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NO TROLLS BARRED: TRADEMARK INJUNCTIONS AFTER *eBAY*

By David H. Bernstein and Andrew Gilden***

I. INTRODUCTION

In *eBay v. MercExchange*, the U.S. Supreme Court held that courts could not apply “categorical rules” when granting or denying injunctive relief upon a finding of patent infringement.¹ Rather than automatically granting injunctive relief, as the U.S. Court of Appeals for the Federal Circuit had done, or barring injunctive relief in a wide swath of circumstances, as the U.S. district court had done, the Supreme Court held that courts must apply the traditional four factor test for injunctive relief in every case. The Court reached its decision by drawing from the text of the U.S. Patent Act of 1952 and by directly analogizing to copyright cases in which the Court had consistently denied automatic injunctive relief. Although *eBay*’s application to subsequent patent and copyright cases has generally been straightforward, courts have been grappling with whether the Supreme Court’s decision should have any bearing on the grant of injunctive relief in trademark cases.

Historically, when assessing whether a particular instance of trademark infringement resulted in “irreparable harm”—a prerequisite for injunctive relief—U.S. federal courts almost uniformly presumed such irreparable harm upon a finding a likelihood of confusion.² However, since the Supreme Court’s

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1. 547 U.S. 388 (2006).

2. See 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:47 (4th ed.) [hereinafter *McCarthy*] (collecting cases). The one exception is the Fifth Circuit, which has never “expressly adopt[ed] this presumption of irreparable injury.”

decision in *eBay*, an increasing number of U.S. courts have begun to question the viability of this presumption. Most prominently, in 2008 the U.S. Court of Appeals for the Eleventh Circuit in *North American Medical v. Axiom Worldwide*³ vacated the district court's grant of a preliminary injunction, and remanded the case with directions that the lower court should explicitly address whether *eBay* permitted the court's presumption of irreparable harm.⁴

As of this writing, although no U.S. court has definitively held that *eBay* alters the standards for injunctive relief in trademark cases, a number of courts have proceeded under the assumption that it does, and at least one commentator has strongly argued in favor of this extension.⁵ Other courts,⁶ supported by Professor J. Thomas McCarthy,⁷ have suggested that *eBay* should not eviscerate the traditional presumption of irreparable harm in trademark cases. However, there has not yet been in-depth analysis discussing why the Court's holding in *eBay* should not apply in the context of trademark injunctions.

This article seeks to advance the discussion on that issue, and it 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. Although trademark, patent and copyright laws are all forms of rights in intangible property, the rationales underlying trademark protection are sufficiently distinct from those motivating patent and copyright protections that principles applicable in one type of intellectual property law are not necessarily appropriate in another. Patent and copyright protections are designed to be a trade-off between incentivizing innovation and creativity on one hand, and public access to the fruits of such labor on the other. Trademark law does not entail such a direct balance between individual gain and the public interest; rather, it is a form of consumer and competitor protection that is designed to efficiently indicate the source of a product or

Paulsson Geophysical Servs., Inc. v. Sigmar, 529 F.3d 303, 312 (5th Cir. 2008) (quoting S. Monorail Co. v. Robbins & Myers, Inc., 666 F.2d 185, 188 (5th Cir. Unit B 1982)). It has not, however, rejected it either. *Id.* at 313 ("We have no need to decide whether a court may presume irreparable injury upon finding a likelihood of confusion in a trademark case, a difficult question considering the Supreme Court's opinion in *eBay*.").

3. 522 F.3d 1211 (11th Cir. 2008).

4. North American Medical opted not to further pursue the preliminary injunction on remand. See Order dated July 30, 2008, N. Am. Med. v. Axiom Worldwide, Civ. Case No. 1:06-CV-1678-JTC (N.D. Ga. filed July 14, 2006).

5. Sandra L. Rierison, *IP Remedies After eBay: Assessing the Impact on Trademark Law*, 2 Akron Intell. Prop. L. J. 163, 166 (2008).

6. See *infra* notes 40, 43 and accompanying text.

7. 5 McCarthy, *supra* note 2, § 30:47.

service and to avoid confusion. Because maximization of the public interest in trademark protection rests upon a very different protection rationale than that underlying patent and copyright laws, courts should not hastily import the Supreme Court precedent addressing a markedly different set of public interest concerns into the trademark realm.

Part II of this article will briefly outline the majority and concurring opinions in *eBay* in order to illuminate the precise concerns that motivated the Supreme Court's decision. Part III will discuss how lower courts have applied *eBay*, and will summarize some of the debates surrounding the breadth of its impact, including whether it applies to preliminary injunctions, whether it forbids a presumption of irreparable harm, and whether it applies outside the patent and copyright contexts. Part IV will then differentiate the theoretical bases for protecting trademark as opposed to copyright and patent rights, and will argue that a "categorical" presumption of trademark injunctions does not implicate the same policy concerns that a similar rule might implicate in the patent/copyright contexts. Part V will emphasize that the specific concern that motivated the *eBay* Court—reigning in abusive injunctions by so-called "patent trolls"—has no corollary in the trademark infringement context. Admittedly, there are some areas in which injunctions have been sought or granted in trademark cases that can be considered "abusive," as well, such as cases that involved initial interest confusion,⁸ expressive uses,⁹ and comparative advertising,¹⁰ but in most of those circumstances, the underlying flaw was the extension of trademark infringement

8. See, e.g., *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999) (injunctive relief appropriate where use of plaintiff's trademark in website metatags diverted internet users to defendant's website, even though there was no likelihood of confusion at the point of sale); Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 *Cardozo L. Rev.* 105, 108 (2005) ("Application of the initial interest confusion doctrine prevents comparative advertisements, limits information available to consumers, and shuts down speech critical of trademark holders and their products and services.").

9. See, e.g., *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727 (D. Minn. 1998) (enjoining defendant from using the title "Dairy Queens" for a film about mid-western beauty contests); K.J. Greene, *Abusive Trademark Litigation and the Incredible Shrinking Confusion Doctrine—Trademark Abuse in the Context of Entertainment Media and Cyberspace*, 27 *Harv. J.L. & Pub. Pol'y* 609, 635 (2004) (criticizing *Dairy Queen* and other cases enjoining use of trademarks in the entertainment industry).

10. See, e.g., *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 45 (2d Cir. 1994) (enjoining parody of John Deere's logo in a comparative advertisement); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 *Hous. L. Rev.* 777, 782 (2004) (arguing that an expansive approach to trademark law on the internet "conflicts with the longstanding rule in favor of comparative advertising and the normative goal of producing better-informed consumers.").

to these scenarios, and *not* the nexus between confusion and irreparable harm. The proper remedy for this harm is to tighten up the standards for a finding of a likelihood of confusion, not to weaken the long-accepted link between likelihood of confusion and irreparable harm. Part VI will briefly address the applicability of *eBay* to trademark dilution cases, and will once again conclude that any concerns with presuming irreparable harm revolve more around the difficulties in empirically supporting a dilution claim than around whether the harms envisioned by dilution laws are presumptively irreparable. Indeed, if dilution is a theory that is to have any conceptual rigor, it is incompatible with anything but a presumptive, if not a categorical, availability of injunctive relief.

II. THE *eBAY* DECISION

MercExchange was the owner of a business method patent covering an “electronic market designed to facilitate the sale of goods between private individuals.” It brought an infringement suit against eBay and its subsidiary Half.com after efforts to license the patent were unsuccessful.¹¹ Significantly, MercExchange had never practiced the patented method,¹² and thus MercExchange has been characterized by some as a “patent troll.”¹³ After the jury found that MercExchange’s patent was valid and that eBay had infringed the patent, the district court refused to grant a permanent injunction because “plaintiff’s willingness to license its patents” and “its lack of commercial activity in practicing the patents” sufficiently established that the harm to MercExchange would not be irreparable and could be compensated through monetary relief.¹⁴

The Federal Circuit reversed the district court’s denial of a permanent injunction. The Federal Circuit held that, as a “general rule” in patent disputes, “a patent injunction will issue once infringement and validity have been adjudged” except in

11. 547 U.S. 388, 390 (2006).

12. *Id.* at 393.

13. *See, e.g.,* Eric Wesenberg & Peter O’Rourke, *The Toll on the Troll: The Implications of “eBay v. MercExchange,”* available at <http://www.law.com/jsp/article.jsp?id=1147943132930> (May 22, 2006) (“*eBay v. MercExchange* presented the classic case of a patent troll accusing a market participant of patent infringement and wielding the threat of a permanent injunction in hope of increasing its settlement position.”). MercExchange unsurprisingly has denied this characterization. *See, e.g.,* Lyle Denniston, *Analysis: No Penalty for Patent Trolls,* available at <http://www.scotusblog.com/wp/analysis-no-penalty-for-patent-trolls/> (Mar. 29, 2006) (recounting statement by MercExchange’s counsel during oral arguments at the Supreme Court that “this not a patent ‘troll’ case; the founder of MercExchange really did invent this . . . this is a real invention.”).

14. 547 U.S. at 393.

“exceptional circumstances” and “rare instances . . . to protect the public interest.”¹⁵

The Supreme Court took issue with both courts’ approach to injunctive relief. Under Section 283 of the U.S. Patent Act, the Court reasoned, injunctions “may” issue “in accordance with the principles of equity.” These “principles of equity” required courts in patent cases to employ the traditional four part test for a grant of injunctive relief, under which a plaintiff must demonstrate (1) the existence of irreparable injury; (2) that remedies at law, including monetary relief, are inadequate; (3) that the balance of hardships tilts in favor of injunctive relief; and (4) that granting an injunction would not harm the public interest.¹⁶ According to the Court, nothing in the Patent Act eliminated this test. Moreover, the Court noted, requiring explicit consideration of these equitable principles was consistent with its past treatment of equitable relief under the U.S. Copyright Act of 1976, in which the Court had consistently refused to replace consideration of the traditional equitable principles with automatic availability of injunctive relief.¹⁷ The Court concluded that it was appropriate to apply these same copyright principles in patent cases because both the Copyright and Patent Acts provided the “right to exclude others from using his property” in exchange “for benefits bestowed by the genius and meditations and skill of individuals” and provided “incentive to further efforts for the same important objects.”¹⁸

The Supreme Court thus vacated both lower court decisions.¹⁹ Because the Federal Circuit had failed to apply the traditional four-factor test, it improperly applied a categorical rule favoring injunctions. Similarly, although the district court had recited the traditional four-part test for injunctive relief, it also improperly applied a categorical rule prohibiting injunctions where the patentee was a non-practicing entity and a willing licensor. Although an injunction may well be appropriate in some of such settings, a categorical rule against injunctive relief in these circumstances would fail, for example, to take into account university researchers or self-made inventors who might not have the resources to practice an invention themselves, but who might

15. *Id.* at 393-94.

16. *Id.* at 391.

17. *Id.* at 392 (citing *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505 (2001); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, n. 10, 114 (1994); *Dun v. Lumbermen’s Credit Ass’n*, 209 U.S. 20, 23-24 (1908)).

18. *Id.* (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)).

