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Harm Presumed No More: Trademark Owners Must Prove Irreparable Harm For Any Injunction In The Ninth Circuit

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Continuing the fall-out from the US Supreme Court's decision in *eBay v. MercExchange* (wherein the presumption of irreparable harm was effectively eliminated in patent cases), the Ninth Circuit Court of Appeals in *Herb Reed Enterprises, LLC v. Fla. Ent. Mgmt. Inc.* has now eliminated the presumption of irreparable harm plaintiffs previously enjoyed when seeking preliminary injunctive relief in trademark cases. The Ninth Circuit also made clear that no presumption applies for a permanent injunction either. Beginning with *eBay v. MercExchange*, the Supreme Court eliminated what was, up to then, a virtually automatic permanent injunction for a patent found valid and infringed, thereby also eliminating any presumption of irreparable harm to support a permanent injunction. Supreme Court precedent has since spread outside of patent cases, into the trademark and copyright realms.

Prior to the Supreme Court's decision in *eBay*, once a plaintiff proved patent infringement, courts would presume that irreparable harm resulted from the infringement and almost without exception granted injunctive relief. The Supreme Court rejected the practice of presuming irreparable harm and instead required actual proof that, absent the injunction, the plaintiff would be irreparably harmed by the continued patent infringement.

Patent law has a single appellate court (the Federal Circuit), so district courts have uniformly applied the *eBay* holding in patent infringement cases. Indeed, the Federal Circuit removed any doubt regarding the presumption in *Robert Bosch LLC v. Pylon Manufacturing Corp.*, where it specifically stated that "*eBay* jettisoned the presumption of irreparable harm as it applies to determining the appropriateness of injunctive relief." Because copyright and trademark cases are governed by each appellate Circuit's jurisprudence, or as dictated by the US Supreme Court, however, the *eBay* holding has been applied in those cases in a less-than-uniform manner.

When determining whether to grant an injunction for copyright infringement, for instance, those circuit courts that have addressed the presumption are in agreement that the *eBay* holding applies. For example, two Ninth Circuit panels have followed the *eBay* rationale in holding that the presumption of irreparable harm does not apply to copyright permanent injunctions (*Perfect10, Inc. v. Google, Inc.*) as well as copyright preliminary injunctions (*Flexible Lifeline Systems, Inc. v. Precisions Lift, Inc.*) The Second and Fourth Circuits have similarly concluded that the presumption of irreparable harm is no longer applicable in copyright infringement cases following *eBay*.

In the context of trademark infringement, the decisions have been muddled. While the Eleventh Circuit had affirmatively held that no presumption exists in trademark infringement cases, the Sixth Circuit applied the *eBay* four factor analysis, albeit without expressly addressing whether any harm could be presumed. The First and Fifth Circuits have thus far declined to answer the question when presented with the opportunity to do so.

Even the Ninth Circuit's application of *eBay* in trademark cases was not so cut and dry. Prior to the *Herb Reed* decision, a post-*eBay* Ninth Circuit panel in *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.* had held that the district court "reasonably presumed irreparable injury" in the context of a trademark preliminary injunction. Likewise, a Ninth Circuit panel in *Reno Air Racing Ass'n, Inc. v. McCord* cursorily affirmed the district court's grant of a permanent injunction in a trademark case, citing to *eBay* in affirmance but without discussing the district court's rationale.

So it was not at all clear that the Ninth Circuit had disposed of the irreparable harm presumption for any injunction, permanent or preliminary, post-*eBay*. The *Herb Reed* decision therefore embellishes the holding of *Reno Air*, stating that in *Reno Air* "we held...that actual irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action." So now we know.

The *Herb Reed* decision thus affirmatively closes the loop by holding that a trademark owner must establish some actual irreparable harm, rather than have it presumed, in order to obtain a preliminary injunction in a trademark infringement case. Of course, at the preliminary injunction stage, courts are focused on the *likelihood* of success and the *likelihood* of irreparable harm (as opposed to actual success and harm at the permanent injunction stage).

Indeed, if departing from *eBay* makes sense in any of the three intellectual property genres, it likely makes most sense in the trademark context given the purpose of trademark law. Trademarks serve to identify source and provide consumers with information about the quality of a good or service - i.e. a company's good will. Unlike lost sales or reasonable royalties, damage to a company's good will and reputation is often hard to quantify and makes a purely monetary recompense insufficient. Fortunately, courts that have applied *eBay* in the trademark context recognize this subtlety, and have held that demonstrating a threatened loss of good will and the ability to control its reputation can be enough for a trademark owner to satisfy the requirement. That may simply mean that the bar has really not been raised much at all in context of a trademark injunction. Nevertheless, the *Herb Reed* decision, along with the guiding case law from the Ninth Circuit's sister circuits, provides an even clearer picture that, regardless of subject matter, plaintiffs in the IP space no longer enjoy a presumption of irreparable injury in those jurisdictions, and that jurisprudence is spreading.

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