RESOLVED, That the American Bar Association: supports recognition of a rebuttable presumption of irreparable harm for purposes of the availability of injunctive relief in a trademark infringement action in which there is a finding of a likelihood of success on the merits of an infringement claim (for a preliminary injunction or temporary restraining order) or a finding of infringement (for a permanent injunction); and

FURTHER RESOLVED, That the American Bar Association further supports amending Section 34 of the Lanham Act, 15 U.S.C. § 1116, to provide for such a presumption.
This Resolution supports recognition of a rebuttable presumption of irreparable harm for purposes of the availability of injunctive relief in a trademark infringement action in which there is a finding of a likelihood of success on the merits of an infringement claim (for a preliminary injunction or temporary restraining order) or a finding of infringement (for a permanent injunction). This Resolution also supports an amendment to the salient remedial section of the Lanham Act, 15 U.S.C. § 1116, to codify such a presumption. The Resolution therefore will allow the Association to take a position on an issue as to which there is a split in the federal circuits.

Injunctive Relief and the Underlying Principles of Trademark Law

The test for infringement of a trademark or service mark is whether confusion is likely between the parties’ respective marks.\(^1\) In cases in which infringement is proven, the Lanham Act grants courts “the power to grant injunctions, according to the principles of equity.”\(^2\) The grant of injunctive relief is within the equitable discretion of the court and is based on a balance of equitable factors.\(^3\) A movant seeking permanent injunctive relief must demonstrate that: (i) it has suffered an irreparable harm; (ii) remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (iii) considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (iv) the public interest would not be disserved by a permanent injunction.\(^4\) Similarly, a movant seeking preliminary injunctive relief must demonstrate that: (i) it is likely to succeed on the merits; (ii) it is likely to suffer irreparable harm in the absence of preliminary relief; (iii) the balance of equities tips in the movant’s favor; and (iv) an injunction is in the public interest.\(^5\) As is apparent, the standards for preliminary and permanent injunctive relief are essentially the same, with the exception that the plaintiff must show a likelihood of success on the merits for preliminary relief rather than actual success as required for permanent injunctive relief.\(^6\)

Trademark owners frequently seek injunctive relief in infringement cases, and courts have long considered the above factors when weighing whether injunctive relief is

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\(^1\) 15 U.S.C. §§ 1114, 1125(a).
\(^2\) Id. § 1116(a).
\(^3\) 5 J Thomas McCarthy, McCarthy on Trademarks & Unfair Competition, § 30:30 (4th ed. 2012) (citing numerous federal cases); see e.g., Fed. Exp. 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 … . By the same token, however, if the plaintiff does not show likelihood of success on the merits, it cannot obtain a preliminary injunction without making an independent showing of likely irreparable harm.”); Opticians Ass’n of Am. v. Ind. Opticians of Am., 920 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).
appropriate in the trademark infringement context. Until 2006, the presumption of irreparable harm was largely uncontroversial.\(^7\) For decades, courts in trademark infringement cases have presumed the element of irreparable harm upon a demonstration of infringement.\(^8\) Courts and commentators favored its application because of the basic underlying principles of trademark law and the specific damage resulting from trademark infringement.\(^9\)

Unlike patent and copyright law, both of which reward and motivate the rights holder, trademark law rests on the protection of a single, distinct source designator for a mark owner’s products or services, which also protects consumers from confusion, deceit, and inferior products. Through long-standing and continuous use of particular marks in connection with specific goods or services, trademark owners build up goodwill in their marks. This goodwill, in turn, reduces consumer search costs as consumers learn over time to recognize and rely on certain trademarks and brands as representations of high quality and favorable products or services. Thus, trademark law protects consumers by guaranteeing that the products or services they purchase under particular trademarks encompass certain qualities and attributes they expect. Furthermore, 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.\(^10\)

