Introduction

This book reviews issues that are important in seeking preliminary injunctive relief in patent infringement disputes and provides a review of how requests for preliminary injunctive relief have been treated by the Federal Circuit and district courts since the Supreme Court’s decision in eBay Inc. v. MercExchange, LLC in 2006.  

Preliminary relief can play a critical role in facilitating resolution of a patent infringement dispute. The standard for preliminary relief in patent disputes is generally set forth in the Federal Circuit’s decision in Amazon.com, Inc. v. Barnesandnoble.com. In Amazon, the Federal Circuit, which hears all patent appeals, held that a patent owner is entitled to a preliminary injunction if it can succeed in showing “(1) a reasonable likelihood of success on the merits; (2) irreparable harm if an injunction is not granted; (3) a balance of hardships tipping in its favor; and (4) the injunction’s favorable impact on the public interest.” The Federal Circuit further held that “[t]hese factors, taken individually, are not dispositive; rather, the district court must weigh and measure each factor against the other factors and against the form and magnitude of the relief requested.” The Federal Circuit also held that “case law and logic both require that a movant cannot be granted a preliminary injunction unless it establishes both of the first two factors, i.e., likelihood of success on the merits and irreparable harm.”

To demonstrate a likelihood of success on the merits, the Federal Circuit held that the patent owner “must show that, in light of the presumptions and burdens that will inhere at trial on the merits,” it will likely prove the accused infringer infringes at least one asserted patent claim, and that its infringement allegation will likely withstand the accused infringer’s challenges to the validity and enforceability of that likely infringed claim. Thus, if the accused infringer “raises a substantial question concerning either infringement or validity, i.e., asserts an infringement or invalidity defense that the patentee cannot

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3. Id. at 1350.
4. Id.
5. Id.
6. Id.
prove ‘lacks substantial merit,’ the preliminary injunction should not issue.”

As to the burden regarding invalidity allegations, the Federal Circuit stated that “[v]alidity challenges during preliminary injunction proceedings can be successful, that is, they may raise substantial questions of invalidity, on evidence that would not suffice to support a judgment of invalidity at trial.” In resisting a preliminary injunction, “one need not make out a case of actual invalidity.” Rather “[v]ulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial.” Thus, the “showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself.” “When moving for the extraordinary relief of a preliminary injunction, a patentee need not establish the validity of a patent beyond question.” Rather, the patentee must “present a clear case supporting the validity of the patent in suit.”

In Amazon, the Federal Circuit also held that “[i]rreparable harm is presumed when a clear showing of patent validity and infringement has been made.” The Federal Circuit stated that “[t]his presumption derives in part from the finite term of the patent grant, for patent expiration is not suspended during litigation, and the passage of time can work irremediable harm.”

Absent further guidance from the U.S. Supreme Court, the Federal Circuit continued to apply a general rule that “irreparable harm is presumed when a clear showing of patent validity and infringement has been made.”

Then came the Supreme Court decision on May 15, 2006, in eBay. In eBay, the Supreme Court vacated and remanded a Federal Circuit
decision that had applied a “general rule” unique to patent disputes “that a permanent injunction will issue once infringement and validity have been adjudged.” At issue in *eBay* was whether a federal court considering whether to award permanent injunctive relief to a prevailing plaintiff should apply the four-factor test historically employed by courts of equity. The Supreme Court’s answer was yes, and accordingly it vacated and remanded the judgment.

As background, MercExchange, LLC was the holder of patents, including a business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants. MercExchange sought to license its patent to eBay and Half.com, as it had previously done with other companies, but the parties failed to reach an agreement. MercExchange subsequently filed a patent infringement suit against eBay and Half.com in the U.S. District Court for the Eastern District of Virginia. A jury found that MercExchange’s patent was valid, that eBay and Half.com had infringed that patent, and that an award of damages was appropriate.

Following the jury verdict, the district court denied MercExchange’s motion for permanent injunctive relief. The Federal Circuit reversed, applying its “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.” The Supreme Court granted certiorari to determine the appropriateness of this general rule.

The Supreme Court noted that the Federal Circuit had articulated a “general rule,” unique to patent disputes, “that a permanent injunction will issue once infringement and validity have been adjudged.” The Supreme Court noted that the Federal Circuit had indicated that, once infringement and validity had been found, an injunction should be denied only in the “unusual” case, under “exceptional circumstances”
and “in rare instances . . . to protect the public interest.”24 The Supreme Court held that just as the district court “erred in its categorical denial of injunctive relief,” the Federal Circuit “erred in its categorical grant of such relief.”25

The Court held that the traditional four-part test for injunctive relief is appropriate in patent cases i.e., a plaintiff seeking a permanent injunction must demonstrate “(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.”26

The Supreme Court further noted that the district court appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases. Most notably, the district court concluded that a “plaintiff’s willingness to license its patents” and “its lack of commercial activity in practicing the patents” would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. The Court stated that traditional equitable principles, however, do not permit such broad classifications. The Court noted, for example, that some patent holders, such as university researchers or self-made inventors, might reasonably prefer to license their patents rather than undertake efforts to secure the financing necessary to bring their works to market themselves. According to the Supreme Court, such patent holders may be able to satisfy the traditional four-factor test, and it saw no basis for categorically denying them the opportunity to do so. The Court stated that to the extent that the district court adopted such a categorical rule, its analysis cannot be squared with the principles of equity adopted by Congress. The Court claimed the district court’s categorical rule was also in tension with Continental Paper Bag Co. v. Eastern Paper Bag Co.,27 which rejected the contention that a court of equity has no jurisdiction to grant injunc-

25. Id.
26. 547 U.S. at 391, 126 S. Ct. at 1839.
tive relief to a patent holder who has unreasonably declined to use the patent. 28

In a concurring opinion, Chief Justice Roberts (joined by Justices Scalia and Ginsburg) stated that the “historical practice” in patent cases does not “entitle a patentee to a permanent injunction or justify a general rule that such injunctions should issue.” The Roberts concurrence further stated that “[a]t the same time, there is a difference between exercising equitable discretion pursuant to the established four-factor test and writing on an entirely clean slate.” The Roberts concurrence stated that “limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.” This concurrence concluded that when it comes to discerning and applying those standards, in this area as in others, “a page of history is worth a volume of logic.” 29

