (footnote omitted).

Courts eschewing the presumption may be willing to believe that excessive delay cancels a showing of irreparable harm.¹⁹¹ However, delay-in-injunctive-relief expert Sandra Edelman posits that, in the pre-*eBay* era, delay was more harmful to plaintiffs than it is today. When plaintiffs could rely on the presumption, plaintiffs did not present as much evidence of actual harm and their delay served to rebut the presumption. After *eBay*, she posits, courts see delay as “just one element in a multi-factor analysis that can be outweighed by an otherwise strong showing of irreparable harm.”¹⁹²

Note that, depending on the circuit, the equitable defense of laches as such may or may not relate to a claim of delay in preliminary injunction motions. A laches claim will succeed when the plaintiff has inexcusably delayed in asserting its rights, unfairly causing prejudice to the defendant.¹⁹³ But the circuits are split on whether a defendant needs to show prejudice from the plaintiff’s delay to avoid a preliminary injunction.¹⁹⁴ The Seventh Circuit requires a showing that the defendant detrimentally relied on the plaintiff’s delay,¹⁹⁵ but the Second Circuit differentiates between laches and delay in this context, holding that delay without prejudice can still nullify irreparable harm.¹⁹⁶ In *Herb Reed*, the Ninth Circuit examined the defendant’s laches claim separately from the issue of irreparable harm, finding that laches did not foreclose the suit.¹⁹⁷

191. *Csi Entm’t*, 2016 U.S. Dist. LEXIS 180749 (“Because an application for a preliminary injunction now requires a movant to make an actual showing of imminent irreparable injury in the absence of an injunction, delay is an important factor that the Court must consider.”).

192. Edelman & Sunderji, *supra* note 182, at 1019.

193. See 3 Gilson on Trademarks § 11.08[3][i][ii].

194. See *id.* at § 11.08[3][i][ii][D][III]. For more on when laches will prevent the granting of an injunction in a trademark case, see *id.* at § 11.08[3][i][ii][D] (“A widely-held misconception is that laches will never prevent the granting of an injunction in a trademark case. Actually, although protection of the public from confusion frequently overcomes the affirmative defense of laches in a court action, injunctions are often denied because of laches. . . . Nevertheless, it is true that, in general, laches will bar a plaintiff’s recovery for past damages but will not impede its relief from future violations.”) (footnotes omitted).

195. See, e.g., *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 903 (7th Cir. 2001) (“Whether the defendant has been ‘lulled into a false sense of security or had acted in reliance on the plaintiff’s delay’ influences whether we will find that a plaintiff’s decision to delay in moving for a preliminary injunction is acceptable or not.”); *Philip Morris, Inc. v. Allen Distributors, Inc.*, 48 F. Supp. 2d 844, 854 (S.D. Ind. 1999) (“Delay, in itself, does not preclude the finding of irreparable injury in a trademark case in this circuit.”).

196. E.g., *Majorica, S.A. v. R.H. Macy & Co.*, 762 F.2d 7, 7 (2d Cir. 1985) (holding that delay alone may preclude granting a preliminary injunction motion because delay goes to irreparable harm and not prejudice); *Citibank, N.A. v. Citytrust*, 756 F.2d 273, 276 (2d Cir. 1985) (holding that “delay alone may justify denial of a preliminary injunction for trademark infringement”).

197. *Herb Reed Enters.*, 736 F.3d at 1246-47.

C. Plaintiff's Injuries Could Be Compensated by Money Damages

Where a court can quantify damage in dollar terms, the harm is not considered irreparable.¹⁹⁸ But if money damages cannot make the plaintiff whole and restore the status quo, harm is irreparable.

A defendant will argue that the plaintiff's injuries are curable by an award of damages so that it does not qualify for injunctive relief.¹⁹⁹ A court may agree and conclude that "any alleged loss of sales does not constitute irreparable harm because it can be remedied by money damages."²⁰⁰ Also, another court stated that, as for plaintiff's "claims of loss of customers and market share, such harms are measurable and are best characterized as economic harms." The plaintiff also alleged loss of reputation and "erosion of customer trust," but the court was "not persuaded that any loss of trust from customers, which may result from any consumers affiliating the parties together . . . , cannot be regained."²⁰¹

Courts in other contexts have also found lost sales compensable in damages, such as suits to enforce a non-compete clause or for the theft of trade secrets.²⁰² While some courts may be "willing to

198. See *supra* § V.C for more on a plaintiff's case in terms of showing its injuries cannot be compensated financially.

199. See Rierson, *supra* note 25, at 174 (suggesting that "courts should not accept without question the notion that the trademark holder's goodwill is so ethereal and intangible that damage done to it via infringement is simply incalculable"). See also *id.* at 175 ("Companies benefitting from goodwill or brand equity as a tangible asset on their balance sheets should not be allowed to skirt the requirements for proving injunctive relief, solely on the theory that they cannot place a price tag on their goodwill.").