An infringer’s entry into the marketplace threatens protections afforded by trademark law. Consumers who encounter new products or services under a recognizable or familiar trademark are 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. If the infringer’s products or services do not adhere to the quality or standard that originally imposed by the trademark owner, 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. As the Seventh Circuit has explained in a post-\textit{eBay} and post-\textit{Winter} opinion affirming the entry of a preliminary injunction and without expressly relying on the plaintiff’s factual showing of irreparable harm:

If a significant number of consumers confused the [parties’] names and thought [the defendant’s] products were made by [the plaintiff], [the plaintiff] could be badly hurt. 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. The brand’s reputation for quality depends on the owner’s expenditures on product quality and quality control, service, advertising, and so on. Once the reputation is created, the firm will obtain greater profits because repeat purchases and word-of-mouth endorsements will add to sales and because consumers will be willing to

\(^7\) MCCARTHY, \textit{supra} note 3, § 30:47.
\(^8\) \textit{Id.} (citing cases).
\(^9\) \textit{Id.}
pay a higher price in exchange for a savings in search costs and an assurance of consistent quality. These benefits depend on the firm’s ability to maintain that consistent quality. When a brand’s quality is inconsistent, consumers learn that the trademark does not enable them to predict their future consumption experiences from their past ones. The trademark does not then reduce their search costs. They become unwilling to pay more for the branded than for the unbranded good, and so the firm no longer earns a sufficient return on its expenditures on promoting the trademark to justify them.11

Once the owner has lost the ability to control its reputation and use of its mark in commerce, no amount of money can regain consumer confidence and put a trademark owner back in the position it was in prior to an infringer’s activity in the marketplace.12 While a trademark owner’s actual damages or a defendant’s profits gained from infringement may be quantifiable, the continuing damage to the trademark owner’s reputation, goodwill and consumer base is impossible to remedy without injunctive relief.13 Courts therefore have held a “likelihood of damage to reputation is by its nature ‘irreparable’” and traditionally presumed irreparable harm in trademark infringement cases upon a finding of a likelihood of confusion.14

Codification of this long-standing practice is especially important in light of the United States Supreme Court decisions in eBay v. MercExchange, LLC,15 which rejected an “automatic” application of permanent injunctive relief in patent infringement cases upon a finding of liability,16 and in Winter v. Natural Res. Def. Council, Inc.,17 which extended eBay into the preliminary injunction context. While eBay dealt with patent infringement and Winter arose under federal environmental law, some of the Supreme Court’s language has led numerous federal courts to reconsider the applicability of the irreparable harm presumption to trademark infringement cases.18 Other courts, however, have continued to apply the presumption, creating the split in the circuits addressed by this resolution.19

12 McCarthy, supra note 3, § 30:2 (citing cases).
13 Id. § 30:47 (comparing monetary damages to “trying to un-ring a bell”).
14 Id.
16 547 U.S. at 393–94.
19 See, e.g., Cmty. of Christ Copyright Corp. v. Devon Park Restoration, 634 F.3d 1005, 1012 (8th Cir. 2011) (“[The plaintiffs] face[] irreparable harm from [the defendants’] use of the [plaintiffs’] marks because in trademark law, injury is presumed once a likelihood of confusion has been established.”); Deckers Outdoor Corp. v. Does 1-100, 105 U.S.P.Q.2d 1894, 1898 (N.D. Ill. 2013) (“There is a ‘well-established presumption that injuries arising from Lanham Act violations are irreparable, even absent a showing of business loss.’” (quoting Abbott Labs. v. Mead Johnson & Co., 971 F.2d 6, 16 (7th Cir. 1992)); Diamonds Direct USA, Inc. v. BJF Holdings, Inc., 895 F. Supp. 2d 752, 761 (E.D. Va. 2012) (“In Lanham Act cases
In 2006, the U.S. Supreme Court held in eBay that courts should not automatically grant injunctive relief upon a finding of patent infringement. eBay dealt with the specific issue of non-practicing patent “trolls,” (i.e., patent owners that use patents “not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”), while Winter addressed whether the Navy’s use of sonar during training exercises would harm marine mammals in the vicinity.