In another concurring opinion, Justice Kennedy (joined by Justices Stevens, Souter, and Breyer) stated that “[t]he lesson of the historical practice . . . is most helpful and instructive when the circumstances of a case bear substantial parallels to litigation the courts have confronted before.” The Kennedy concurrence further stated that “[i]n cases now arising trial courts should bear in mind that in many instances the nature of the patent being enforced and the economic function of the patent holder present considerations quite unlike earlier cases.” This concurrence noted that “[a]n industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.” This concurrence noted that “[f]or these firms, an injunction, and the potentially serious sanctions arising from its violation, can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent.” The Kennedy concurrence further stated that “[w]hen the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.” This concurrence noted that “[i]n addition injunctive relief may have different consequences for the burgeoning number of patents over business methods, which

28. 547 U.S. at 393, 126 S. Ct. at 1841.
29. 547 U.S. at 394–95, 126 S. Ct. at 1842.
were not of much economic and legal significance in earlier times.” The Kennedy concurrence further stated that “[t]he potential vagueness and suspect validity of some of these patents may affect the calculus under the four-factor test.”

Against this backdrop, this book reviews issues that are important in seeking preliminary injunctive relief in a patent case and provides a review of how such preliminary injunction requests have been treated by the Federal Circuit and district courts since the Supreme Court’s eBay decision in 2006.

I. Should You Seek Preliminary Relief?

A competitor just announced its new product offering that is eerily similar to your client’s patented product. The client asks you what can be done to immediately stop the infringement of its patent. A patent infringement case can take about one and a half to two years or more to get to trial, even in a “rocket” docket. In addition to your due diligence review in support of the filing of a complaint, you need to determine whether to seek preliminary relief.

A party seeking preliminary relief must satisfy the familiar four-part test, demonstrating that (1) it is likely to succeed on the merits, (2) it is likely to suffer irreparable harm if the relief is not granted, (3) a balance of hardships favors it, and (4) the public interest favors granting the preliminary relief.

This four-part test for a preliminary injunction is consistent with the test for demonstrating that a permanent injunction should issue as set forth in eBay Inc. v. MercExchange, LLC:

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demon-

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30. 547 U.S. at 395–97, 126 S. Ct. at 1842–43.
31. Median time to trial for all civil cases is 24.3 months according to data from 2010 Federal Court Management Statistics, Table C-10, available at www.uscourts.gov/statistics.aspx.
strate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. [Citations omitted]. The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion.33

A. Strategic Considerations from the Business Perspective

1. Benefits/Drawbacks

The benefits of seeking and obtaining preliminary relief, from a business perspective, can include (i) maintaining market share, (ii) maintaining profit margin, (iii) maintaining pricing power, (iv) maintaining convoyed sales, (v) maintaining business reputation of protecting intellectual property, and (vi) positioning the case for an earlier resolution than without seeking and obtaining the relief. Obtaining each of these benefits will likely reflect favorably on the client and its management.

Drawbacks in seeking and obtaining preliminary relief are (i) the cost of obtaining that relief, including attorney fees and management time spent working with counsel in preparing preliminary relief pleadings, declarations, and exhibits, and (ii) the cost of posting a possible bond to cover any damages to the accused infringer in the event it is later determined that the preliminary relief should not have been granted.

The drawbacks of seeking and not obtaining preliminary relief from a business perspective can include (i) loss of market share, (ii) loss of profit margin, (iii) loss of pricing power, (iv) loss of convoyed sales, (v) loss of business reputation of protecting intellectual property, and (vi) the cost of seeking the preliminary relief, including attorney fees and management time spent working with counsel in preparing preliminary relief pleadings, declarations, and exhibits. Each of these drawbacks may reflect unfavorably on the client and its management.

Even if preliminary relief is denied, there can be benefits in seeking the relief from a business perspective. For example, while preliminary relief may be denied, an IP owner may successfully demonstrate that it is likely to succeed on the merits, thereby positioning the case for an earlier resolution. It would also benefit the client to know if it is not likely to succeed on the merits in the court’s view based on the preliminary evidence so that it can determine what evidence it may need at trial or decide whether to spend its resources on matters other than the litigation.

2. Alternatives

From a business perspective, there may be more advantageous alternatives to resolve the dispute than moving for preliminary relief. Your client’s competitor may also be a partner/customer of your client in other areas. Perhaps your client desires to enter into a business relationship with the competitor. Filing a suit and seeking preliminary relief will likely strain, if not halt, any immediate or potential relationship. Your client’s competitor may have its own patents that it might assert against your client. To avoid a public airing of the dispute in court, your client may be better served from a business perspective to seek resolution through business channels. To avoid losing a race to a preferred courthouse, your client can file suit first and, prior to serving the complaint, seek resolution through business channels. The client can also seek a “standstill” agreement in connection with litigation (or further litigation) to allow time for resolution through business channels.

B. Strategic Considerations from the Legal Perspective

1. Benefits/Drawbacks

The benefits of seeking preliminary relief, from a legal perspective, can include (i) reducing the issues to be tried in the case later; (ii) getting the court to see early in the litigation that it is your client who wears the “white hat,” which can lead to later favorable rulings by the court for the client; (iii) obtaining admissions/concessions by the accused infringer; (iv) getting the case moving forward more quickly; and (v) help in supporting a claim of willful infringement.
The drawbacks of seeking preliminary relief, from a legal perspective, can include (i) possibly leading the court to perceive that the defendant wears the “white hat,” which can lead to later unfavorable court rulings; (ii) the making of admissions/concession by your client; and (iii) hurting the client’s claim of willful infringement, especially if preliminary relief is denied for failure to prove likelihood of success on the merits. If preliminary relief is denied, the accused infringer may attempt at trial to place before the jury evidence from the preliminary relief papers, as well as the court’s decision to deny the preliminary relief.

2. Interplay with Preexisting Agreements/Arbitration

There may be a preexisting agreement, which may or may not include an alternative dispute resolution (ADR) provision, such as arbitration relating to the IP believed to be infringed. Such agreements may or may not specifically name the current IP owner and/or licensees. Therefore, before filing suit, and before seeking preliminary relief, any and all agreements that could relate to the IP at issue should be thoroughly reviewed.