19. *Id.* at 393.

very well be entitled to injunctive relief.²⁰ Accordingly, the Court remanded the case to the district court with directions to reconsider its determination upon explicit application of the four part test to the specific facts before it.²¹

Justice Thomas' opinion for the unanimous Supreme Court is straightforward and largely unobjectionable. It does not, however, provide lower courts with much guidance as to how they should apply the traditional four-part injunctive relief test in patent cases where the plaintiff is not itself practicing the invention. Some clues to how some Supreme Court Justices would approach that issue are contained in the concurring opinions of Chief Justice Roberts and Justice Kennedy.

Chief Justice Roberts, joined by Justices Scalia and Ginsburg, agreed that an automatic entitlement to a permanent injunction was inappropriate, but Chief Justice Roberts underscored the long tradition of granting injunctions in patent cases based on the difficulty of protecting a "right to *exclude*" through monetary remedies²² (emphasis in original). According to the Chief Justice, notwithstanding the Court's opinion, lower courts should continue to apply equitable principles in light of this tradition.²³

The concurring opinion of Justice Kennedy, joined by Justices Stevens, Souter and Breyer, took a markedly different stance.²⁴ Justice Kennedy, with an apparent nod towards the concerns raised by patent trolling,²⁵ emphasized that courts should be attuned to current patent cases that "present considerations quite unlike earlier cases" and should thus "adapt to the rapid technological and legal developments in the patent system."²⁶ He specifically addressed the rise of an industry "in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees."²⁷ These firms, Justice

20. *Id.*

21. *Id.* at 394. On remand, the district court applied the four injunctive relief factors and once again denied MercExchange's motion for entry of a permanent injunction. *See MercExchange, L.L.C. v. eBay, Inc.*, 500 F. Supp. 2d 556 (E.D. Va. 2007). The court emphasized that "[a]lthough the Supreme Court rejected the categorical rule that a patent holder's willingness to license its patents precludes it from establishing irreparable harm, the Court did not state that such willingness was no longer a significant factor in the calculus, especially when prior licenses were not aimed at developing the patent." *Id.* at 591.

22. 547 U.S. at 395.

23. *Id.*

24. Justices Alito and Thomas did not join either concurring opinion.

25. *See Lee Anne Fennell, Adjusting Alienability*, 122 Harv. L. Rev. 1403, 1414 (2009) ("Concern over such 'trolls' (although not denominated as such) was evident in Justice Kennedy's concurrence in *eBay* . . .").

26. *Id.* at 396-97.

27. *Id.* at 396.

Kennedy noted, use the prospect of injunctive relief to charge exorbitant license fees to companies that seek to actually practice the patent, and granting an injunction in such circumstances “may not serve the public interest.”²⁸

The contrasts between the concurring opinions in *eBay* indicate that the true dispute underlying the case was not about the nature of equitable relief (where the Court was unanimous), but rather about the nature of patent rights in the era of patent trolling²⁹ (with a third of the Justices on the current court on opposing sides of that issue). The Chief Justice and Justices Scalia and Ginsburg continue to see patents as a kind of personal property that in most cases can be enforced in an exclusionary way, with injunctive relief being the norm. On the other hand, Justices Kennedy, Stevens and Breyer recognize the need to balance this property right against the greater public interest in order to effectuate the *balance* between personal interest and public benefit that is inherent in the patent system. When considering the future applications of *eBay*, and especially in considering how *eBay* should be applied outside the patent context, it will be useful to consider the opinion’s underlying concern with the trade-offs inherent in granting and enforcing patent rights.

III. APPLICATION OF *eBAY*

As discussed above, the *eBay* decision held that a categorical rule favoring permanent injunctions in patent cases was impermissible. The U.S. Supreme Court did not address (1) whether its decision applied to preliminary injunctions; (2) whether its decision forbade rebuttable presumptions favoring injunctive relief; or (3) whether its decision applied to other forms of intellectual property besides patent and copyright. In the wake of *eBay*, U.S. courts and commentators have wrestled with how broadly to construe the Court’s decision.

Courts are split as to whether *eBay* has any applicability outside the permanent injunction context.³⁰ On one hand, there

28. *Id.*

29. Michael W. Carroll, *Patent Injunctions and the Problems of Uniformity Cost*, 13 Mich. Telecomm. & Tech. L. Rev. 421, 426 (2007) (“*eBay* Is about Patent Policy”).

30. *Compare, e.g.,* Tiber Labs., L.L.C. v. Hawthorn Pharms., Inc., 527 F. Supp. 2d 1373, 1380 (N.D. Ga. 2007) (*eBay* applies in both preliminary and permanent injunction contexts) with *Christiana Indus. Inc. v. Empire Elec., Inc.*, 2006 U.S. Dist. LEXIS 54210, at *5 (E.D. Mich. Aug. 4, 2006) (“Ebay did not invalidate the presumption [in the preliminary injunction context]. The *eBay* Court addressed the proper analysis for *permanent* injunctive relief. It held that courts err by categorically granting permanent injunctive relief on a showing of infringement and validity, without analyzing the traditional four factors for injunctive relief.”).

would seem to be no justifiable distinction between permitting categorical rules in the permanent and preliminary injunction contexts. If the logic behind *eBay* is that prior to granting equitable relief in the form of an injunction courts must explicitly consider the traditional equitable factors permitting such relief, courts should need to do so regardless of the timing of the request for equitable relief.³¹ On the other hand, when a motion for preliminary injunction is made, the record before the court is relatively limited, making it difficult to accurately weigh equitable relief given the paucity of well developed facts. Thus, in the preliminary injunction context, presumptions may be appropriate proxies for a more developed record.³²

Courts are similarly split as to whether *eBay* prohibits a presumption of irreparable harm even in the permanent injunction context. Irreparable harm is harm to a plaintiff that cannot be adequately remedied through monetary relief either because of the inability to quantify monetary relief; or its long-term, permanent consequences; or both.³³ This type of harm is a prerequisite for injunctive relief in all contexts, because the only way to prevent

31. See *N. Am. Med. Corp. v. Axiom Worldwide; Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008) (“[N]o obvious distinction exists between permanent and preliminary injunctive relief to suggest that *eBay* should not apply to the latter.”). This view is buttressed by the Supreme Court’s more recent decision in *Winter v. NRDC, Inc.*, 129 S. Ct. 365 (2008), which held that, in issuing a preliminary injunction, lower courts must apply a four-part test for equitable relief, echoing (although not citing) its four-part test for permanent injunctive relief in *eBay*. Although the *Winter* decision addressed an environmental law claim, not an intellectual property issues, and made no mention of irreparable harm presumptions, the Court’s approach to injunctive relief is instructive. In *Winter*, the Court stated that, in order to obtain a preliminary injunction, a plaintiff must establish that “he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.” *Id.* at 374. The Court chastised the Ninth Circuit for requiring merely a “possibility” of irreparable harm instead of a “likelihood.” *Id.* at 376. Although it might be argued that this more stringent “likelihood” standard for irreparable harm is incompatible with a presumption of irreparable harm, see, e.g., *Gowan Co., LLC v. Aceto Agric. Chems.*, 2009 U.S. Dist. LEXIS 63633, at * 9-10 (D. Ariz. July 9, 2009) (presumption of irreparable harm in copyright case incompatible with *Winter*) (citing *Jacobsen v. Katzer*, 609 F. Supp. 2d 925 (N.D. Cal. 2009) (same)), for the reasons stated *infra*, courts presume irreparable harm in trademark cases because a likelihood of consumer confusion or dilution, if properly found, will highly likely, if not inevitably, be irreparable. See *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 2009 U.S. App. LEXIS 14396, at *7 (9th Cir. 2009) (in trademark case, citing to *Winter* for proper standard for preliminary injunctions and approving of district court’s presumption of irreparable harm).

32. *Lennon v. Premise Media Corp.*, 556 F. Supp. 2d 310, 320 n.1 (S.D.N.Y. 2008) (citing *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1212 (C.D. Cal. 2007)); *E. Gluck Corp. v. Rotenhaus*, 2008 WL 4865025, at * (S.D.N.Y. Nov. 3, 2008); *Nat’l League of Junior Cotillions, Inc. v. Porter*, 2007 WL 2316823, at *5-6 (W.D.N.C. Aug. 9, 2007).

33. See *Wright, Miller & Kane*, 11A Fed. Prac. & Proc. Civ.2d § 2948.

irreparable harm is through ordering defendant to cease a particular activity that damages plaintiff; otherwise, the harm caused by a defendant's misconduct could be remedied with monetary relief. Because intellectual property rights generally include the right to prevent others from using one's invention, work of authorship, or trademark, monetary relief is not usually by its nature an adequate remedy for a wrongful use by a third party. For that reason, in patent, copyright and trademark cases, nearly all courts have historically presumed that a finding of infringement caused irreparable harm to the intellectual property right owner, though that presumption always could be rebutted by other evidence.³⁴

Nevertheless, in light of *eBay*, most courts in patent and copyright cases have now abandoned this traditional presumption as it now being a forbidden categorical rule favoring injunctive relief.³⁵ Although a presumption of irreparable harm, after a finding of infringement, does not automatically lead to the granting of an injunction, these courts have reasoned that the presumption does eliminate plaintiff's burden to demonstrate one of the central equitable considerations justifying an injunction.³⁶

34. See 5 *McCarthy*, *supra* note 2, § 30:47 (collecting trademark cases); 4-14 David Nimmer, Nimmer on Copyright § 14.06[A] (collecting copyright cases); 7-20 Donald S. Chisum, Chisum on Patents § 20.04[e][i] (collecting patent cases).

35. See *Voile Mfg. Corp. v. Dandurand*, 551 F. Supp. 2d 1301, 1306 (D. Utah 2008) (collecting patent cases); *Designer Skins LLC v. S&L Vitamins, Inc.*, 2008 WL 4174882, at *16 (D. Ariz. Sept. 5, 2008) (presumption of irreparable harm from a finding of past copyright infringement incompatible with *eBay*); *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1214 (C.D. Cal. 2007) ("Such a rule would contravene the Supreme Court's intent that Plaintiffs establish not merely that infringement causes 'harm,' but how it amounts to irreparable harm."). *Allora LLC v. Brownstone, Inc.*, 2007 WL 1246448 (W.D.N.C. Apr. 27, 2007) ("Until this issue is clarified by the Fourth Circuit or the Supreme Court, this Court will not presume irreparable harm and likelihood of success on the merits following a prima facie showing of copyright infringement."). *But see Simplexgrinnell LP v. Integrated Sys. & Power, Inc.*, 2009 WL 857504, at *23 (S.D.N.Y. Mar. 31, 2009) ("irreparable injury may generally be presumed 'when a copyright plaintiff makes a prima facie showing of infringement.'") (quoting *Warner Bros. Entm't v. RDR Books*, 575 F. Supp. 2d 513, 552 (S.D.N.Y. 2008); *Coquico, Inc. v. Rodriguez-Miranda*, 2007 WL 3034259, at *4 (D.P.R. Oct. 15, 2007) (reaffirming that a reasonable likelihood of success on the merits of copyright claims raises a presumption of irreparable harm (relying on pre-*eBay* cases)); *New Pro Publ'ns v. Links Media Group, L.L.C.*, 2007 WL 4115995, at *5 (D. Colo. Nov. 16, 2007) (same).