200. *Suja Life, LLC*, 2016 U.S. Dist. LEXIS 147014. See also *Red Robin Int'l, Inc. v. Lehigh Valley Rest. Grp., Inc.*, 2016 U.S. Dist. LEXIS 22437 (D. Colo. 2016) ("Injuries for which damages are adequate compensation generally are not irreparable injuries.") (holdover franchisee maintaining good quality services, no injunction issued); *Champion-Cain v. MacDonald*, 2015 U.S. Dist. LEXIS 92149 (S.D. Cal. 2015) (finding plaintiffs had shown "some degree of harm" from likely confusion but had "not demonstrated harm that cannot be compensated through monetary damages or other corrective relief on a later date"); *Wreal LLC v. Amazon.com, Inc.*, 2015 U.S. Dist. LEXIS 176382 (S.D. Fla. 2015) ("Even if [the plaintiff] were to lose customers in the manner it suggests, then its remedy would be money damages, as the injury is compensable—it is not 'irreparable.'"), *aff'd*, 840 F.3d 1244 (11th Cir. 2016); *Am. Beverage Corp.*, 936 F. Supp. 2d at 615 ("Courts have determined that loss of market share is not too ephemeral for monetary damages to be calculated.").

201. *Ebates Performance Mktg. v. Integral Techs., Inc.*, 2013 U.S. Dist. LEXIS 5267 (N.D. Cal. 2013).

202. *Novus Franchising, Inc.*, 725 F.3d at 895 ("[W]e question whether [plaintiff's] alleged injuries, i.e., 'a loss of customers or customer goodwill,' . . . are truly 'irreparable' in the sense that they could not be addressed through money damages if [plaintiff] is successful following a trial on the merits.") (suit to enforce non-compete clause); *ACE Am. Ins. Co. v. Wachovia Ins. Agency Inc.*, 306 Fed. Appx. 727 (3d Cir. 2009) (unpublished) (Where parties had been operating together under a contract for many years, "given this history, any loss in business, market share or goodwill should be reducible to a monetary figure.") (loss of goodwill due to asset sale agreement not irreparable); *PolyPortables LLC*, 2016 U.S. Dist. LEXIS 149986 (characterizing lost sales due to stolen trade secrets as "precisely the type of loss compensable by money damages, and . . . therefore not irreparable"); *Gen. Motors Corp. v. Harry Brown's*,

consider a loss of customers or goodwill as a harm,” the more skeptical judges may insist that the plaintiff “come forward with evidence that such an injury is irreparable by showing that the loss cannot be measured in money damages.”²⁰³

Generally speaking, however, most courts finding likely consumer confusion go on to conclude that harm to reputation or goodwill or a loss of control over those intangibles simply cannot be quantified.²⁰⁴ The Eleventh Circuit, for example, overturned a district court that denied a trademark preliminary injunction because the only injury was “economic in nature” and therefore damages could “adequately compensate” the plaintiffs.²⁰⁵ The court of appeals disagreed, concluding that “a remedy at law for consumer confusion or reputational damage is ordinarily inadequate, given the potential difficulty of proof of plaintiff’s damages and the impairment of intangible values.”²⁰⁶ Pre-*eBay* courts writing before the presumption’s decline also recognized that “it is virtually impossible to ascertain the precise economic consequences of intangible harms, such as damage to reputation and loss of good will.”²⁰⁷

D. Competition Between the Parties Is Too Indirect

Law professor Mark McKenna has argued that, as an empirical matter, “non-competitive uses of a mark are unlikely to impact negatively the mark owner’s reputation for quality.”²⁰⁸ In other words, he posits, consumer confusion will not harm the plaintiff

L.L.C., 563 F.3d 312, 319 (8th Cir. 2009) (affirming a district court’s denial of a preliminary injunction where the district court “did not clearly err” by finding harm from “lost customer relationships was equivalent to a claim of lost profits” and “could therefore be compensated” as money damages) (context of plaintiff trying to enjoin car dealership from selling vehicles made by different company).

203. *ADT, LLC*, 145 F. Supp. 3d at 697.

204. *E.g., Emerald City Mgmt.*, 624 Fed. Appx. 223 (finding confusion and a lack of control over the mark’s goodwill; “Since the damage caused by [the plaintiff’s] loss of control over the . . . mark cannot be quantified, the district court did not clearly err in finding a substantial risk of irreparable harm.”) (not relying on presumption); *CFE Racing Prods.*, 793 F.3d at 596 (Loss of control of reputation is neither “calculable nor precisely compensable.”) (not mentioning presumption); *Life Alert Emergency Response, Inc.*, 601 Fed. Appx. 469 (threat from infringement to plaintiff’s reputation and goodwill “constitutes irreparable harm, as it is not readily compensable”) (not using presumption); *Benihana, Inc.*, 784 F.3d at 896 (upholding district court finding that continued sales by defendant would cause plaintiff “substantial harm to its reputation that is ‘not calculable nor precisely compensable’”) (not mentioning presumption); *Kraft Foods Group Brands*, 735 F.3d at 741 (holding that “irreparable harm is especially likely in a trademark case because of the difficulty of quantifying the likely effect on a brand of a nontrivial period of consumer confusion”) (not mentioning presumption).