3. Alternatives

From a legal perspective, there may be more advantageous alternatives to resolving the dispute than moving for preliminary relief in IP infringement litigation. For example, perhaps the likely forum for the litigation would be disadvantageous to your client and/or advantageous to the accused infringer. Perhaps there are reasons why your client would want to avoid a public suit. One legal tool for resolving disputes other than litigation is through ADR, such as arbitration or mediation. As noted in connection with business perspectives, to avoid losing a race to a preferred courthouse, your client can file suit first and, prior to serving the complaint, seek resolution through ADR. As previously noted, the client can also seek a “standstill” agreement in connection with litigation (or further litigation) to allow time for resolution through ADR.

C. Resource Allocation

Prior to seeking preliminary relief, the client should thoroughly consider and recognize the resources that will need to be allocated. The
client will need to recognize that the court will set a briefing schedule and possibly a hearing, with short time limits. The client may need to have certain employees available to gather information and be available to discuss the information with litigation counsel and review and sign supporting declarations. Any person signing a declaration will likely be deposed and/or cross-examined at a preliminary relief hearing. Declarations may be needed from a business manager, a marketing person, and/or a technical person, and possibly others.

II. What Type of Preliminary Relief Should You Seek?

Preliminary relief can be achieved in several ways, both separately and in combination.

A. Temporary Restraining Orders (TROs)

A motion for a TRO is typically sought at the very outset of the case, and before and/or in combination with a motion for a preliminary injunction. A TRO may issue with or without written or oral notice to the adverse party.\textsuperscript{34} A court may issue a TRO without written or oral notice to the adverse party only if:

(A) specific facts in an affidavit or a verified complaint clearly show that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition; and

(B) the movant’s attorney certifies in writing any efforts made to give notice and the reasons why it should not be required.\textsuperscript{35}

In patent infringement cases, it is rare when the above conditions exist. Thus, in IP cases, a motion for a TRO is typically sought with notice to the adverse party. Typically, when a TRO is sought in an intellectual property case without notice, it is directed against an infringer of a trademark and/or copyright—e.g., seeking to enjoin use of infringing trademarks or copyrights at a trade show.

\textsuperscript{34} FED. R. 65.

\textsuperscript{35} FED. R. CIV. P. 65(b)(1).
The benefit of the TRO is that it allows for preliminary relief before a motion for a preliminary injunction is fully briefed and ruled upon by the court. A TRO without notice comes with a set time limit:

Every temporary restraining order issued without notice must state the date and hour it was issued; describe the injury and state why it is irreparable; state why the order was issued without notice; and be promptly filed in the clerk’s office and entered in the record. The order expires at the time after entry—not to exceed 14 days—that the court sets, unless before that time the court, for good cause, extends it for a like period or the adverse party consents to a longer extension. The reasons for an extension must be entered in the record.\textsuperscript{36}

If the TRO issues without notice, the court must set a hearing for a preliminary injunction motion at the earliest possible time:

If the order is issued without notice, the motion for a preliminary injunction must be set for hearing at the earliest possible time, taking precedence over all other matters except hearings on older matters of the same character. At the hearing, the party who obtained the order must proceed with the motion; if the party does not, the court must dissolve the order.\textsuperscript{37}

An adverse party can move to dissolve or modify a TRO that issued against it without notice:

On 2 days’ notice to the party who obtained the order without notice—or on shorter notice set by the court—the adverse party may appear and move to dissolve or modify the order. The court must then hear and decide the motion as promptly as justice requires.\textsuperscript{38}

A TRO requires other items, such as security, contents, and scope, as does a preliminary injunction, which is discussed below. Fed. R. Civ. P. 65(c) and (d).

\textsuperscript{36} \textit{Fed. R. Civ. P.} 65(b)(2).
\textsuperscript{37} \textit{Fed. R. Civ. P.} 65(b)(3).
\textsuperscript{38} \textit{Fed. R. Civ. P.} 65(b)(4).


## B. Preliminary Injunctions

A motion for a preliminary injunction requires notice to the adverse party. A court may advance the trial on the merits and consolidate it with a hearing on the motion for a preliminary injunction. Even when consolidation is not ordered, evidence that is received on the motion and that would be admissible at trial becomes part of the trial record and need not be repeated at trial. But the court must preserve any party’s right to a jury trial.

A preliminary injunction requires certain items, i.e., security and scope (as does a TRO):

The court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained. The United States, its officers, and its agencies are not required to give security.

Every order granting an injunction and every restraining order must:

(A) state the reasons why it issued;
(B) state its terms specifically; and
(C) describe in reasonable detail—and not by referring to the complaint or other document—the act or acts restrained or required.

Further, the order binds only the following who receive actual notice of it by personal service or otherwise:

(A) the parties;
(B) the parties’ officers, agents, servants, employees, and attorneys; and
(C) other persons who are in active concert or participation with anyone described in Rule 65(d)(2)(A) or (B).

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41. [Id.](https://www.law.cornell.edu/rules/frcp/part10).
44. [Id.](https://www.law.cornell.edu/rules/frcp/part10).
C. Seizures of Goods

Another form of preliminary relief is to seek the seizure of the accused products until a decision on a preliminary injunction motion and/or a trial on the merits. The court will likely not want to be the holder of seized products, so it is likely that a third-party escrow vendor may need to be proposed by the movant. The seizure of accused products is rare in patent infringement cases. Typically, such seizures also involve a strong claim for another form of intellectual property protection, such as trademark infringement, copyright infringement, and/or misappropriation of trade secrets.

D. Orders for Mandatory Injunctions

Another form of preliminary relief is an order for a mandatory injunction that requires the accused infringer to affirmatively do something, which can include, for example, delivering accused products to the court, the IP owner, or a third-party escrow vendor.

