April 2, 2019

The Honorable Henry C. Johnson
Chairman, Subcommittee on Courts, Intellectual Property and the Internet
Committee on the Judiciary
United States Senate
Washington DC, 20510

Dear Chairman Johnson:

I write on behalf of the American Bar Association Section of Intellectual Property Law to express its support for legislation to amend the Lanham Act to expressly recognize a presumption of irreparable harm rebuttable by a preponderance of the evidence and testimony if a trademark owner seeks injunctive relief on a likelihood-of-confusion claim and there is a finding that liability is probable (for a preliminary injunction) or an actual finding of liability (for a permanent injunction).

The views expressed herein have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and, accordingly, should not be construed as representing the policy of the ABA.

In eBay Inc. v. MercExchange, LLC, the Supreme Court identified four showings a plaintiff must make to be entitled to injunctive relief, the first of which is that the plaintiff will suffer an irreparable harm in the absence of an injunction.

Prior to eBay—a case addressing allegations of utility patent infringement—courts held with near uniformity that success on the merits of a trademark claim in the permanent injunction context or a showing of likely success on the merits in the preliminary injunction context created a presumption of irreparable harm sufficient to satisfy the first prerequisite for relief.


2 Id. at 391.

3 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.”); Fed. Express Corp. v. Fed. Espresso, Inc., 201 F.3d 168, 174 (2d Cir. 2000) (“[P]roof of a likelihood of confusion would create a presumption of irreparable harm, and thus a plaintiff would not need to prove such harm independently.”); Opticians Ass’n of Am. v. Ind. Opticians of Am., 920
Subsequent to eBay, however, some courts have questioned the viability of that presumption in trademark cases, while others have continued to apply it. Because the Supreme Court has declined to resolve this split, the Section urges the Senate Judiciary Committee to take up legislation to confirm the existence of the presumption in appropriate cases involving the violation of trademark and service mark rights. There are several reasons why the Committee should do so.

First, trademarks inform consumers and protect them against mistaken purchasing decisions in the marketplace. They do so by reducing consumer search costs as consumers learn over time to recognize and rely on certain marks and brands as representations of quality and favorable products or services. Trademark law shields consumers from unscrupulous actors by guaranteeing that the products or services they purchase under particular trademarks encompass certain qualities and attributes they expect. This is a particularly compelling consideration where goods bearing counterfeit imitations of marks are concerned. Trademark litigation therefore implicates the public interest in ways that litigation involving other intellectual property rights does not.

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F.2d 187, 196–97 (3d Cir. 1990) (once a showing of likely confusion is made, the “inescapable conclusion is that there was also irreparable injury”); Gen. Mills, Inc. v. Kellogg Co., 824 F.2d 622, 625 (8th Cir. 1987) (irreparable injury is presumed once the moving party demonstrates probable success in proving a likelihood of confusion).

4 Compare Abraham v. Alpha Chi Omega, 708 F.3d 614, 627 (5th Cir. 2013) (“All that must be proven to establish liability and the need for an injunction against infringement is the likelihood of confusion—jury is presumed once the moving party demonstrates probable success in proving a likelihood of confusion.”) with Herb Reed Enters. v. Fla. Entm’t Mgmt., Inc., 736 F.3d 1239, 1249 (9th Cir. 2013) (“[A]ctual irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action.”).

5 Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 735, 739, (7th Cir. 2013) (“A trademark’s value is the saving in search costs made possible by the information that the trademark conveys about the quality of the trademark owner’s brand.”).