The eBay Court based its decision on the language of the Patent Act of 1952, which provides for injunctive relief in accordance with “principles of equity.” Ultimately, the Court confirmed the long-standing principle that courts must consider and weigh the traditional four-part test for permanent injunctive relief set forth above before deciding whether that relief is warranted.

Notably, there is no issue in trademark law analogous to the facts at issue in eBay (or Winter). A patent involves the right to “exclud[e] everyone from making, using or vending the patented article, without the permission of the patentee.” The purpose behind a patent is not only to reward the inventor, but to “encourage a public disclosure of inventions so that after the [patent] expires, the public is free to take unrestricted advantage of the invention.” The invention of new devices or processes is beneficial to society, and the profit incentive for patent holders therefore induces creativity.

On the other hand, trademark laws prevent consumer confusion and damage to the trademark owner’s good will. Unlike patent rights, trademark rights do not exist unless the mark is actually being used in commerce. Therefore, the concerns about patent trolls are not as prevalent in the trademark context. Thus, the injury in the trademark involving trademark infringement, a presumption of irreparable injury is generally applied once the plaintiff has demonstrated a likelihood of confusion, the key element in an infringement case.” (quoting Scotts v. United Indus. Corp., 315 F.3d 264, 273 (4th Cir. 2002) (internal quotation marks omitted)); Pure Fishing, Inc. v. Redwing Tackle, Ltd., 888 F. Supp. 2d 726, 737 (D.S.C. 2012) (“Generally, in the Fourth Circuit, the trademark owner is entitled to injunctive relief against an infringer because, ‘regardless of any potential injury to sales or to the mark itself, trademark infringement primarily represents an injury to reputation.’ The Fourth Circuit, therefore, holds that a permanent injunction may be granted without a specific hearing on the issue when there already have been findings on liability.” (quoting Lone Star Steakhouse & Saloon v. Alpha of Va., 43 F.3d 922, 939 (4th Cir. 1995)); Hanley-Wood LLC v. Hanley Wood LLC, 783 F. Supp. 2d 147, 151 (D.D.C. 2011) (“Generally, trademark infringement, by its very nature, carries a presumption of harm.”)).

20 547 U.S. at 393–94.  
21 555 U.S. at 22.  
22 547 U.S. at 396.  
23 555 U.S. at 7.  
25 547 U.S. at 394.  
26 Bloomer v. McQuewan, 55 U.S. 539, 549 (1852).  
infringement context is fundamentally different from the injury in the patent infringement context, which eBay addressed.

In fact, the eBay Court elected to compare the Patent Act to the Copyright Act, not the Lanham (Trademark) Act. The Court held its rejection of a presumption of irreparable harm in patent cases was “consistent with our treatment of injunctions under the Copyright Act.” Furthermore, the Court acknowledged that it had “consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed,” and concluded that it was appropriate to apply the same principles from copyright cases to patent cases.

By contrast, the presumption of irreparable harm in trademark infringement cases only applies to one of four factors properly taken into account in the inquiry into whether injunctive relief is appropriate. The presumption only applies once the trademark owner proves infringement (for a permanent injunction) or a likelihood of success of the same (for a preliminary injunction). Even then, a defendant may rebut the presumption by, for example, documenting the mark owner’s delay in seeking relief. Likewise, courts will deny injunctive relief if legal remedies such as an award of actual damages will make the mark owner whole or if the balance of hardships weighs in the defendant’s favor. By its nature, the presumption of irreparable harm is not a categorical or automatic rule. Therefore, consistent with the Court’s decision in eBay, injunctions do not automatically follow a determination of trademark infringement.

Despite these distinctions, and the special importance of the presumption in the trademark context, federal courts have since grappled with the issue of whether the rule from eBay should extend to the presumption of irreparable harm in trademark cases. Although most opinions continuing to apply a presumption of irreparable harm have not expressly addressed the implications of eBay, some have held either that eBay is inapplicable in trademark cases altogether, or that it does not apply outside of the permanent injunction context.