E. Strategic Alternatives

One alternative to preliminary “relief” is to move for summary judgment as to one or more claims. The standard for summary judgment is not the same as the standard for a TRO or a preliminary injunction. On summary judgment, the moving party must prove more than a likelihood of success on the merits (i.e., part (1) of the four-part test for preliminary relief). Rather, the moving party must prove, after all inferences are made in favor of the non-moving party, that the moving party is entitled to a final judgment on at least one claim, and that there is no just reason for delay. 45 A summary judgment movant, however, does not have to prove the other factors required for preliminary relief, i.e., (2) it is likely to suffer irreparable harm if the relief is not granted; (3) a balance of hardships favors it; and (4) the public interest favors granting the preliminary relief. Further, the summary judgment movant is not required to post a security bond. It is noted that under eBay, however, a patent owner prevailing at trial who then seeks a permanent injunction will still need to prove it is entitled to that relief under the four-part test. Thus, even if a motion for preliminary relief is not

filed in litigation, the parties should still prepare for a permanent injunction hearing post-trial.

Another alternative to preliminary relief in an action filed in a district court is to pursue a proceeding in the International Trade Commission (ITC). The Federal Circuit has held that the ITC did not err in failing to use the four-factor traditional test for determining the appropriateness of injunctive relief applied by district courts under eBay v. MercExchange, LLC when the ITC issued limited exclusion and cease-and-desist orders. The Federal Circuit held that “eBay does not apply to [ITC] remedy determinations under Section 337.”

Yet another alternative to seeking preliminary relief is to have certain authorized individuals provide appropriate notice of your company’s patent to customers and potential customers. Upon such notice, customers and potential customers may decide to purchase or continue to purchase the patented invention from your company, thus keeping the status quo.

III. Pre-filing Considerations

The patent laws specifically provide courts with the power to “grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on terms as the court deems reasonable.” With this power, a court can, under appropriate circumstances, grant a preliminary injunction against an accused infringer to protect a patent owner’s rights during litigation. Should the patent owner prevail at trial, the court may, under appropriate circumstances, grant a permanent injunction against infringement after final judgment is entered.

A. Forum Selection

1. District Court Considerations

Before suit is filed, consideration must be given to which court(s) have jurisdiction over the accused infringer(s). It may be that one district

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47. 35 U.S.C. § 283.
court has more of a track record in patent infringement cases and may even have more of a propensity to grant preliminary relief than another district court that has jurisdiction over the accused infringer(s). Further, some courts have local patent rules that are favorable to patent owners and/or have “rocket” dockets that may make the need for seeking preliminary relief less important.

2. Impact of Federal Circuit Appellate Jurisdiction

Any appeal relating to preliminary relief in a patent infringement case will be directed to the Federal Circuit. A review of Federal Circuit cases appealed from the proposed district court(s), as well as preliminary relief cases, may assist in the determination of where to file an infringement lawsuit and/or whether to seek ADR.

B. Timing and Procedural Issues

1. Too Early or Too Late?

Typically, preliminary relief should be sought as close to the outset of an infringement case as possible, including a request for preliminary relief in the complaint. There may, however, be instances when a motion for preliminary relief should be made some time after the filing of the complaint. For example, perhaps the asserted patent(s) has been undergoing reexamination in the U.S. Patent and Trademark Office (PTO) prior to the litigation. If, after the lawsuit is filed, the PTO confirms during reexamination the patentability of at least one asserted claim in suit, then the likelihood of success on the issue of validity may become especially strong, particularly when the accused infringer is relying on the same prior art considered in the reexamination.

If a motion for preliminary relief is made much later in a litigation, however, the less likely it is a court will find irreparable harm if the preliminary relief is not granted, that a balance of hardship weighs in favor of the non-movant, and that the public interest favors the denial of a grant of the preliminary relief. Again, a review of the timing and procedural issues in similarly situated cases would assist the client on when to seek preliminary relief.

To avoid a finding of no irreparable harm by waiting too late to file for preliminary relief, a patent owner may seek a scheduling order that expressly provides a date for filing for preliminary relief,
and then meeting that due date. By using this strategy, a patent owner may obtain evidence in discovery that makes its case for preliminary relief stronger, while at the same time avoid a finding of no irreparable harm based on delay.

2. Impact of Seagate

In In re Seagate, the Federal Circuit addressed opinions of counsel for an accused infringer in the context of willful infringement, and specifically mentioned the seeking of preliminary relief:

[W]hen an accused infringer’s post-filing conduct is reckless, a patentee can move for a preliminary injunction, which generally provides an adequate remedy for combating post-filing willful infringement. See 35 U.S.C. § 283; Amazon.com, Inc. v. Barnesandnoble.com, Inc., 239 F.3d 1343, 1350 (Fed. Cir. 2001). A patentee who does not attempt to stop an accused infringer’s activities in this manner should not be allowed to accrue enhanced damages based solely on the infringer’s post-filing conduct. Similarly, if a patentee attempts to secure injunctive relief but fails, it is likely the infringement did not rise to the level of recklessness.

The Federal Circuit further stated that “a substantial question about invalidity or infringement is likely sufficient not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct.” Thus, to support a claim of post-filing willful infringement, a patent owner should strongly consider filing a motion for preliminary injunction and be prepared to win that motion.

3. Impact of eBay

The Supreme Court decision in eBay Inc. v. MercExchange, LLC, 547 U.S. 388 (2006), dealt with the standards on whether to grant a permanent injunction after a patent owner succeeds on the merits at trial. While some courts may question whether the presumption of irreparable harm under Amazon still applies in view of the Supreme

48. In re Seagate, 497 F.3d 1360, 1374 (Fed. Cir. 2007) (en banc).
49. Id. at 1374.
50. Id.
Court’s decision in eBay, the Federal Circuit has not squarely addressed the issue since eBay. The Federal Circuit’s post-eBay decision in Abbott Labs. v. Andrx Pharms. suggests that the presumption of irreparable harm still applies. There, the court stated that “Abbott has not established a likelihood of success on the merits. As a result, Abbott is no longer entitled to a presumption of irreparable harm.”

A late decision by the Federal Circuit in Automated Merchandising Systems, Inc. v. Crane Co. suggests that the presumption of irreparable harm based just on proof of infringement was discarded. There, in a preliminary injunction case, the court stated that the burden is now on the patent owner to demonstrate that its losses cannot be compensated by monetary damages.