36. *Hologic, Inc. v. Senorx, Inc.*, 2008 U.S. Dist. LEXIS 36693, at *45 (N.D. Cal. Apr. 25, 2008) ("Applying a presumption of irreparable harm in the preliminary injunction context would appear to replace equitable considerations with a rule that an injunction, however preliminary, automatically follows a determination that a valid patent has likely been infringed. The court is doubtful that the Supreme Court intended for the presumption to survive for purposes of preliminary injunctions."); *Grokster*, 518 F. Supp. 2d at 1211 ("If this Court adopted a presumption of irreparable harm in favor of Plaintiffs, then StreamCast would effectively have the burden of proving the contrary. Such a rule would contravene the

Indeed, on remand from the Supreme Court, the *eBay* district court held that a presumption of irreparable harm was no longer viable.³⁷ A few courts, though, have disagreed with this approach, and have found the presumption of irreparable harm does survive *eBay*. Some have distinguished the categorical rule that presumed the issuance of an injunction (which was prohibited by *eBay*) from a rule that favors a presumption that one of the underlying test elements exists.³⁸ Other courts have merely cited to post-*eBay* U.S. Courts of Appeals decisions that applied the presumption without an explicit mention of *eBay*.³⁹

If even a presumption of irreparable harm is no longer viable after *eBay* in patent and copyright cases, *eBay* does not necessarily mean that the presumption of irreparable harm should be abandoned in trademark cases. At least one Court, the U.S. Court of Appeals for the Ninth Circuit, has continued to rely on this presumption in trademark cases, although it has done so without any mention of *eBay*.⁴⁰ Two other Courts of Appeals have acknowledged that *eBay* might alter the traditional presumption of irreparable harm, but they have declined to expressly address the issue. In one of those cases, the plaintiff had failed to show a likelihood of success on the merits, making it ineligible for the presumption even if one existed;⁴¹ and in the other case, even if the presumption of irreparable harm did *not* apply, the court found that there was ample evidence in the record to establish that the

Supreme Court's intent that Plaintiffs establish not merely that infringement causes "harm," but how it amounts to irreparable harm.").

37. *MercExchange, L.L.C. v. eBay, Inc.*, 500 F. Supp. 2d 556, 568 (E.D. Va. 2007) ("[A] review of relevant case law, as well as the language of the Supreme Court's decision, supports defendants' position that such presumption no longer exists.").

38. *See, e.g., Petro Franchise Sys., LLC v. All Am. Props., Inc.*, 607 F. Supp. 2d 781, 794 (W.D. Tex. 2009) ("A conclusive determination that three equitable factors automatically follow when success on the merits is established is quite far from a mere presumption that a single factor—irreparable harm—should usually follow when likelihood of confusion is established."); *Eisai Co. v. Teva Pharms. Indus.*, 2008 U.S. Dist. LEXIS 33747, at *29-30 (D.N.J. Mar. 28, 2008) ("[The standard rejected by the Supreme Court in *eBay* was one in which the Federal Circuit applied a presumption that the injunction should issue, not a presumption that one of the four prongs—irreparable harm—exists.").

39. *See, e.g., Lennon*, 556 F. Supp. 2d at 320 n. 1 (citing *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 162 (2d Cir. 2007)).

40. *See Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir. 2007) ("irreparable injury is ordinarily presumed upon a showing of a likelihood of success."); *see also Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 2009 U.S. App. LEXIS 14396, at *7 (9th Cir. 2009) ("Because the court found a likelihood of success on the merits, it reasonably presumed irreparable injury.").

41. *Lorillard Tobacco Co. v. Engida*, 213 Fed. Appx. 654, 657 (10th Cir. 2007).

plaintiff would be irreparably harmed, making an express decision on the issue unnecessary.⁴²

A few U.S. district courts have similarly acknowledged *eBay* when analyzing irreparable harm, and have expressly addressed evidence of irreparable harm. One district court, relying on the Ninth Circuit's decision noted above, explicitly held that *eBay* has no application outside the patent and copyright contexts.⁴³ In the vast majority of U.S. district court cases, however, it did not matter whether or not the presumption was applied, because the courts found more than sufficient evidence of irreparable harm in the record to support an injunction without the need for a reliance on any presumption.⁴⁴

Of the courts that have addressed the applicability of *eBay* to trademark injunctions, the U.S. Court of Appeals for the Eleventh Circuit has come closest to expressly holding that a presumption of irreparable harm is prohibited in trademark cases. In *North American Medical*, defendant had used plaintiffs' trademarks in the metatags on defendant's website, and the U.S. district court had held that this use of plaintiff's trademarks created a likelihood of confusion.⁴⁵ After finding that plaintiff had a likelihood of success on the merits of its trademark infringement claims, the district court proceeded to rely upon a presumption of irreparable harm to issue a preliminary injunction forbidding the continued use of plaintiff's marks through trial.⁴⁶

On appeal, the Eleventh Circuit affirmed the district court's conclusion that plaintiff was likely to succeed on its trademark claims, based on the following evidence:

Although Axiom's [defendant's] website never displayed NAM's [plaintiff's] trademarked terms to visitors and never

42. Paulsson Geophysical Servs. v. Sigmar, 529 F.3d 303, 312 (5th Cir. 2008).

43. Canfield v. Health Commc'ns, Inc., 2008 U.S. Dist. LEXIS 28662, 5 (C.D. Cal. Apr. 1, 2008) ("[T]he central inquiry for the Court in determining the appropriateness of a preliminary injunction is whether Plaintiffs' claim of trademark infringement against Defendant is likely to succeed. If the claim is likely to succeed then irreparable injury may be presumed.").

44. See Super Duper, Inc. v. Mattel, Inc., 2009 WL 866461, at *1-2 (D.S.C. Mar. 31, 2009); Buzz Off Insect Shield, LLC v. S.C. Johnson & Son, Inc., 2009 WL 618246, at *22 (M.D.N.C. Mar. 6, 2009); Auburn Univ. v. Moody, 2008 WL 4877542, at *8-9 (M.D. Ala. Nov. 4, 2008); Nike v. Lydner, 2008 WL 4426633, at *5-6 (M.D. Fla. Sept. 25, 2008); Happy Sumo Sushi, Inc v. Yapona, Inc., 2008 WL 3539628 (D. Utah Aug. 11, 2008). For further discussion of these cases, see *infra* notes 88-93 and accompanying text. But see Ellipse Commc'ns, Inc. v. Caven, 2009 WL 497268, *1+ (N.D. Tex. Feb 26, 2009) (denying preliminary injunction where plaintiff presented no evidence of injury in the absence of the injunction and where it waited seven months before seeking injunctive relief).

45. 522 F.3d 1211, 1216-17 (11th Cir. 2008).

46. *Id.* at 1226.

mentioned NAM or NAM's products, Axiom nonetheless included the terms within its meta tags to influence Internet search engines. For instance, evidence in this case indicated that, before Axiom removed these meta tags from its website, if a computer user entered the trademarked terms into Google's Internet search engine, Google listed Axiom's website as the second most relevant search result. In addition, Google provided the searcher with a brief description of Axiom's website, and the description included these terms and highlighted them.⁴⁷

Although the Eleventh Circuit avoided the question of whether the display of plaintiff's trademark in connection with Google search results created "initial interest confusion," the Court held there was "actual source confusion" because the highlighted trademarks suggested to Internet users that defendant's products were from the same source as plaintiff's products, or that some relationship existed between plaintiff and defendant.⁴⁸

Nevertheless, the Eleventh Circuit vacated the district court's preliminary injunction, relying upon *eBay*. After discussing the Supreme Court's decision, the Eleventh Circuit expressly held that *eBay* was applicable in the context before it: a preliminary injunction stemming from trademark infringement.

Although *eBay* dealt with the Patent Act and with permanent injunctive relief, a strong case can be made that eBay's holding necessarily extends to the grant of preliminary injunctions under the Lanham Act. Similar to the Patent Act, the Lanham Act grants federal courts the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable." 15 U.S.C. § 1116(a) (2006). Furthermore, no obvious distinction exists between permanent and preliminary injunctive relief to suggest that eBay should not apply to the latter. Because the language of the Lanham Act—granting federal courts the power to grant injunctions "according to the principles of equity and upon such terms as the court may deem reasonable"—is so similar to the language of the Patent Act, we conclude that the Supreme Court's *eBay* case is applicable to the instant case.⁴⁹

The Eleventh Circuit, however, did not express any opinion as to how, if at all, *eBay* would alter the results in the case before it.

47. 522 F.3d 1211, 1216-17.

48. *Id.* at 1222-23.

49. *Id.* at 1228.

Rather, it remanded the case to the district court for further consideration of whether the presumption of irreparable harm was necessarily “the equivalent of the categorical rules rejected by the Court in *eBay*,” an issue the district court had not addressed and that the parties had not fully briefed on appeal.⁵⁰

Although the Eleventh Circuit did not decisively weigh in on the central question of this article—namely, whether a court may presume irreparable harm upon a finding of trademark infringement—it squarely required district courts within the Eleventh Circuit to analyze the viability of the presumption and/or plaintiff’s evidence of irreparable harm. Several other courts have cited the Eleventh Circuit’s *North American Medical* opinion as requiring such an analysis, making it likely that future trademark litigants, at least in the Eleventh Circuit, will now need to come forward with affirmative evidence of irreparable harm, significantly altering traditional practices in trademark litigation.⁵¹ Given the empirical difficulty of demonstrating reputational and competitive harms stemming from trademark infringement, this is potentially a considerable additional burden for trademark owners.

Commentators are divided on whether trademark owners should be forced to bear this burden. Although there has not been an extensive analysis of *eBay* in the trademark context, the two competing positions on the viability of the presumption of irreparable harm after *eBay* are best represented by Professor Sandra L. Rierson, who disfavored this presumption even before the Eleventh Circuit’s *North American Medical* opinion, and Professor J. Thomas McCarthy, who in his leading treatise expressly disagrees with the Eleventh Circuit’s *North American Medical* analysis.

Professor Rierson argues that given the recent expansion of trademark law, *eBay*’s directive to exercise greater caution before issuing injunctions is as applicable in the trademark context as it is in the patent context.⁵² Trademark infringement, she posits, is no longer limited to the traditional “passing off” scenario whereby

50. *Id.*

51. See Rita W. Siamas, *Whatever “It” Is, You Can Find It In Cases Post-eBay: But Don’t Search For Guidance About Whether eBay Eliminates The Presumption Of Irreparable Harm In Trademark Infringement Cases*, 50 *Orange County Lawyer* 18 (2008) (“[W]hen seeking a preliminary injunction in any jurisdiction, trademark owners should explicitly articulate how a defendant’s infringement is causing irreparable injury and clearly assert the inadequacy of money damages. A clear articulation of irreparable injury, along with satisfaction of the other preliminary injunction factors, should allow trademark owners to obtain preliminary relief against a defendant’s infringement regardless of eBay’s impact on the presumption.”).