205. *Boulan South Beach Master Ass’n*, 617 Fed. Appx. 931.

206. *Id.* (citation and internal quotation marks omitted).

207. *Ty, Inc.*, 237 F.3d at 902.

208. McKenna, *supra* note 98, at 63.

where it does not compete with the defendant. McKenna relied on brand extension and brand reliance studies, and concluded that “the only sense in which one could confidently conclude that mark owners are likely to be ‘harmed’ by uses for non-competing goods is that the later uses may interfere with the mark owner’s ability to expand into new markets.”²⁰⁹ If a plaintiff has shown likely confusion but the parties are not direct competitors, this argument may be worth exploring.

E. Mootness

While mootness is unrelated to irreparable harm,²¹⁰ the fact that infringement has ended “is certainly a relevant consideration” in irreparable harm analysis.²¹¹ Where a defendant removed false statements from publicly available information and certified to the court that he would not repeat them, the plaintiff could not prove that it would “suffer real, irreparable harm in the absence of an injunction.”²¹² A defendant, having discontinued an alleged infringement, could also argue that evidence of past harm does not warrant a preliminary injunction covering the future.²¹³

One defendant had sold out of all remaining infringing products two months after the preliminary injunction evidentiary hearing, and had no product sales at the time of the appeal with no plans to resume them. The Eleventh Circuit took this at face value and found this “flatly contradict[ed]” the plaintiff’s claim of irreparable harm.²¹⁴

In another case, after trial, even though the plaintiff had sold its interest in the contested products, the Tenth Circuit still upheld permanent injunctive relief barring future sales of infringing

209. *Id.* at 70.

210. *Ferring Pharms.*, 765 F.3d at 219 (“[W]hether a case should be dismissed on mootness grounds is a materially distinct inquiry from a determination as to whether a plaintiff has demonstrated irreparable harm.”).

211. *Id.* at 219.

212. *Id.* at 217-18. The defendant also conceded that certain statements he had made were inaccurate, and certified that, in the future, he would only make specified statements about the product’s efficacy.

See also *Reynolds v. Banks*, 2012 U.S. Dist. LEXIS 91064 (E.D. Mich. 2012) (claim of irreparable harm based on past events “cannot support a request for prospective injunctive relief”).

213. *Hoop Culture, Inc.*, 648 Fed. Appx. 981 (“To the extent that [the plaintiff] has been irreparably harmed by [the defendant’s] past actions, past harm is not a basis for preliminary injunctive relief, which requires a showing of likely future injury if an injunction does not issue.”).

214. *Id.* *See* *FC Online Mktg., Inc. v. Burke’s Martial Arts, LLC*, 2015 U.S. Dist. LEXIS 89415 (E.D.N.Y. 2015) (defendant’s sworn statement promising to take down his website during the pendency of the litigation meant plaintiff could not show irreparable harm).

products.²¹⁵ The defendant elicited no sympathy. He was an unapologetic blackguard, stealing plaintiff's products from a warehouse and reselling them online, deliberately withholding information during discovery, and disobeying court orders. The court of appeals shifted into punishment mode. Although it did not disagree that the plaintiff could no longer show irreparable harm, it found that, "[e]ven so," an injunction would prevent future harm without significantly burdening the defendant or harming the public interest. In the end, this was a laudable use of equitable discretion.

VII. CONCLUSION

Short of legislation, there's no turning back the sunset of the irreparable harm presumption. Still, losing the presumption should not also mean losing our deeply engrained understanding of harm in trademark cases. The inherent problems of proof, particularly at the outset, should not entirely stymie trademark owners faced with imminent injury. Defendants will of course play their role and disagree, but judges must also be realistic in their expectations about the evidence that is readily available.

Where a trademark owner is suffering a goodwill-injuring infringement, and the public is indeed likely to be confused, a court need not wear blinders. It may still disregard the legalistic presumption and, based on the plain import of the evidence, instead *infer* the presence of that harm. It may even take a hint from Chief Justice Roberts, and simply follow the standards established in prior trademark cases. To ignore the prior cases and standards entirely, with facts like these, would result in needless injustice.

But wait. The International Trademark Association has spoken out in favor of a Lanham Act amendment that would restore the irreparable injury presumption to the pantheon of American trademark law. And we can all believe, trust and hope that the sun will come out tomorrow.

215. *Klein-Becker USA, LLC v. Englert*, 711 F.3d 1153, 1164 (10th Cir. 2013). The case was not moot because the plaintiff retained all interest in the proceeds of the lawsuit.