6 Qualitex Co. v. Jacobson Prod. Co., 514 U.S. 159 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, “reduce[s] the customer’s costs of shopping and making purchasing decisions,” 1 J. McCarthy, McCarthy on Trademarks and Unfair Competition § 2.01[2], p. 2–3 (3d ed. 1994) . . . 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.”).
Second, unlike patent law, trademark law protects trademark owners by allowing them to build and maintain positive reputations among consumers through exclusive use of a single source designator for their products or services in the marketplace.\(^7\) When an infringer enters the marketplace, the protections afforded by trademark law are threatened. Consumers encountering new products or services under a recognizable or familiar trademark are naturally likely to believe those products or services emanate from or are related to the original source. This likelihood of confusion reflects the trademark owner’s loss of control over its mark.\(^8\) If the infringer’s products or services do not adhere to the quality or standard that the trademark owner originally imposed, consumers will reconsider their loyalty to the brand. This loss in consumer confidence harms the trademark owner’s investment in its mark and can ultimately destroy or severely damage the trademark owner’s reputation – a loss that in most cases cannot be repaired by monetary relief.\(^9\)

Finally, a key consideration underlying the outcome in \textit{eBay}—a case presenting allegations of utility patent infringement—was the Court’s concern with non-practicing patent “trolls,” i.e., patent owners that own patents “not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”\(^{10}\) Because trademark rights under United States law ultimately depend on use of the underlying mark in commerce\(^{11}\), the opportunity for similar behavior in the trademark context is limited. Further, there is no indication that the Supreme Court intended its decision in \textit{eBay} to extend beyond utility patent infringement and into trademark infringement.

\(^7\) Id. at 162 (“The Lanham Act gives a seller or producer the exclusive right to ‘register’ a trademark, 15 U.S.C. § 1052 . . . and to prevent his or her competitors from using that trademark, § 1114(1).”).

\(^8\) \textit{AMF Inc. v. Sleekcraft Boats}, 599 F.2d 341, 354 (9th Cir. 2003)(“The wrong inheres in involuntarily entrusting one’s business reputation to another business.”)

\(^9\) \textit{Juicy Couture, Inc. v. Bella Int’l Ltd.}, 930 F. Supp. 2d 489, 503 (S.D.N.Y. 2013)(“Irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark ... because loss of control over one’s reputation is neither ‘calculable nor precisely compensable.’”)(quoting \textit{U.S. Polo Ass’n, Inc. v. PRL USA Holdings Inc.}, 800 F.Supp.2d 515, 540 (S.D.N.Y.2011)).

\(^{10}\) 547 U.S. at 396.

\(^{11}\) \textit{McCarthy on Trademarks and Unfair Competition} § 6:3 (5th ed.) (“Trademark rights grow out of use, not mere invention. To acquire ownership of a trademark, one must actually use the designation in the marketplace as a mark in the sale of goods or services.”)
Congressional confirmation of the presumption of irreparable harm would not preclude defendants from rebutting it by a preponderance of the evidence and testimony. Thus, for example, as was the case prior to eBay, a defendant could defeat a request for preliminary injunctive relief by demonstrating the plaintiff unreasonably delayed in bringing that request.12 Likewise, a showing of complete cessation by a defendant also could have the same effect.13 That confirmation would, however, provide much-needed clarity and consistency to courts and litigants alike, as well as eliminate an opportunity for forum-shopping by the latter.

The ABA appreciates your consideration of this issue, as well as of our recommendation regarding modification of the Lanham Act to address it. Should you have any questions concerning the ABA’s views, please feel free to contact Kira Alvarez with the ABA Governmental Affairs Office at 202-662-1779 or kira.alvarez@americanbar.org.

Very truly yours,

Mark K. Dickson
Chair, ABA Section of Intellectual Property Law

cc:

Jerrold Nadler, Chairman, Committee on the Judiciary, U.S. House of Representatives

Doug Collins, Ranking Member, Committee on the Judiciary, U.S. House of Representatives

Martha Roby, Ranking Member, Subcommittee on Courts, Intellectual Property and the Internet, Committee on the Judiciary, U.S. House of Representatives

12 See, e.g., Pharmacia Corp. v. Alcon Labs., 201 F. Supp. 2d 335, 382 (D.N.J. 2002) (“Any claim to irreparable injury is undercut by the plaintiff’s lengthy and inexcusable delay in bringing this action for preliminary injunctive relief.”).