52. Rierson, *supra* note 5.

a defendant places a plaintiff's trademark on similar but inferior goods and services, causing a likelihood of confusion among consumers, harming the ability of the trademark to signify quality products, and inhibiting the ability of consumers to distinguish among competing products. Rather, trademark law has been expanded in many cases to allow trademark owners to police against uses of marks that are arguably far less likely to cause consumer confusion and harm to plaintiffs in any way similar to the traditional paradigm:

[A]s trademark law has drifted from its moorings in the common law of unfair competition and morphed into a property-like right of the holder, the extent to which the presumption of irreparable harm still applies should be questioned. 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.⁵³

Based on these principles, Professor Rierson argues that *eBay* should eviscerate the presumption of irreparable harm for several reasons. First, she cites to conceptual distinctions between patents and trademarks that make it even less appropriate to presume irreparable harm in trademark cases than in patent cases. Patents rights, she argues, long have been considered "property" rights, which fundamentally include the right to exclude others from use of a patented invention. By contrast, trademark rights do not have this traditional status as property, and courts have long cautioned that a trademark does not confer a property right "in gross"; rather the right to exclude others from use of a trademark is limited to the extent it creates a likelihood of consumer confusion.⁵⁴

Second, despite frequent statements by courts that trademark harm is inherently difficult to quantify, Professor Rierson contends 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." "Goodwill" or "brand equity" is typically defined as "the price premium the brand commands times the extra volume it moves

53. *Id.* at 165.

54. *Id.* at 169-71; accord Ryan McLeod, *Injunction Junction: Remembering the Proper Function and Form of Equitable Relief in Trademark Law*, 2006 Duke L. & Tech. L. Rev. 13, 20 (2006) (in arguing against a presumption of irreparable harm, noting that "[a] trademark does not bestow a property right on its holder") (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989)).

over an average brand.” Although Professor Rierson admits that valuing the decline in goodwill due to trademark infringement can be quite difficult, she cautions that this difficulty is “no excuse for treating all cases of trademark infringement as if they were equal.”⁵⁵ In other words, she concludes, simply because it is difficult to pinpoint the precise amount that would compensate a trademark owner for harms due to infringement does not mean that the underlying harm is not compensable, and thus irreparable.⁵⁶

Third, and most central to her argument, Professor Rierson criticizes the expansion of trademark law to block Internet uses that create little, if any, harm to the trademark owner, or to the public. Under the doctrine of initial interest confusion, for example, liability may be premised on the use of a trademark in keyword search results or website metatags that diverts Internet users away from the trademark owner and towards competitors.⁵⁷ However, in the vast majority of cases, when that consumer ends up on a competitor’s website, the consumer usually is no longer confused about the sponsor of the website, or whose product is being viewed, but the consumer may nevertheless purchase the competitor’s product because it is expedient to do so. By creating initial interest confusion, an alleged infringer is able to divert sales away from the trademark owner in a manner purportedly equivalent to point-of-sale confusion. The problems with initial interest confusion, as pointed out by Professor Rierson and many others, are (1) that if Internet users visit the incorrect website, they can simply press the “back” button on their browsers with little or no harm experienced; and (2) that consumers may not be confused at all; they may simply be choosing between an array of options presented in a search results screen.⁵⁸ To presume from a finding of initial interest confusion that any harm at all has been suffered and moreover that such harm is irreparable would be to favor injunctions against a minimally harmful, potentially pro-competitive practice.

Professor McCarthy takes a markedly different position towards the traditional presumption of irreparable harm. First, he

55. Rierson, *supra* note 5, at 173-75; Mcleod, *supra* note 54, at 16 (“[H]arm is not irreparable simply because damages are complicated.”).

56. Moreover, many courts have issued monetary damages awards for trademark infringement. *See, e.g.*, Tools USA & Equip. Co. v. Champ Frame Straightening Equip., 87 F.3d 654 (4th Cir. 1996); Taco Cabana Int’l, Inc. v. Two Pesos, Inc., 932 F.2d 1113 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992); Roulo v. Russ Berrie & Co., Inc., 886 F.2d 931, 941 (7th Cir. 1989); Ramada Inns, Inc. v. Gadsden Motel Co., 804 F.2d 1562 (11th Cir. 1986).

57. Rierson, *supra* note 5, at 175-76.

58. *Id.*

notes, “[C]ourts in trademark cases have never said that a preliminary injunction is automatic or that the plaintiff is entitled to such an injunction as a matter of right.”⁵⁹ Rather, he emphasizes, the presumption of irreparable harm is *rebuttable*, and thus the presumption “leaves the door slightly ajar perhaps for those few cases in other trademark contexts where irreparable harm does not follow.”⁶⁰ Second, the reason for the presumption of irreparable harm in trademark cases, unlike in patent and copyright cases, is due to the inherently irreparable nature of the harm caused by trademark violations:

Because of the likelihood that confused persons will mistakenly attribute to plaintiff defects or negative impressions they have of defendant’s goods or services, the plaintiff’s reputation is threatened: it is in the hands of the defendant. . . . A likelihood of damage to reputation is by its nature “irreparable.” Like trying to un-ring a bell, trying to “compensate” after the fact for damage to business goodwill and reputation cannot constitute a just or full compensation. This distinguishes trademark cases from the neighboring areas of patent and copyright law.⁶¹

Because the nature of the harm from trademark infringement is inextricable from the harm to the reputation of the trademark owner, Professor McCarthy concludes that trademark infringement is conceptually distinct from patent and copyright infringement. Accordingly, the rationale underlying *eBay* should not transform the traditional presumption of irreparable harm in trademark cases.

Although Professor McCarthy’s brief analysis of the effects of *eBay* raises important points regarding the different theoretical underpinning of trademarks, patents and copyrights, it does not entirely flesh out what those differences are, or why the justifications for presuming irreparable harm in patent and copyright cases are less compelling than those justifying the presumption in trademark cases. Particularly, given Professor Rierson’s strong objections to the presumption in light of recent doctrinal expansions of trademark law, if the traditional presumption of irreparable harm in trademark cases is to survive, more rigorous analytical support is necessary.

59. 5 *McCarthy*, *supra* note 2, § 30:47.

60. *Id.* (quoting *Church of Scientology Int’l. v. Elmira Mission of the Church of Scientology*, 794 F.2d 38, 42 (2d Cir. 1986)).

61. *Id.*

IV. THE HARM FROM TRADEMARK INFRINGEMENT IS FUNDAMENTALLY IRREPARABLE

The harms to trademark owners and to the public at large stemming from trademark infringement are different in kind, and more inappropriately remedied via monetary relief, than are the harms from patent and copyright infringement. The basic idea of trademark infringement is that the use of a distinctive, source-identifying trademark on or in connection with similar products or services is likely to confuse consumers into believing that both products or services emanate from the trademark owner. By confusing consumers into mistakenly believing a relationship exists between the trademark owner and the infringer's products, not only is the public deceived, but the trademark owner also loses its ability to signify that it is the sole source of the product or service at issue and to ensure the quality of the products sold under its mark. Consequently, a trademark owner facing infringement will likely lose control over the public's experiences with the owner's trademark and the "goodwill" the owner has cultivated.⁶² Even worse, if the infringer's goods or services are of a lower or a less consistent quality than the trademark owner's, consumers will likely lose confidence in the goods or services associated with that trademark.⁶³ A trademark thus embodies a relationship between (1) a particular set of goods and services, (2) a particular source of those goods and services, and (3) a series of attributes and qualities constituting good will.⁶⁴ Trademark infringement severs this relationship by introducing new products under the same or a confusingly similar mark with different qualities, making it increasingly difficult for a trademark owner to develop and maintain the goodwill associated with its products.

There is a direct public interest in avoiding the harms of trademark infringement. The inability of a trademark owner to maintain its reputation or goodwill through the distinctive use of a

62. See *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164 (1995) (trademark law "discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale"); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985) ("The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers."); 1 *McCarthy*, *supra* note 2, § 2:15.

63. See *Qualitex*, 514 U.S. at 164 (a trademark "quickly and easily assures a potential customer that this item-the item with this mark-is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past . . . encourage[ing] the production of quality products.").

64. See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 U.C.L.A. L. Rev. 621, 645-46 (2004).

trademark is mirrored by a corresponding harm to consumers. A trademark is a highly effective way to differentiate between goods and services by signaling that all the goods and services associated with one trademark have the same qualities that may differ from the qualities of the goods and services sold under a different trademark.⁶⁵ Through distinguishing goods and services, trademarks significantly lower consumers search costs.⁶⁶ When a trademark is infringed, consumers are no longer assured of product consistency, making it far more difficult to locate the specific goods or services desired. Trademarks further encourage the trademark owner to maintain high quality offerings, because the trademark owner is directly accountable for any problems encountered by customers.⁶⁷ Owners of infringed trademarks will be blamed for any inferior products associated with their trademarks, but the owners will have no ability to rectify those problems, thereby eviscerating any consumer expectations that someone can be held accountable for faulty goods or services.

These harms to producers and consumers stemming from a likelihood of consumer confusion are not merely monetary in nature, but they are more fundamentally reputational and difficult to quantify. As indicated by Professor McCarthy, consumers' negative experiences with products sold under a particular trademark are never completely expunged from their memories. These consumers will justifiably view goods or services offered under the trademark with increased skepticism and hesitancy, having been put on notice that there has been imperfect control over the quality and consistency of such goods in the past. The more widespread and long-lasting the trademark infringement becomes, the more customers will have been exposed to these negative experiences that can never be fully erased. Continued use of a confusingly similar trademark thus seriously erodes the

65. See 1 *McCarthy*, *supra* note 2, § 2:4.

66. See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995) (“[T]rademark law, by preventing others from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”) (internal citations omitted); *Bretford Mfg., Inc. v. Smith Sys. Mfg. Co.*, 419 F.3d 576, 579 (7th Cir. 2005) (“Trademark law is designed to reduce the costs customers incur in learning who makes the product, and this also helps sellers obtain rewards from producing goods of consistent quality, for consumers will find it easier to find and buy goods with which they have been satisfied in the past.”).

67. See, e.g., *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) (“National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.”); 1 *McCarthy*, *supra* note 2, § 2:4 (“If your mistakes and blunders are untraceable, there is little incentive to do a quality job.”).

goodwill associated with a trademark to the detriment of both the trademark owner, who has invested in the goodwill symbolized by the mark, and the consumer, who has come to rely upon it.