Recognizing that, fundamentally, preliminary injunctions are different from permanent injunctions because they are directed at preserving the status quo for trial, several district courts have rejected the argument that the Supreme Court’s eBay decision concerning permanent injunctions changes the irreparable harm presumption in the context of a preliminary injunction in a patent case.

Moreover, the eBay decision focused on addressing the Federal Circuit’s then “general rule . . . that a permanent injunction will issue once infringement and validity have been adjudged,” not on the presumption of irreparable harm.

At least one district court has noted that to the extent there is tension between eBay and Federal Circuit precedent with respect to preliminary injunction standards, such as whether there is a “substantial question” as to validity, the court was not free to disregard Federal Circuit precedent.

52. Abbott Labs. v. Andrx Pharms., 452 F.3d 1331 (Fed. Cir. 2006).
53. Id. at 1347 (emphasis added).
56. 547 U.S. at 393–94, 126 S. Ct. at 1841.
57. PrintGuard, Inc. v. Anti-Marking Sys., 535 F. Supp. 2d 189, 197 (D. Mass. 2008) (“[t]he Court will apply the Genentech standard: if defendant raises a ‘substantial question’ as to the validity of the relevant patents, preliminary injunctive relief will be denied. A ‘substantial question’ will be raised if the defendant asserts an invalidity defense that plaintiff ‘cannot show lacks substantial merit.’” Genentech, 108 F.3d at 1364).
Still, in view of the discussion in *eBay* regarding whether a patented component is a small part of a larger device and a permanent injunction may not be appropriate if it is, a patent owner should be prepared to explain to the court why a patented component is an important or vital part in the overall operation of the device that would warrant a preliminary injunction.

4. **Impact of *KSR***

In *KSR v. Teleflex*,58 the Supreme Court held that the Federal Circuit erred in holding that a claimed invention cannot be held “obvious” in the absence of some proven “teaching, suggestion, or motivation” that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed.59 In its reversal, the Supreme Court rejected the “rigid” approach of the Federal Circuit.60 The Supreme Court confirmed that an “expansive and flexible approach” should be used instead. The Supreme Court stated that “[t]he obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or be overemphasis on the importance of published articles and the explicit content of issued patents.” Rather, the Supreme Court stated that “[t]he diversity of inventive pursuits and of modern technology counsels against limiting the analysis in this way.”61 The Supreme Court stated that “[w]hen there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.”62 The Supreme Court stated further that “[i]f this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense. In that instance the fact that a combination was obvious to try might show that it was obvious under § 103.”63

*KSR* has made an impact in court rulings on preliminary relief. Both patent owners and accused infringers have cited portions of *KSR*

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59. *Id.* at 407.
60. *Id.* at 415.
61. *Id.* at 419.
62. *Id.* at 421.
63. *Id.*
that support their respective positions, and some courts have found those arguments persuasive. For example, in *Abbott Labs. v. Sandoz, Inc.*, discussed *infra*, the Federal Circuit found that non-obviousness of the claimed invention was supported under the holdings of *KSR*. A contrasting example is *Altana Pharma AG v. Teva Pharms. USA, Inc.*, discussed *infra*, wherein the Federal Circuit found that obviousness of the claimed invention was supported under the holdings of *KSR*.

5. Impact of Reexamination

The Federal Circuit has indicated that the fact of a pending reexamination does not by itself support a denial of a request for preliminary relief to stop infringement of the patent being reexamined. In *The Procter & Gamble Co. v. Kraft Foods Global, Inc.*, discussed *infra*, the Federal Circuit “cautioned the district court that the PTO does not appear to equate the “substantial new question of patentability” standard for whether reexamination should take place, see 35 U.S.C. § 312(a), with the “substantial question of validity” standard by which a defendant may prevent a patentee from demonstrating a likelihood of success on the merits.” The Federal Circuit noted in particular that the PTO considers the standard for reexamination met when “there is a substantial likelihood that a reasonable examiner would consider the prior art patent or printed publication *important* in deciding whether or not the claim is patentable.” “Thus, ‘a substantial new question of patentability’ as to a patent claim could be present even if the examiner would not necessarily reject the claim as either anticipated by, or obvious in view of, the prior art patents or printed publications.” The Federal Circuit noted that a requestor’s burden to show that a reexamination order should issue from the PTO is unrelated to a defendant’s burden to prove invalidity by clear and convincing evidence at trial.

Other courts have indicated that such a fact does support denying preliminary relief. For example, in *DUSA Pharms., Inc. v. River’s Edge*

64. 544 F.3d 1341 (Fed. Cir. Oct. 21, 2008).
65. 566 F.3d 399 (Fed. Cir. May 14, 2009).
67. *Id.* at 848.
69. *Id.*
70. *Id.*, citing *In re Etter*, 756 F.2d 852, 857 n.5 (Fed. Cir. 1985).
Pharms., discussed infra, the PTO granted a reexamination request and issued a rejection of all claims of the patent. The district court found that this allowed the defendant to meet its burden of demonstrating a changed circumstance that raised a substantial question of validity.

Positions taken in a reexamination by the patent owner can lead to a dissolution of preliminary relief. For example, in DUSA Pharms., Inc. v. River’s Edge Pharm., the defendant also submitted additional evidence regarding the definition of a claim term. The district court found that this definition changed the infringement analysis and thereby supported dissolution of the preliminary injunction.

6. Is “Expedited” Discovery Needed?

It may be necessary to move for expedited discovery to obtain evidence to support or oppose a motion for preliminary relief. For example, expedited discovery may be needed by a patent owner to confirm infringement of a process patent claim. An accused infringer may also need expedited discovery, for example, to confirm whether certain activities by the patent owner constitute prior art and/or support an allegation of patent unenforceability based on inequitable conduct or patent misuse.

A non-moving party should be particularly careful in any opposition to a motion to expedite discovery that is made in connection with a motion for preliminary relief. Opposing a motion to expedite discovery could be viewed by the court as an attempt to hide accused activities. A prudent course of action is for a non-moving party to try to negotiate for expedited discovery in connection with its allegations.

7. Evidentiary Hearings, Oral Arguments, and Markman Considerations

Since preliminary relief is by its nature “extraordinary,” a court will likely hold an evidentiary hearing after the parties have briefed the motion for preliminary relief. Each party should be prepared to present evidence through witnesses as if the hearing were a trial. Both the patentee and the accused infringer should also be prepared to present evidence in support of their claim interpretations.

