

Litigation Alert:

Ninth Circuit Rejects Presumption of Irreparable Harm for Trademark Owners

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Reversing decades of precedent, on Monday the Ninth Circuit ruled that trademark owners no longer enjoy a presumption of irreparable harm when seeking a preliminary injunction. As we [wrote last year](#), the presumption of irreparable harm had been in doubt in light of Supreme Court precedent in the patent context. In *Herb Reed Enterprises, LLC v. Florida Entertainment Management*, No. 12-16868 (Dec. 2, 2013), the Ninth Circuit finally confronted the issue directly, holding: “Those seeking injunctive relief must proffer evidence sufficient to establish a likelihood of irreparable harm.”

The Way It Was: The Presumption of Irreparable Harm in Trademark Cases

Although plaintiffs seeking preliminary injunctions must normally show that they will be irreparably harmed without an injunction, for decades trademark owners—once they had shown a likelihood of success on their infringement claims—have enjoyed a presumption of irreparable harm. Two Supreme Court decisions in 2006 and 2008 threw that presumption into question. First, in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), the Court held that it was error to apply a “general rule” in patent cases that permanent injunctions should issue once validity and infringement had been determined. Second, in *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008), the Court held that a party seeking an injunction in a non-patent case must show that irreparable harm is “likely,” not merely “possible.”

Following these decisions, the fate of the presumption of irreparable harm in trademark cases was unclear. Shortly after *eBay*, the Ninth Circuit cited that decision in affirming a permanent trademark injunction, but without discussing the presumption of irreparable harm. *Reno Air Racing Ass’n, Inc., v. McCord*, 452 F.3d 1126, 1137–38 (9th Cir. 2006). Several years later, the Ninth Circuit applied the presumption of irreparable harm to a *preliminary* trademark injunction, without discussing *eBay* or *Winter*. *Marlyn Nutraceuticals v. Mucos Pharma GMBH*, 571 F.3d 873, 877 (9th Cir. 2009).

While some practitioners argued that *Marlyn Nutraceuticals* signaled the presumption’s continuing survival, at least in the preliminary injunction context, a subsequent Ninth Circuit decision cautioned against reliance on *Marlyn*. In *Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*, 654 F.3d 989 (9th Cir. 2011) the court noted that *Marlyn Nutraceuticals*’ “summary treatment of the presumption without consideration of the effect of *eBay* and *Winter* does not bind this panel or constitute an affirmation of the presumption’s continued vitality.” 654 F.3d at 997.

Following *Flexible Lifeline*, many district courts found that the long established presumption of irreparable harm in trademark cases had not survived *eBay* and *Winter*. With the *Herb Reed* decision, the presumption is officially dead.

The “Platters” Decision

The underlying dispute in *Herb Reed Enterprises, LLC v. Florida Entertainment Management* concerned trademark rights to the “The Platters,” the name of the successful 1950s vocal group. After Plaintiff Herb Reed Enterprises obtained a preliminary injunction barring use of the name “The Platters” in connection with any vocal group, the defendant appealed. The Ninth Circuit affirmed the district court’s holding that plaintiff had showed a likelihood of success on the merits, but found that the district court had erred in finding irreparable harm.

Addressing the crux of the matter, the Ninth Circuit clarified its new rule: “We now join other circuits in holding that the *eBay* principle—that a plaintiff must establish irreparable harm—applies to a preliminary injunction in a trademark infringement case.” Although the Ninth Circuit found the district court had identified the correct legal principle—that harm is no longer presumed—the Ninth Circuit held the district court erred in relying on plaintiff’s “unsupported and conclusory statements regarding harm [plaintiff] might suffer.” The Ninth Circuit acknowledged that “loss of control over business reputation” and “damage to goodwill” constitute irreparable harm, but demanded proof—not mere platitudes—to support

such claims. In an important footnote, however, the court reminded the parties that district courts are not bound by the rules of evidence during preliminary injunction hearings and hearsay may support a claim of irreparable harm.

Takeaways

Following the “Platters” decision, district courts will likely be on heightened alert when deciding motions for preliminary injunctions in trademark cases, and will carefully scrutinize conclusory claims of injury to reputation or goodwill. Defendants opposing preliminary injunctions should highlight evidentiary deficiencies in the plaintiff’s case, and point out that platitudes concerning the harm from trademark infringement no longer suffice.

On the flip side, trademark plaintiffs should highlight the unique facts supporting their claims of irreparable harm, such as irate customers, frayed vendor relationships, or threats to market share during a critical period of a company’s growth. By emphasizing the unique facts showing a risk of harm to goodwill and reputation, a plaintiff with a strong infringement case will be more likely to obtain an injunction, and to build a record that can survive on appeal under a new legal standard.

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