By contrast, the primary harm conferred by patent and copyright infringement is the appropriation of a potential market for the patented invention or copyrighted work; this is a direct monetary loss to the patentee and copyright owner.⁶⁸ Patent and copyright laws, as expressly envisioned by the U.S. Constitution, seek to encourage the investment of time and money into innovation and creativity by giving the patentee or copyright owner the exclusive rights to monetarily exploit the product of their labors only for a limited period of time.⁶⁹ After that time period expires, so does the patentee's or copyright holder's monetary *quid pro quo*, and the invention or work are thereafter free for use by anyone.⁷⁰

From a public interest perspective, the harm of patent and copyright infringement is that it potentially alters the balance of incentives to invest time, money and energy into inventions and works of authorship, which is to the detriment of us all. If inventors and authors are not assured *ex ante* that their endeavors will be protected against infringement *ex post*, they presumably will be less inclined to spend the time and energy developing innovative inventions and works of authorship.⁷¹ If the potential

68. Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L. Rev. 55, 63-65 (2007) (differentiating the economic incentives motivating patent and copyright laws from the reputational interests motivating trademark laws); K.J. Greene, *Motion Picture Copyright Infringement and the Presumption of Irreparable Harm: Toward a Reevaluation of the Standard for Preliminary Injunctive Relief*, 31 Rutgers L.J. 173, 198 (1999) ("A consensus exists that economic considerations provide the primary theoretical basis of copyright law"). Although other countries additionally have embraced an author's "moral rights" in her copyrighted works, moral rights have only narrowly been incorporated into U.S. Copyright Law. See 17 U.S.C. § 106A (providing limited moral rights to authors of visual works of art).

69. See Heymann, *supra* note 68, at 63.

70. See *id.*; see also *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33-34 (2003) ("[O]nce the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.").

71. Brett Frischmann & Dan Moylan, *The Evolving Common Law Doctrine of Copyright Misuse: A Unified Theory and Its Application to Software*, 15 Berkeley Tech. L.J. 865, 876 n. 32 (2000) ("Both forms of intellectual property [patent and copyright] represent a legislatively determined trade-off between increased *ex ante* incentives for investment and reduced *ex post* utilization through an exclusive property right, where in a rough sense, it is accepted that the social benefits of increased supply exceed the social costs of short term inefficient use."); Greene, *supra* note 68, at 200 (citing Landes & Posner) (incentive theory is widely accepted as basis for copyright law). The empirical support for the incentive theory of copyright and patent, namely that guaranteeing exploitation rights increases the net output of creative works and invention, however, does remain contested. See, e.g., Olufunmilayo B. Arewa, *Copyright On Catfish Row: Musical Borrowing, Porgy And Bess, And Unfair Use*, 37 Rutgers L.J. 277 (2006); Paul J. Heald, *A Transaction Costs Theory of Patent Law*, 66 Ohio

patent or copyright owner is unable to profit in the marketplace, the public is less likely to enjoy the fruits of their labors. Accordingly, the public interest in preventing patent and copyright infringement is not so much in avoiding harm to the patent and copyright owner, but rather in ensuring the promise of gaining access to the fruits of their labors. Unlike in the trademark context, there is no unity of interests between the general public and the patent and copyright owners. The public wants access to a robust body of innovative materials, but this requires accepting some limitations for a limited time on the free and widespread availability of patented inventions and copyrighted works.

Patent and copyright laws must constantly mediate this tension between a robust public domain and developing monetary incentives to individual inventors and authors to ensure continuing invention and authorship. The resulting balance between public and individualistic interests is at once both delicate and heavy-handed. It is delicate in the sense that the owners and users of patents and copyrights are constantly advocating adjustments to patent and copyright protections to shift the balance of interests in their direction. For example, the past two decades have seen a flurry of new copyright legislation that has shifted the balance significantly in the direction of copyright owners, including a twenty-five year extension of the copyright term, and robust protections against circumvention of copyright protection measures.⁷² Current hotly debated patent reforms propose to shift patent protections in the opposite direction, making it more difficult to obtain patents and to enforce them against third-party uses.⁷³ At the same time, the balance between incentives to investors and authors and the public's right to free access to their inventions and works of authorship is heavy-handed in that the duration and scope of patent and copyright protection is rarely impacted by the degree of public desire and interest in accessing a particular invention or work.⁷⁴ Copyright law is able to mediate the public interest through its fair use doctrine somewhat better than does patent law, which lacks a similar flexibility for

St. L.J. 473 (2005); Mark S. Nadel, *How Current Copyright Law Discourages Creative Output: The Overlooked Impact of Marketing*, 19 Berkeley Tech. L.J. 785, 789 (2004).

72. See Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (Oct. 27, 1998); Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

73. See, e.g., Patent Reform Act of 2009, H.R. 1260.

74. John M. Golden, *Patent Trolls and Patent Remedies*, 85 Tex. L. Rev. 2111, 2118 (2007) ("Substantially uniform rules regarding the scope and duration of patent rights pay relatively little heed to the worth of individual inventions or the technological and social contexts in which they are embedded.").

excusing *prima facie* infringement, but both types of intellectual property protection are premised on preventing unlicensed use for a limited time.

This tension between public and private interests inherent in patent and copyright laws necessitates some flexibility in equitably remedying patent and copyright infringement on a case-by-case basis. If a patentee develops an extremely beneficial inventive product or process, but refuses to actually practice the beneficial invention, the patentee is nonetheless entitled to bring a lawsuit against an entity that does practice the invention.⁷⁵ Although a finding of infringement may be warranted under the Patent Act, the public interest would seem to require a court to factor in the benefit to the public in the infringer's use and the patentee's insistence on denying the public the benefit of the invention. These are precisely the concerns motivating Justice Kennedy's *eBay* concurrence, and, as mentioned above, are the concerns at the heart of the debate underlying the *eBay* decision. A mechanistic grant of an injunction against all instances of patent infringement would fail to take into account the balance between the public interest and individual incentives underlying the patent laws.

An automatic finding of irreparable harm, and thus perhaps a presumption that irreparable harm always flows from patent or copyright infringement, thus fails to take into account the economic incentives motivating patent and copyright protection or acknowledge the need to balance these incentives against public access to particularly beneficial innovation and creativity. Although it is difficult to quantify the precise damages that accrue from patent and copyright infringement, there are robust copyright and patent licensing markets that can be used as proxies for lost compensation. It certainly may be difficult to quantify the value of loss of control over patents and copyrights that accompanies infringement, and in some (or perhaps even most) cases, this loss of control may indeed be irreparable.⁷⁶ In other cases, though, the infringing patent use may only constitute a small part of a defendant's activities or, in the copyright context, may only appropriate a portion of the copyrighted work.⁷⁷ Presuming irreparable harm from an act of infringement in these cases may

75. See, e.g., Gerard N. Magliocca, *Blackberries and Barnyards: Patent Trolls and the Perils of Innovation*, 82 Notre Dame L. Rev. 1809, 1815 (noting that patent law imposes strict liability on an infringer and allows "surprise suits" by non-practicing entities).

76. See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1219 (C.D. Cal. 2007) ("Plaintiffs' power to control their rights has been so compromised by the means through which StreamCast encouraged end-users to infringe (digital files plus the internet) that the inducement amounts to irreparable harm.").

77. See *Greene*, *supra* note 68, at 202.

be economically inefficient, may penalize socially beneficial activity, and may chill prospective legitimate uses.⁷⁸ Doctrines like the fair use doctrine and the compulsory license schemes try to address these issues, but ultimately, courts need the flexibility to balance the public and private interests in deciding whether injunctive relief is appropriate in patent and copyright cases.

These balancing concerns are far less prevalent in the trademark context.⁷⁹ Trademark law does not involve a balance between incentivizing private investment in trademark goodwill and promoting the public domain;⁸⁰ rather, trademark law promotes public purchasing efficiency by reducing search costs, protects the consumer by ensuring that products bearing a trademark have expected quality and characteristics, and protects a trademark owner's investment in goodwill through quality improvement and branding. Thus, when a mark is infringed, an injunction is generally the most appropriate response, because absent First Amendment concerns,⁸¹ it is rare that any public interests might intervene and require some degree of toleration of a confusingly similar (and hence infringing) use.

Moreover, unlike patents and copyrights, trademarks are perpetual and are largely inalienable, which reflects a lack of any public interest in developing a robust "public domain" of trademarks. The public interest in trademark protection stems precisely from their distinctive use by a single source over a long period time, as means of ensuring consistency, quality, reliability and accountability.⁸² Indeed, for these reasons trademark owners are penalized for allowing uncontrolled uses of their marks.⁸³ It is thus difficult to quantify the harms of trademark infringement by asking how a hypothetical licensing market would value the

78. See Wepner & Ellis, *The Federal Circuit's Presumptively Erroneous Presumption of Irreparable Harm*, 6 Tul. J. Tech. & Intell. Prop. 147, 161-62 (2004); see also Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 Tex. L. Rev. 1991 (2007).

79. See *id.* at 163-64 (2004) (in arguing against presumption of irreparable harm in patent cases, distinguishing as conceptually sound the similar presumption in trademark cases).

80. See Heymann, *supra* note 68, at 65 ("Unlike copyright and patent law, trademark law is not designed to offer the trademark holder incentives to create . . .").

81. See *infra* Part V.

82. See, e.g., McLeod, *supra* note 54, at 19 ("[T]he aim of [trademark law] is to provide consistency for the consumer who has previously purchased and been satisfied by a product bearing the mark.") (citing Frank Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 818 (1926)).

83. If a trademark owner engages in "naked licensing," it is akin to abandoning a trademark, because the lack of quality control that accompanies widespread licensing of a trademark eviscerates that mark's ability to signify a particular source and a particular set of attributes. See 3 *McCarthy*, *supra* note 2, § 18:48.

unauthorized use, because the public concerns motivating trademark protection to some degree are in direct opposition to the existence of a licensing market. Trademark law never contemplates that the mark will be dedicated to the public; and, unlike patent and copyright law, trademark law provides the means for ensuring perpetual and exclusive control of a trademark because the public's interest aligns with perpetual exclusivity.⁸⁴ The harm from trademark infringement is thus usually irreparable because the trademark owner's loss of perpetual exclusivity and control flows directly from the unauthorized, unlicensed use. An award of monetary damages alone fails to address these fundamental trademark interests.

Commentators prior to *eBay* cited the distinctions between trademark theory and patent and copyright theories as justifying a presumption of irreparable harm in the trademark context, even while simultaneously arguing against such a presumption for patents and copyrights. For example, in arguing against the Federal Circuit's presumption of irreparable harm in patent cases, commentators Roy Wepner and Richard Ellis explicitly distinguished the harms of trademark and patent infringement, and gave full support for the presumption of irreparable harm in the trademark context:

While we believe the presumption of irreparable harm in trademark cases is appropriate, we also believe that such rule from trademark cases is not applicable to patent cases. To begin with, the nature of the injury is generally quite different. Patent infringement actions typically do not involve situations where confusion—the heart of trademark infringement—takes place. Moreover, in contrast to the situation in trademark cases, where proving damages is “notoriously difficult,” patent owners are guaranteed damages adequate to compensate for the infringement but no less than a reasonable royalty. Thus, while we believe the presumption of irreparable harm in trademark cases is quite sound, we do not believe it provides support for a similar presumption in patent infringement cases.⁸⁵

Similarly in the copyright context, although strongly arguing against a presumption of irreparable injury from copyright infringement, Professor K. J. Greene cites to much stronger support for this presumption in the trademark context:

84. See Heymann, *supra* note 68, at 65 (distinguishing the economic rationale for copyright and patent protection from the public interest motivating trademark protection).