72. Slip op. at 4.
73. 2007 WL 748448 (D.N.J. March 7, 2007).
As with any determination of patent infringement, assessing the likelihood of infringement at the preliminary injunction stage requires a two-step analysis. First, the terms of the asserted claims must be interpreted. Second, the interpreted claims are compared to the products accused of infringement. Unlike at subsequent stages of the lawsuit, when interpreting the terms of the asserted claims at this stage, the court need not arrive at a final and conclusive claim construction.

IV. Likelihood of Success on the Merits

A. The Shifting Burdens of Proof

To demonstrate a likelihood of success on the merits, a patent owner must show that, in light of the presumptions and burdens that will inhere at trial on the merits, (1) the accused infringer likely infringes at least one of the claims of the asserted patent, and (2) the infringed claim(s) will likely withstand the accused infringer’s challenge, if any, to the validity and enforceability of the asserted claims.

The burden of challenging the validity and enforceability of the asserted claims rests with the accused infringer. Thus, although the burden is on the patent owner to demonstrate the necessity of preliminary injunctive relief, the burden of challenging the validity of the patent always remains with the accused infringer.

B. Infringement

Whether performed at the preliminary injunction stage or at some later stage in the course of a particular case, infringement and validity analy-

74. Oakley, Inc. v. Sunglass Hut int’l, 316 F.3d at 1339.
76. Id.
80. Titan Tire, 566 F.3d at 1377.
ses must be performed on a claim-by-claim basis. “Therefore, in cases involving multiple patent claims, to demonstrate a likelihood of success on the merits, the patentee must demonstrate that it will likely prove infringement of one or more claims of the patents-in-suit, and that at least one of those same allegedly infringed claims will also likely withstand the validity challenges presented by the accused infringer.”

It is well settled that an infringement analysis involves two steps: (1) the claim scope is determined, and (2) the properly construed claim is compared with the accused device to determine whether all of the claim limitations are present either literally or by a substantial equivalent. The relevant determination at the preliminary injunction stage is substantial likelihood of success by the patentee of its infringement claims, not a legal conclusion as to the ultimate issue of infringement. Where a patentee has carried its “merits” burden with respect to likely infringement, and the accused infringer has not raised a substantial question of infringement, then the patentee has made the requisite showing that it is likely to succeed at trial on its infringement case. Where the patentee has demonstrated likely literal infringement of a patent claim, it is not necessary for the appellate court to consider infringement under the doctrine of equivalents of that claim.

C. Validity

To demonstrate a likelihood of success on the merits, a patent owner should not rely solely on the presumption of validity under 35 U.S.C. § 282. Rather, the patent owner should be prepared to demonstrate the likelihood that at least one likely infringed claim will withstand a chal-

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81. See, e.g., Amazon.com, Inc. v. Barnesandnoble.com, 239 F.3d 1343, 1351 (Fed. Cir. 2001); Bayer AG v. Elan Pharm. Research Corp., 212 F.3d 1241, 1247 (Fed. Cir. 2000) (“Literal infringement requires the patentee to prove that the accused device contains each limitation of the asserted claim(s).”) (citations omitted)); Ortho Pharm. Corp. v. Smith, 959 F.2d 936, 942 (Fed. Cir. 1992) (concluding that all grounds of invalidity must be evaluated against individual claims, as required by the plain language of 35 U.S.C. § 282 (1994)).
82. Amazon.com, 239 F.3d at 1351.
83. Id.
84. Id. at 1355–56.
85. Id. at 1357–58.
86. Id. at 1358.
lengage by the accused infringer, if any, to validity and enforceability.  

If the accused infringer “raises a substantial question concerning validity, i.e., asserts an invalidity defense that the patentee cannot prove ‘lacks substantial merit,’ the preliminary injunction should not issue.”88

See, however, Judge Newman’s majority opinion in Abbott Labs. v. Sandoz, Inc.89 A portion of her opinion was not joined by the other two panel members, Judge Archer and Judge Gajarsa. Judge Newman stated that it is not the law that raising a “substantial question” will “negate the patentee’s likelihood of success,” as alleged by Judge Gajarsa’s dissent.90 According to Judge Newman, raising a substantial question may avoid dismissal on the pleadings, but contrary to the view of the dissent, establishing that there is an issue for trial is not the same as establishing the likelihood of prevailing at trial.91 Judge Newman also stated that until this Federal Circuit case, no opinion has equated the raising of a “substantial question” with a showing of likelihood of success on the merits.92 The judge stated that the rulings of the Federal Circuit, which she cited, accord with the principles of eBay.93 She also stated that the Federal Circuit’s contrary decisions stand alone, and if there is to be change from the Federal Circuit’s prior rulings, it must be done en banc.94

D. Enforceability

Given the high standard for showing that there is a substantial question of enforceability based on alleged inequitable conduct, it will be a challenge for an accused infringer to avoid a preliminary injunction based solely on that defense. At a preliminary injunction phase of a case, it may be difficult for an accused infringer to make specific allegations with the particularity required to meet the threshold level of deceptive intent necessary for a finding of inequitable conduct. See,

88. Amazon.com, 239 F.3d at 1350–51.
90. 544 F.3d at 1369.
91. Id.
92. Id.
93. Id. at 1370.
94. Id. at 1370–71.
for example, Sanofi-Synthelabo v. Apotex, Inc.,\(^ {95}\) wherein the Federal Circuit noted that the accused infringer made generalized allegations lacking the particularity required to meet the threshold level of deceptive intent necessary for a finding of inequitable conduct, and thus clearly failed to raise a substantial question as to the enforceability of the asserted patent.\(^ {96}\)