85. Wepner & Ellis, *supra* note 78, at 165.

Much stronger analytical and policy support exists for presuming irreparable harm in both trade secret and trademark intellectual property cases. These cases, however, are based on completely different policy and theoretical bases than is copyright law. Trademark law protects trade symbols and is predicated on preventing unfair competition, particularly as it is likely to deceive or mislead consumers. Since consumer confusion is difficult to redress by money damages, injunctive relief in such cases is clearly appropriate.⁸⁶

Accordingly, to the extent that *eBay*'s reasoning is based upon the nature of patent rights, and the lower courts' inattention to the interests motivating patent protection, *eBay* should not extend *ipso facto* to trademark infringements from the mere fact that trademarks are broadly categorized as being "intellectual property."

The inapplicability of *eBay* to trademark cases is perhaps best demonstrated by those post-*eBay* trademark cases that have explicitly addressed a plaintiff's evidence of irreparable harm after finding a likelihood of confusion. As of this writing, almost every case that has done so has, perhaps unsurprisingly, found sufficient evidence of irreparable harm.⁸⁷ For example, in *Nike v. Lydner*, the defendant had sold counterfeit NIKE products, but rather than presuming irreparable harm, the court cited to the Eleventh Circuit's *North American Medical* opinion as requiring an explicit analysis of irreparable harm.⁸⁸ It was easily found irreparable harm based on the following evidence:

- Nike uses its marks as trademarks of Nike's high-quality products.
- Each of the distinctive trademarks signifies to the purchaser that the product originates exclusively with Nike and is manufactured to standards of the highest quality. . . . As a result, Nike has established further goodwill in the Nike Trademarks which have become valuable assets of Nike.
- Nike has spent significant sums of money advertising and marketing products and services featuring its trademarked properties, creating a consumer demand for such productions and services throughout the United States.

86. Greene, *supra* note 68, at 196.

87. *Supra* note 44.

88. 2008 WL 4426633, at *5-6 (M.D. Fla. Sept. 25, 2008).

Consequently, these products and services have become widely known and accepted.

- The sale of unauthorized products bearing the Nike Trademarks, which are of an inferior quality to the authorized and authentic product, will further dilute the goodwill and reputation of Nike.⁸⁹

From this evidence the court reasoned, as follows:

These facts establish that Nike has developed goodwill among the consuming public which would be undermined if Defendants are not prohibited from selling merchandise bearing Nike's marks, thereby creating a likelihood that the public would be confused about the origin of merchandise, particularly when the merchandise was not manufactured to Nike's quality standards.⁹⁰

Similarly, in *Auburn University v. Moody*, another court within the Eleventh Circuit, cited *North American Medical*, and found irreparable harm without relying upon a presumption.⁹¹ The court found actual irreparable harm based on the following reasoning:

By permitting unlicensed vendors to sell products containing Auburn's marks, Auburn loses control of its reputation, dilutes its marks and weakens its brand. The court concludes that the plaintiff has demonstrated that the threat of irreparable harm to Auburn exists without the issuance of an injunction.⁹²

Several other recent cases also have found irreparable harm without explicitly relying upon a presumption.⁹³

89. *Id.*

90. *Id.* at *6.

91. 2008 WL 4877542, at *8-9 (M.D. Ala. Nov. 4, 2008).

92. *Id.* at *9.

93. *See also* Chanel, Inc. v. Pu, 2009 WL 722050, at *8 (D. Kan. Mar. 18, 2009) (finding irreparable harm where (1) "Chanel has invested extensive time and resources in its trademarks which are intangible assets representing the reputation and goodwill of the company." (2) "defendant's acts of producing and selling counterfeit items causes confusion among purchasers, which, in turn, weakens Chanel's reputation and brand image" and (3) "defendant's continuing disregard for plaintiff's rights."); *Happy Sumo Sushi, Inc v. Yapona, Inc.*, 2008 WL 3539628 (D. Utah Aug. 11, 2008) ("[I]rrespective of any presumption, Happy Sumo has established irreparable harm. On the facts of the present case the Court finds that Happy Sumo has shown irreparable harm by the loss of good will, business reputation, and loss of control over its trade dress. Unlike the undisputed loss of business, money damages will not adequately address these harms."); *Klein-Becker usa LLC v. Englert*, 83 U.S.P.Q.2d 1112, 1116-17 (D. Utah 2007) (plaintiffs established irreparable harm from sale of counterfeit products "by showing that they have expended considerable resources in establishing and maintaining their quality controls and that there will be a loss of reputation, trade, and goodwill if counterfeit product or product that does not meet its quality controls is sold. This threatened injury to Plaintiffs' control over the quality of the product that bears their mark is irreparable."); *see also* Paulsson Geophysical Servs., Inc. v.

In all of these post-*eBay* trademark cases, irreparable harm was found based upon a generalized assertion about the goodwill associated with a mark, the amount of money invested in that goodwill, and the harm to that goodwill resulting from the association of a mark with an inferior good or service. These are of course the central characteristics of trademark infringement, rendering the courts' analyses both circular and ultimately unnecessary. In each of these cases, the courts first found a likelihood of confusion and then found irreparable harm, largely by spelling out the fundamental harms of trademark infringement, with little to no analysis of the specific facts of the case at hand. If a likelihood of confusion—the touchstone of trademark infringement—is almost irreparable by definition, it appears that an explicit analysis of irreparable harm is not only redundant, but is also inefficient in that it forces plaintiffs to expend additional resources to prove actual irreparable harm. There might be extraordinary cases in which the specific facts might render the harm adequately compensable through monetary relief, but these are rare circumstances and they are why irreparable harm is merely *presumed* and not conclusively established.

By contrast, post-*eBay* copyright and patent decisions have needed to cite to specific facts in addition to findings of infringement in order to conclude that the harm to plaintiffs was irreparable. For example, in *Designer Skins LLC v. S&L Vitamins, Inc.*, the court found irreparable harm from a copyright infringement without resort to a presumption based (1) on the difficulty of quantifying a license for a free product, and (2) on defendant's repeated infringements without payment.⁹⁴ Neither of these facts is necessary in order to find copyright infringement (which requires a showing of ownership, access, and substantial similarity); rather, they are additional facts that were relevant to a finding of irreparable harm—namely, that the nature of the work (photographs of plaintiff's vitamins) makes it inappropriate to calculate a hypothetical license fee, and that defendant's flagrant repeated use of the work threatens plaintiff's ability to control use of its work. Similarly, although the court in *Grokster* repeatedly emphasized that irreparable harm could not be based upon a mere

Sigmar, 529 F.3d 303, 313 (5th Cir. 2008) (district court had sufficiently established irreparable harm by finding that “[t]here is a likelihood of harm to [Paulsson] in the case of Defendants’ further use of the marks because of the possible injury to the company’s goodwill should the Pemex Contract not be performed to Pemex’s satisfaction, or should the seismic-profiling marketplace believe that [Paulsson] is sponsoring the services used to perform the Pemex Contract in the event that inferior or inappropriate technology and services are used instead.”).

94. 2008 WL 4174882 (D. Ariz. Sept. 5, 2008).

finding of copyright infringement, it held that inducement of copyright infringement did give rise to irreparable harm.⁹⁵ To find irreparable harm, the court relied on the additional fact that the infringer's actions lead to the viral spread of copyrighted material, and that the infringer would likely not be able to pay for an adequately large damages award.⁹⁶ In post-*eBay* patent cases, courts have also relied on additional facts, other than those required to prove infringement, to show irreparable harm. Those additional facts upon which the courts have relied have included (1) competition between the parties, (2) plaintiffs' actual practice of the patent, and (3) plaintiff's unwillingness to license the invention; or some combination thereof.⁹⁷

Another demonstration of the importance of differentiating the use of a presumption of irreparable harm in trademark cases from the use of a presumption in patent and copyright cases arises in the approach to damages taken in those cases. Ordering monetary damages in lieu of injunctive relief in patent and copyright cases is arguably consistent with the policies underlying patent and copyright laws, namely, that authors and inventors need monetary incentives to promote devotion of time and energy into creativity and innovation. Ordering monetary damages in lieu of injunctive relief in trademark cases, however, does little to advance the principal policies underlying trademark law, namely, helping consumers differentiate between products and encouraging quality, consistency and accountability.

V. OVER-EXPANSIONS OF TRADEMARK LAW DO NOT JUSTIFY EXPANSION OF *eBAY*

The Supreme Court's decision to grant certiorari in *eBay* has been attributed to the Court's underlying concerns with abusive patent practices stemming from the ease of obtaining an

95. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1212 (C.D. Cal. 2007).

96. *Id.*; see also *Warner Bros. Entm't v. RDR Books*, 575 F. Supp. 2d 513, 551 (S.D.N.Y. 2008) (sale of Harry Potter encyclopedia would irreparably harm copyright owner by dissuading her from writing companion books in the future and divert sales away from her Harry Potter companion books).

97. Benjamin Petersen, Note, *Injunctive Relief in a Post-eBay World*, 23 Berkeley Tech. L.J. 193 (2008) (analyzing 33 patent cases in the two years following *eBay*); Benjamin H. Diessel, Note, *Trolling for Trolls: The Pitfalls of the Emerging Market Competition Requirement for Permanent Injunction in Patent Cases Post-eBay*, 106 Mich. L. Rev. 305 (2007).

injunction.⁹⁸ Most specifically, some believed that the Court accepted the case so that it could address the problem of “patent trolls,” who can extort large licensing fees by the realistic threat of shutting down an entire business venture with an injunction.⁹⁹ Because the licensing fees demanded usually exceed the value of the underlying patented technology, patent trolls (or, more kindly, “Non-Practicing Entities” as they were denominated in Justice Kennedy’s *eBay* concurrence) risk undermining the policies motivating patent protection (encouraging invention and disclosure to the public) by denying the public the benefit of an invention.¹⁰⁰

In considering whether *eBay* should apply in the trademark context, it thus is appropriate to consider whether there is comparable “trademark trolling” or other similar misconduct in the trademark field that needs to be addressed through denial of a presumption of irreparable harm. Although there have been some potentially troubling recent developments in trademark law, which are discussed below, these concerns do not require an overhaul of trademark remedies to prevent an abuse of the trademark system.

Initially, it must be noted that there is no such thing as a “trademark troll.” Unlike patent rights, which are held in gross for a limited time, and may or may not be actually exercised by the patent holder, trademark rights are contingent upon use of the trademark in U.S. commerce on or in connection with the provision

98. See, e.g. Fennell, *supra* note 25, at 1414; Carroll, *supra* note 29, at 428; Peterson, *supra* note 97, at 196 (Kennedy concurrence regarding concerns with non-practicing entities has been repeatedly cited when considering *eBay*); Diessel, *supra* note 97.

99. See, e.g., Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 *Tex. L. Rev.* 1991 (2007). A good example of the harm that patent trolls could potentially impose is demonstrated by NTP Inc.’s lawsuit against Research in Motion (“RIM”), producer of the Blackberry wireless devices. NTP, a non-practicing patent holder, obtained an injunction against RIM and \$53.7 million in compensatory and punitive damages from a federal district court. Once all appeals were extinguished, RIM paid NTP \$612.5 million to permanently settle the dispute to prevent the injunction from shutting down the Blackberry network. See Stephen Levy, *Blackberry Deal: Patently Absurd*, *Newsweek.com* (Mar. 13, 2006), available at <http://www.newsweek.com/id/46914>; Barrie McKenna et al., *Patently Absurd: The Inside Story of RIM’s Wireless War*, *Globe and Mail* (Feb. 21, 2006), available at <http://www.theglobeandmail.com/servlet/story/RTGAM.20060221.wpatentlyabsured-rim21/BNStory/RIM2006/home?pageRequested=all&print=true>. The large disparity between the settlement value and the adjudicated damages suggests that much greater harm would be caused by an injunction against RIM than was inflicted upon NTP by RIM’s infringement, demonstrating the substantial leverage that could be wielded by patent trolls pre-*eBay*. See Jaideep Venkatesan, *Compulsory Licensing of Nonpracticing Entities After eBay v. MercExchange*, 14 *Va. J. L. & Tech.* 26, 27 (2009).

100. See, e.g., Robert P. Merges, *Brief of Amicus Curiae Yahoo! Inc. in Support of Petitioner*, 21 *Berkeley Tech. L.J.* 999, 1002 (2006).

of goods or services.¹⁰¹ If a trademark owner were to engage in the activities associated with patent trolls—non-use or naked licensing of the mark—it likely would result in the forfeiture of all trademark rights.¹⁰² If a trademark owner does not actually use a mark in commerce, or at least exercise quality control over licensees of the mark who use the mark in commerce, the public no longer would exclusively associate the trademark with a single source of goods or services of a known quality, thus eliminating the justification for courts granting enforceable rights in a mark.

Nevertheless, Professor Rierson suggests that questionable expansions of trademark law rights are rife for abuse in the same way that patent trolls have abused the patent system.¹⁰³ The potential “abuses” of trademarks that she has identified generally arise with efforts to prohibit parody, criticism, and comparative advertising, and as noted above, they often involve invocation of doctrines such as initial interest confusion. In these circumstances, the existence of consumer confusion is often dubious, rendering a finding of trademark infringement questionable. Professor Rierson suggests that this potential for overreaching by trademark owners requires cautious provision of injunctive relief in the trademark context for the same reasons *eBay* suggested such caution was necessary in patent cases.¹⁰⁴

Although Professor Rierson is certainly justified in her concern and skepticism towards some of the recent expansions of trademark law,¹⁰⁵ the correct solution is not to withhold injunctive relief or require heightened factual proof to justify it; rather, the correct solution is to exercise greater caution in finding infringement in the first place. It is true that, just as is the case in the patent field, some brand owners have aggressively sought to

101. Gwilym Roberts, *Patent Trolls—New Name—Old Problem?*, The CIPA Journal, August 2005, at 523 (use in commerce requirement eliminates a “trademark troll” problem)

102. 3 *McCarthy*, *supra* note 2, § 17:9.

103. See Rierson, *supra* note 5, at 178-79.

104. *Id.*

105. Moreover, she is hardly alone in these concerns. See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839, 1844-49 (2007) (arguing that initial interest confusion risks raising consumer information costs in contravention of the purposes of trademark law); Niki R. Woods, *Initial Interest Confusion in Metatag Cases: The Move from Confusion to Diversion*, 22 Berkeley Tech. L.J. 393, 401-05, 416-17 (2007); Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 Cardozo L. Rev. 105, 108 (2005) (“[I]nitial interest confusion doctrine directly contravenes the Lanham Act, the goals underlying trademark protection, other intellectual property laws, and the First Amendment.”); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710-15 (1999) (arguing against the expansion of trademark law to prohibit expressive uses of marks).

assert their rights in ways that arguably are contrary to the public interest, for example, by suppressing protected expression,¹⁰⁶ or seeking to enjoin parodies that, by their very nature, do not confuse,¹⁰⁷ or asserting trademark rights in generic or merely descriptive marks, or functional product configuration trade dress.¹⁰⁸ However, denying a presumption of irreparable harm in all cases because of these relatively rare abuses is an overbroad response that impairs the legitimate need for injunctive relief in the core commercial context in which trademark infringement is typically litigated. It would be inappropriate to penalize trademark owners in the vast majority of cases where the presumption is fully appropriate merely because a small number of trademark owners have sought overly-expansive protection for their marks. Rather, the better approach would be for courts to prevent these inappropriate assertions of trademark rights and violations on the merits, and to recognize that those are precisely the sorts of cases in which the presumption is rebutted because of the public's interest in free expression. Indeed, courts are becoming increasingly sensitive to protecting First Amendment and free speech interests,¹⁰⁹ and long have been adept at denying

106. *E.g.*, *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, (9th Cir. 2003) (manufacturer of Barbie dolls brought suit against photographer who portrayed the dolls being attacked by kitchen appliances); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987) (refusing to enjoin parody of sexually-explicit L.L. Bean catalogue in an adult entertainment magazine), *cert. denied*, 483 U.S. 1013 (1987); *Mastercard Int'l Inc. v. Nader* 2000 Primary Comm., 70 U.S.P.Q.2d 1046 (S.D.N.Y. 2004) (unsuccessfully seeking to enjoin presidential campaign commercial that allegedly infringed MasterCard's "Priceless" advertising campaign); *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727 (D. Minn. 1998) (enjoining defendant from using the title "Dairy Queens" for a film about mid-western beauty contests); *Lucasfilm, Ltd. v. High Frontier*, 622 F. Supp. 931, 934 (D.D.C. 1985) (use of mark in an informational, non-commercial context and not in connection with sale of goods or services does not constitute use under Lanham Act); *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1124 (S.D.N.Y. 1980) (same).

107. *See, e.g.*, *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group*, 886 F.2d 490 (2d Cir. 1989) (publisher of "Cliff's Notes" brought suit against humorous parody publication "Spy Notes"); *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962 (C.D. Cal. 2007) (entertainer brought Lanham Act claim against crude parody on animated television show *Family Guy*); *Marriott Corp. v. Ramada Inc.*, 826 F. Supp. 726, 728 (S.D.N.Y. 1993) (ad that parodied Marriott chain by including people named Marriott was not confusing).

108. *See, e.g.*, *Traffic Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001) (owner of expired patent for road sign dual-spring design asserted trademark rights in the design against competitor); *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806 (2d Cir. 1999) (plaintiff asserted trademark rights in HOG as applied to motorcycles); *Miller Brewing Co. v. G. Heileman Brewing Co., Inc.*, 561 F.2d 75, 80 (7th Cir. 1977) (beer manufacturer asserted trademark rights in LITE beer).

109. *See* William McGeveran, *Rethinking Trademark Fair Use*, 94 Iowa L. Rev. 49, 51 (2008) ("[F]inal decisions in trademark cases that raised legitimate free speech issues over the last decade or so usually favor defendants who use trademarks for purposes of

trademark protection to generic or merely descriptive trademarks and functional product configuration trade dress.¹¹⁰

With regard to the vast majority of initial interest confusion cases, the problem is not that harm from confusion is not irreparable; rather the problem is that confusion, and thus infringement, should not have been found in the first instance. Although purported initial interest confusion may result in some diversion of sales, which might be remedied through monetary relief, if the diversion ultimately arose because of informed consumer choice rather than confusion as to source, then such competitive “harms” would seem inappropriately remedied by trademark law.¹¹¹ The trouble is not with the remedies that are available once confusion has been found; it is with the confusion analysis itself.

The problem with addressing questionable confusion analysis by potentially withholding injunctive relief is perhaps best illustrated by the Eleventh Circuit’s *North American Medical* opinion and its embrace of *eBay*. The central substantive issue in

expression.”) (collecting cases); accord Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 Colum. J. L. & Arts 187 (2004).

110. Issues of “commercial monopolization” of generic and descriptive words are of course incorporated into several post-acquisition aspects of trademark law. See *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.* 469 U.S. 189, 201, 105 S. Ct. 658, 665 (U.S. Or. 1985) (“Congress has . . . addressed concerns to prevent the commercial monopolization . . . of descriptive language. The Lanham Act allows a mark to be challenged at any time if it becomes generic, and, under certain circumstances, permits the nontrademark use of descriptive terms contained in an incontestable mark.”) (internal quotations omitted).

111. This is not to say that all claims of initial interest confusion should be denied. Where the use of a mark causes a consumer to invest time and/or resources in pursuing a purchase, and it would be costly, difficult or time-consuming for the consumer to start over again once the confusion is dispelled at the time of sale, it may still be appropriate to find infringement. For example, the Ninth Circuit in *Brookfield Commc’ns Group v. W. Coast Entm’t Corp.* hypothesized that Blockbuster video might purchase a billboard along the side of the highway advertising “West Coast Video: 2 miles ahead at Exit 7,” but when consumers actually exited the highway at Exit 7, they would encounter not a West Coast Video outlet, but a Blockbuster outlet instead. Having taken the time and effort to leave the highway to go to West Coast Video, they might be go ahead and utilize Blockbuster’s similar services, even though they are perfectly aware that they are not patronizing West Coast Video. By causing initial interest confusion, Blockbuster in this hypothetical would be diverting sales away from its competitor by capitalizing on the consumer appeal of West Coast Video. 174 F.3d 1036, 1064 (9th Cir. 1999) (use of “Moviebuff” as website metatag caused initial interest confusion). The problem, though, is that the initial interest confusion doctrine has often been applied in scenarios quite dissimilar to the hypothetical billboard scenario, including *Brookfield* itself (where, after all, the confused consumer needed only to press the “back” button and return to her search results to find the right Moviebuff video store website). *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon J., concurring) (“Even the main analogy given in *Brookfield* belies its conclusion.”); E. Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 Emory L. J. 507, 570-72 (2005) (differentiating *Brookfield*’s billboard hypothetical from Internet keyword searches).

that case was whether defendants' use of plaintiff's trademark in its website's metadata created a likelihood of confusion. As explained above, the Court held that there was a likelihood of confusion, because when an Internet user ran a Google search for one of plaintiff's trademarks, defendant's competing website appeared second in the results list and contained a description including the trademarked terms. Because there was no explicit disclaimer of this relationship on the website itself, the Court found "actual source confusion." This analysis has been justifiably criticized—not only is the finding of actual confusion questionable, but it also is based on a misunderstanding of metatags and how they are employed (or ignored) by search engines.¹¹² As explained by another court,

Today modern search engines make little if any use of metatags. As more and more webmasters manipulated their keyword metatags to provide suboptimal keyword associations, search engines progressively realized that keyword metatags were a poor indicator of relevancy. Accordingly, search engines today primarily use algorithms that rank a website by the number of other sites that link or point to it.¹¹³

Commentators have noted that widespread ignorance among other U.S. federal courts towards the significance of the use of keyword advertising techniques "has resulted in rulings that muddle infringement law."¹¹⁴ The Eleventh Circuit's *North American Medical* opinion is precisely such a muddled ruling.