V. Other Factors

A. Irreparable Harm

1. Presumptions and Rebutting Them

As previously noted, in Amazon, the Federal Circuit held that “[i]rreparable harm is presumed when a clear showing of patent validity and infringement has been made.”\(^ {97}\) As previously noted, in eBay, the Supreme Court vacated and remanded a Federal Circuit decision that had applied a “general rule” unique to patent disputes “that a permanent injunction will issue once infringement and validity have been adjudged.”\(^ {98}\) Although some courts may question whether the presumption of irreparable harm set forth in Amazon still applies in view of the Supreme Court’s decision in eBay, the Federal Circuit has not squarely addressed the issue since eBay. The Federal Circuit’s post-eBay decision in Abbott Labs. v. Andrx Pharmas.\(^ {99}\) suggests that the presumption of irreparable harm still applies. There, the court stated that “Abbott has not established a likelihood of success on the merits. As a result, Abbott is no longer entitled to a presumption of irreparable harm.”\(^ {100}\)

On the other hand, the Federal Circuit’s decision in Automated Merchandising Systems, Inc.\(^ {101}\) suggests that the presumption of irreparable harm no longer applies. There, the court stated that in eBay the

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96. 470 F.3d at 1381.
97. 239 F.3d at 1351.
98. 547 U.S. at 393–94, 126 S. Ct. at 1841.
100. Id. at 1347 (emphasis added).
presumption of irreparable harm based just on proof of infringement was discarded. The Federal Circuit further stated that the “burden is now on the patentee to demonstrate that its potential losses cannot be compensated by monetary damages.”

In view of the uncertainty of whether a particular district court will apply a presumption of irreparable harm after a clear showing of patent validity and infringement, patent owners should be prepared to prove irreparable harm without the presumption. Conversely, an accused infringer should be prepared to rebut a presumption of irreparable harm that a particular district court may apply. Discussed below are factors that courts have relied upon to find whether or not irreparable harm has been established at the preliminary relief phase of litigation.

2. Licensing

The Federal Circuit has stated that precedent illustrates that when the patentee is simply interested in obtaining licenses without itself engaging in commerce, equity may add weight to permitting infringing activity to continue during litigation, on the premise that the patentee is readily made whole if infringement is found.

3. Delay

Delay in moving for preliminary relief is a factor that courts have frequently relied upon to find no irreparable harm and deny a motion for preliminary injunction. One court has found a delay in moving for preliminary relief of five (5) months to warrant a denial of a preliminary injunction. Another court found that a delay in moving for a temporary restraining order about one month prior to patent issuance and five days after filing suit with no explanation for the delay appeared to be unreasonable and thus warranted a denial of the requested TRO.

102. 357 Fed. Appx. at 301; slip op at 8–9.
Another court, however, has found a delay of 20 months to be insufficient to deny a preliminary injunction—the delay being attributed to settlement efforts and other circumstances. 106


Courts have found irreparable harm when there is strong evidence of erosion of markets, customers, and pricing that is unlikely to be reversible. 107 A movant should be prepared to present evidence of irreparable harm, as a court will likely find argument alone insufficient. 108

B. Balance of Hardships

1. Hardship to Patent Owner

The patent owner should be prepared to show that any hardship alleged by the accused infringer if preliminary relief is granted is outweighed by the hardship that patent owner will suffer if preliminary relief is not granted. Evidence of irreparable harm is typically relied upon by courts as evidence of the patent owner’s hardship in connection with the balancing of hardships. Upon proof of irreparable harm to the patent owner, it appears that a court will then look to see whether the non-movant can show a countervailing hardship. 109

108. See, e.g., Automated Merchandising Sys., Inc. v. Crane Co., 357 Fed. Appx. 297, 301, 2009 U.S. App. LEXIS 27667 (Fed. Cir. Dec. 16, 2009), stating that lost market share must be proven (or at least substantiated with some evidence) in order for it to support entry of a preliminary injunction, because granting preliminary injunctions on the basis of speculative loss of market share would result in granting preliminary injunctions “in every patent case where the patentee practices the invention.” 
109. Abbott Labs. v. Andrx Pharms., Inc. 452 F.3d 1331, 1348 (Fed. Cir. June 22, 2006) (Teva was “reluctant[t] or unab[le] to quantify the hardship, if any, it will face if an injunction is incorrectly entered” and “there is little choice but to conclude that the balance of hardships favors [Abbott].”)
2. Hardship to Accused Infringer

A compelling hardship that a non-movant may present is that it would cease business operations altogether if preliminary relief is granted.\textsuperscript{110} Other hardships to a non-movant that courts have recognized include the relatively high costs of complying with a preliminary injunction,\textsuperscript{111} keeping its product out of the market, and damage to its reputation and goodwill.\textsuperscript{112} Other hardships can be interruption of customer and commercial relationships,\textsuperscript{113} the freezing of large sums of money invested in a product by the non-movant,\textsuperscript{114} being out the cost of readying a product for launch and launching it, and employee morale.\textsuperscript{115}

A non-movant should be prepared to argue that a preliminary injunction would cause it to suffer a substantial hardship without a corresponding, non-speculative benefit to the movant.\textsuperscript{116}


\textsuperscript{113} FieldTurf USA, Inc. v. AstroTurf, LLC, 2010 U.S. Dist. LEXIS 66823 (E.D. Mich. July 6, 2010) (evidence showing that non-movant had numerous contracts with cities, communities, and school districts that required the accused product to be installed and ready for play for the upcoming season).

\textsuperscript{114} Novo Nordisk A/S v. Pfizer Inc., 2006 U.S. Dist. LEXIS 90387, Slip Op. at 6 (S.D.N.Y. Dec. 16, 2006) (In considering the balance of hardships, the court found that the factor clearly tips in favor of Pfizer due to the huge sums of money in the product, all of which would be frozen during the litigation. The court further stated that Novo was still years from market and would suffer no loss in revenue should Pfizer be found to have infringed the patent.).


\textsuperscript{116} Ascend Geo, LLC v. Oyo Geospace Corp., 2009 U.S. Dist. LEXIS 104129 (S.D. Tex. Nov. 4, 2009) (Other competitors in the relevant market were at least as likely as the patent owner to receive any sales that the non-movant would be precluded from making if the injunction were to issue; the court held that the result of an injunction would be a substantial hardship to the non-movant without a corresponding, non-speculative benefit to the patentee.).
C. Public Interest

1. Healthcare-Related Patents

Of 26 Federal Circuit cases dealing with preliminary relief in patent disputes post-eBay, eight involved healthcare-related patents. In these eight cases, the Federal Circuit vacated a preliminary injunction grant in one case,\(^{117}\) affirmed the denial of a preliminary injunction in four cases,\(^{118}\) and affirmed the grant of a preliminary injunction in three cases.\(^{119}\) Thus, in the Federal Circuit, the success rate of patent owners in obtaining a preliminary injunction based on the reviewed cases is 37.5 percent.

Courts have found that the public interest that favors encouraging pharmaceutical research and development can outweigh the public interest advanced by non-movants. Such a public interest has been found to outweigh an argument that if generic products were removed from the market, consumers would be inclined not to purchase their medication because of the accompanying price increase for the brand-name drug, leading to possible deaths.\(^{120}\)

2. Non-Healthcare-Related Patents

Of 26 Federal Circuit cases dealing with preliminary relief in patent disputes post eBay, 18 cases involved non-healthcare-related patents. One of these cases involved a vacating of a preliminary injunction against a patent owner from future correspondence with present and potential customers.\(^{121}\) In the 17 Federal Circuit cases wherein the patent

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120. Sanofi-Synthelabo, 470 F.3d 1368, 1383 (Fed. Cir. Dec. 6, 2006).
121. GP Indus., Inc. v. Eran Indus., Inc., 500 F.3d 1369 (Fed. Cir. Sept. 20, 2007).
owner sought preliminary relief involving a non-healthcare-related patent, the Federal Circuit vacated a preliminary injunction grant in six cases, affirmed the denial of a preliminary injunction in six cases, affirmed the grant of a preliminary injunction in two cases, and vacated and remanded the denial of a preliminary injunction in three cases. Thus, in the Federal Circuit, when the three remanded denials are excluded, the success rate of patent owners in obtaining a preliminary injunction based on the reviewed cases was two of 14, or 14.3 percent.

3. Non-Practicing Entities (Sometimes Called “Patent Trolls”)

In the Federal Circuit cases reviewed, the Federal Circuit had not yet addressed whether non-practicing patent owners could obtain preliminary relief, and if so, under what set of circumstances. In district court cases, there has been a strong tendency to deny preliminary relief to non-practicing patent owners.123

VI. Post-filing Considerations

A. Scope of the Injunction

Movants should be prepared to show that the scope of preliminary relief sought is warranted and commensurate with their patent rights. Non-movants should be prepared to show that the scope of preliminary relief (or at least a part of requested preliminary relief) is not warranted and is not commensurate with the movants’ patent rights. For example, a movant may be able to show a likelihood of success on infringement as to a first product, but not a second product.

122. In GP Indus., Inc. v. Eran Indus., Inc., the Federal Circuit vacated a vacating of a preliminary injunction against a patent owner from future correspondence with present and potential customers.

123. See, e.g., Powell v. Home Depot, 2009 U.S. Dist. LEXIS 107183, slip op. at 14 (S.D. Fla., Oct. 29, 2009) (Plaintiff was not actively marketing its product, and a lack of commercial activity by the patentee is a significant factor in examining adequacy of monetary damages.).
such a case, preliminary relief should be limited to enjoining the first product only.\textsuperscript{124}

\textbf{B. Bond}

\textbf{1. Strategic Relationship to Irreparable Harm, Balance of Hardships, and Damages}

Any preliminary relief should be accompanied by an appropriate bond posted by the movant in the event it is determined at a later time that the preliminary relief was improvidently granted. Parties should ensure that their arguments on the size of a bond are consistent with their arguments on irreparable harm, balance of hardships, and damages. The amount of a bond is a determination that rests within the sound discretion of a trial court. In a challenge by a non-movant to the posting of a $400 million bond by the patentee, the Federal Circuit noted that the district court based its determination of the bond on evidence that concerned the non-movant’s “potential lost profits, lost market share and associated costs of relaunch” in the event of wrongful enjoinder. The Federal Circuit found no abuse of discretion in the district court’s determination.\textsuperscript{125}

A patentee arguing for preliminary relief should be prepared to post a bond that is commensurate with the accused infringer’s alleged harm should the court grant the preliminary relief. A patentee should also be prepared to post a bond that is consistent with its damages case, e.g., the monetary damages it intends to seek at trial for activities that occurred prior to the granting of preliminary relief.

Conversely, an accused infringer should be careful in arguing for a high bond because those same arguments may be used against it at a damage phase later in the litigation. For example, an accused infringer who argues for a high bond based on the size of the applicable market may be hard-pressed to argue that a smaller market is applicable in a

\textsuperscript{124} NuClimate Air Quality Sys. v. M&I Heat Transfer Prods., 2008 U.S. Dist. LEXIS 56708 (N.D.N.Y., July 24, 2008) (Preliminary injunction granted as to a discontinued product, and preliminary injunction denied as to a second product as the movant did not establish a likelihood of success on infringement as to the second product.).

\textsuperscript{125} Sanofi-Synthelabo, 470 F.3d 1368 (Fed. Cir. Dec. 6, 2006).
later damage phase. In addition, an accused infringer needs to weigh whether to submit evidence relating to its possible lost profits should preliminary relief be granted because the patentee will then learn at an early time information regarding the accused infringer’s sales.

2. Loss of Bond

As previously noted, the posting of a bond is governed by Federal Rule of Civil Procedure 65(c), which provides that:

No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained.

If it is later determined that a non-movant was wrongfully enjoined or restrained, that non-movant is entitled to the bond posted by the movant. A non-movant may want to present to the court a breakdown of the costs and damages it may incur or suffer if it is later found to have been wrongfully enjoined in connection with certain asserted patents or claims, or accused activities. Thus, if the non-movant is later found to have been wrongfully enjoined in connection with certain asserted patents/claims or accused activities but not others, the non-movant may be entitled to a portion of the posted bond.

C. Appeal/Trial Considerations

District court orders granting, continuing, modifying, refusing, or dissolving injunctions, or refusing to dissolve or modify injunctions, are subject to immediate appeal. Grants and denials of preliminary relief have been used by parties to obtain early review by the Federal Circuit on claim construction and likelihood of success on the merits, such as likelihood of success on the merits on infringement and validity.

The early determinations by the district court and/or the Federal Circuit in connection with preliminary relief may in turn facilitate early resolution of litigation through settlement, summary judgment, or early trial on the merits.