Given the Eleventh Circuit's questionable conclusion that there was a likelihood of confusion, it is unsurprising that it was confronted with a situation in which the applicability of *eBay* became relevant. That potentially mistaken finding of infringement would normally lead to a presumption of irreparable harm, which would then lead to injunctive relief (absent rebutting of the presumption or other relevant factors counseling against injunctive relief). The Eleventh Circuit clearly felt an injunction was not appropriate, but instead of recognizing that the problem was with the mistaken infringement finding, it suggested that the harm to plaintiff was not irreparable and remanded the case to the

112. See Eric Goldman, *11th Circuit Freaks Out About Metatags*, http://blog.ericgoldman.org/archives/2008/04/11th_circuit_fr.htm; see also 4 McCarthy, *supra* note 2, § 25:69; Pamela Maclean, *Courts Show Confusion Over Uses of "Metatags,"* 30 Nat'l L.J., No. 39 (col. 1 June 9, 2008).

113. *Standard Process v. Banks*, 554 F. Supp. 2d 866 (E.D. Wis. 2008) (internal citations omitted).

114. Maclean, *supra* note 112.

district court to reconsider whether a presumption of irreparable harm was appropriate. Again, the problem in *North American Medical* was not that the likelihood of confusion stemming from defendant's metatag use of plaintiff's mark was different in kind than other instances of likely confusion; the problem was that confusion stemming from that use may not have been likely at all. If such confusion *were* likely in *North American Medical*, it would necessarily be irreparable for all of the reasons explained in the previous section (subject to being rebutted on other bases). Defendants' choice of metatags and the language of the search engine listing would make it difficult to distinguish among actual competitors, and would render plaintiff accountable for products whose quality it could not control. These harms (if they were to occur) would unquestionably be irreparable, but it is highly questionable whether defendant's conduct was likely to cause them.

For these reasons, the Eleventh Circuit's statement that "a strong case can be made that *eBay's* holding necessarily extends to the grant of preliminary injunctions under the Lanham Act" erroneously conflates the questionable irreparability of patent infringement with the questionable merits of plaintiffs' claim of trademark infringement. Applying *eBay* might serve to alleviate some of the inequities of issuing an injunction in the case before it (e.g., impeding comparative advertising), but these inequities would not stem from the unnecessary choice of a drastic remedy, but rather from the dubious nature of the infringement analysis.

Expanding *eBay* to trademark law to minimize the consequences of questionable decision-making exacerbates bad law by creating even worse law. Courts should not overlook the conceptual basis for trademark protection (protecting reputation and goodwill) solely in order to accommodate asserted trademark doctrines that do not further the rationale for trademark protection in the first place. If one's concern is that injunctive relief may be too severe a remedy for a questionable expansion of trademark infringement, easing a presumption of injunctive relief may only exacerbate this expansion. If irreparable harm is not presumed, courts may find greater solace in their greater ability to deny injunctive relief if they are unsure of, or do not fully understand, emerging technologies and how consumers interact with them. Although easing the presumption of irreparable harm might have the effect of mitigating some of the problems with trademark law in the Internet context, it is merely a stop-gap measure meant to replace doing the difficult work of educating courts about how trademarks can be used online (both beneficially and maliciously).

Again, the *North American Medical* opinion is instructive. After the Eleventh Circuit vacated the preliminary injunction and

remanded the case to the district court for explicit consideration of irreparable harm in light of *eBay*, plaintiff decided not to further pursue a preliminary injunction.¹¹⁵ The Eleventh Circuit's opinion therefore effectively allowed defendant to continue using plaintiff's marks in its website metadata pending a final ruling on the merits. By making a preliminary injunction more difficult to obtain, the Eleventh Circuit's ruling avoided enjoining one defendant's potentially pro-competitive use of plaintiff's mark. Nevertheless, its questionable reasoning on the merits will undoubtedly dissuade other website owners from using a competitor's marks for purposes of comparative advertising, thereby harming competition and increasing consumer search costs.¹¹⁶

Maintaining a presumption of irreparable injury might accordingly *prevent* suspect expansions of trademark law by demonstrating the shortcomings within a likelihood of confusion analysis. If the results of enjoining the use of a trademark would have no discernible consequences (i.e., enjoining keyword metatags would have no effect upon search relevancy) or would be plainly anti-competitive (i.e., enjoin clearly-marked comparative advertising), then infringement probably should not have been found in the first place. A presumption of irreparable harm directly links the underlying public policies supporting trademark protection with substantive trademark law, and if we abandon this presumption, trademark law will become untethered from its theoretical underpinnings.

VI. PRESUMPTION OF IRREPARABLE HARM IN DILUTION CASES

In the context of trademark dilution cases, courts also typically presume irreparable harm upon finding a likelihood of dilution.¹¹⁷ The specific question of whether this presumption is prohibited by *eBay* has not, as of this writing, been specifically

115. See Order dated July 30, 2008, *N. Am. Med. v. Axiom Worldwide*, Civ. Case No. 1:06-CV-1678-JTC (N.D. Ga. filed July 14, 2006).

116. See, e.g., Goldman, *supra* note 112 (strongly critiquing the reasoning in *North American Medical* but counseling website owners to not use competitor trademarks as metatags).

117. See, e.g., *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."); *Nationwide Mut. Ins. Co. v. Tri-Continental Exchange, Ltd.*, 2001 WL 34398158, at *18 (C.D. Cal. Jan. 23, 2001) ("It is well established that irreparable harm is presumed upon a showing that there is a likelihood of consumer confusion or likelihood of dilution."); *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 729 (D. Minn. 1998).

addressed by any court. Professor Rierson does briefly address this issue and concludes, as she did with trademark infringement, that the presumption should not apply. She bases this conclusion on the lack of empirical support for the basic theory of dilution by blurring.¹¹⁸ Even if there is some tiny harm inflicted from a single instance of dilution, she argues that this “small degree of harm” should be a factor weighing against presuming entitlement to an injunction.¹¹⁹

Professor Rierson’s argument in many respects mirrors her argument against a presumption of irreparable harm in the likelihood of confusion context. Because the theory of dilution, like the theory of initial interest confusion, is empirically suspect, she reasons, courts should avoid enjoining activities that may in fact cause no cognizable harm to the trademark owner. Eliminating a presumption of irreparable harm thereby avoids exacerbating the negative consequences of punishing potentially harmless conduct by allowing such conduct to continue and limiting the trademark owner’s recovery to monetary damages.

Whether dilution laws have adequate empirical support is beyond the scope of this paper. Congress has codified dilution law in the U.S. Trademark (Lanham) Act, which reflects its legislative judgment that trademark dilution causes harm. If one accepts that dilution is a harm that should be eligible for a remedy, then the nature of the harm is, by its very nature, irreparable. The harm from dilution by blurring is that the cumulative effect of multiple instances of use of a famous mark, even in a non-confusing manner, will harm the value of a famous mark as a distinctive identifier of both a particular set of goods and services and their single source.¹²⁰ As Professor McCarthy has put it, dilution is analogous to death by a thousand bee stings—the first bee sting may not cause any harm at all, but if it is not stopped, the cumulative effect will kill the brand.¹²¹ Accordingly, an injunction

118. Rierson, *supra* note 5, at 183. *Accord* Greene, *supra* note 9, at 641 (briefly arguing against a presumption of irreparable harm in dilution cases because “[n]o plaintiff has ever proved harm from blurring, the gradual whittling away of the distinctive aspects of a mark.”) Rierson does not explicitly mention the alternative theory of dilution, dilution by tarnishment, whereby the integrity and distinctiveness of a mark are undermined through negative associations with unrelated inferior and/or ill-reputed goods or services. *See* 15 U.S.C. § 1125(c)(2)(c). Because the harm from blurring and tarnishment both involve the gradual decimation of a famous mark’s distinctiveness, in a manner distinct from consumer confusion, Rierson’s arguments presumably apply with equal force to both theories.

119. *Id.* at 183-84.

120. 4 *McCarthy*, *supra* note 2, § 24:73.

121. *Id.*, § 24:120. Professor McCarthy acknowledges that this cumulative effect may not in fact be likely in all instances of dilutive uses and should not be presumed lightly. *See id.* This concern, however, focuses on the substantive merits of the “likelihood of dilution”

generally would be the only proper remedy for trademark dilution, because the entire nature of the underlying harm is the cumulative effect, not the harm of any individual use.

In order for dilution to have any coherence, its harm at least must be presumed irreparable. Courts should not conflate criticism of the conceptual and/or empirical justifications for dilution with a criticism for the nature of the harm dilution theory would prohibit. One may legitimately question the propriety of maintaining substantive dilution laws,¹²² but so long as those laws exist, they are precisely aimed at gradual, cumulative harms that cannot be foreclosed or compensated by monetary damages.

It may be the case that certain instances of alleged dilution do not in fact cause the whittling away of the distinctiveness of a famous mark, and in such instances it may be inequitable and unnecessary to enjoin such uses.¹²³ This proposition does not mean that courts should question whether the type of harm that results from dilution is in fact irreparable; rather, it means that they should question whether the court should have found dilution in the first place.

Professor Rierson does distinguish trademark dilution from trademark infringement in one important respect. Dilution law, unlike infringement law, is not “motivated by an interest in protecting consumers.”¹²⁴ She notes that dilution law has been characterized by some courts as aimed at only protecting “the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his [famous] mark,” and concludes that courts thus should not presume that the public interest favors the issuance of an injunction against dilutive uses. Some of these public interest concerns are, however, already incorporated into the initial question of whether there is a likelihood of dilution. Dilution under the Trademark Dilution Revision Act of 2006 excludes socially productive uses such as nominative fair use,

standard and not, presuming the empirical validity of dilution theory, the irreparable nature of dilutive harms.

122. See, e.g., Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 Tex. L. Rev. 507 (2008) (arguing that dilution may lack an empirical basis).

123. See, e.g., *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907 (9th Cir. 2002) (rejecting Mattel’s claim that the pop song “Barbie Girl” unlawfully diluted its BARBIE mark); *Jones Day v. Blockshopper LLC*, 2008 WL 4925644, at *3 (N.D. Ill. Nov. 13, 2008) (denying motion to dismiss claim that deep-linking to a law firm website in connection with real estate reports diluted the law firm’s trademark).

124. Rierson, *supra* note 5, at 184 (quoting *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003)); see also Mary LaFrance, *No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial Speech*, 58 S.C. L. Rev. 709 (2007) (arguing that dilution harm does not affect the public interest).

parody, and comparative advertising far more overtly than does infringement under the Lanham Act. Again, if dilution doctrine still fails to take into account overarching public interest concerns, this should prompt question regarding the merits of dilution law, not its remedies. It may be the case that dilution protection will give way to broader interests in competition and speech in more circumstances than will protection against infringement, but still this does not transform the nature of the harm suffered by the trademark owner.

VII. CONCLUSION

The unique harms stemming from trademark infringement and dilution distinguish trademark law from the concerns underlying *eBay* and patent and copyright laws, and justify retaining a presumption of irreparable harm. This presumption does not abdicate a court's responsibility to acknowledge all equitable considerations, and unusual cases may still justify withholding injunctive relief (as the presumption is always rebuttable). Rather, the notion that trademark infringement and dilution presumptively cause irreparable harm flows from the theoretical underpinnings of trademark law. Moreover, any effort to eviscerate the presumption will be inefficient and cause plaintiffs with meritorious claims to expend unnecessary resources proving irreparable harm.