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28 Id.
29 Id. at 392–93.
32 See, e.g., Reservoir, Inc. v. Truesdell, 1 F. Supp. 3d 598, 617 (S.D. Tex. 2014) (denying injunctive relief because “monetary damages can adequately compensate Plaintiffs for past injury they prove they have suffered”).
34 See, e.g., Basis Int’l Ltd. v. Research in Motion Ltd., 827 F. Supp. 2d 1302, 1310 n.5 (D.N.M. 2011) (“I agree with [the plaintiff] that [eBay] does not change the analysis here. Unlike patent cases, trademark cases involve intangibles like the trademark owner’s reputation and goodwill.”).
In contrast, many courts have held that the presumption of irreparable harm no longer applies after *eBay* and *Winter*, and others dealing with injunctive relief in trademark infringement cases since these decisions have questioned the validity of the presumption of irreparable harm, without affirmatively taking a position one way or the other.

In fact, courts “rejecting” the presumption often find irreparable harm using the same evidence and analysis used to find a likelihood of or success on the merits. If the presumption of irreparable harm rests on a finding of infringement, and establishing actual irreparable harm rests on likelihood of success on the merits of an infringement claim, then, there is no difference in either analysis. This duplicative analysis may prove inefficient, but application of the presumption eliminates this additional step.

In some cases, plaintiffs have resorted to demonstrating their entitlement to injunctive relief through independent factual showings of irreparable harm, often arising from the loss of control over their reputations. These additional showings increase the


36 See, e.g., *Paulsson Geophysical Servs.*, 529 F.3d at 312 (holding there is “no need to decide whether a court may presume irreparable injury upon finding a likelihood of confusion in a trademark case . . . . [Plaintiff] had lost control of the quality of the technology that was being associated with its mark. Such damage to [Plaintiffs’] goodwill . . . could not be quantified. Thus, the damage to [Plaintiff] could not be undone by monetary remedies.”); *Country Fare LLC v. Lucerne Farms*, 102 U.S.P.Q.2d 1311, 1314 (D. Conn. 2011) (finding it “unnecessary” to address continued viability of presumption in light of plaintiff’s factual showing of irreparable harm); *Happy Sumo Sushi Inc. v. Yapona*, 89 U.S.P.Q.2d 1380, 1386 (D. Utah 2008) (declining to pass on continued viability of presumption of irreparable harm after *eBay* on ground that “[the plaintiff] has shown irreparable harm by the loss of good will, business reputation, and loss of control over its trade dress”); *TGI Friday’s Inc. v. Great Nw. Rests., Inc.*, 652 F. Supp. 2d 763, 771 (N.D. Tex. 2009) (granting preliminary injunction and noting that court “need not presume irreparable injury because . . . [the plaintiff] has established a substantial threat of irreparable injury without such a presumption”).

37 See, e.g., *Seed Servs., Inc. v. Winsor Grain, Inc.*, 868 F. Supp. 2d 998, 1005 (E.D. Cal. 2012) (rejecting the presumption but nevertheless finding a likelihood of irreparable harm based on the threat of the loss of the trademark owner’s control over its business reputation as a result of the infringer’s activity; see also, e.g., *CJ Prods. LLC v. Snuggly Plushez LLC*, 809 F. Supp. 2d 127, 156 (E.D.N.Y. 2011) (rejecting presumption but nevertheless finding that “[d]ue to the high likelihood of confusion—and instances of actual confusion—between defendants’ and plaintiffs’ products, plaintiffs’ reputation and goodwill will be substantially damaged without the issuance of a preliminary injunction.”); *Sound Surgical Techs., LLC v. Leonard A. Rubenstein, M.D.*, 734 F. Supp. 2d 1262, 1277-78 (M.D. Fla. 2010) (“[E]ven if Plaintiff is not entitled to a presumption of irreparable harm, the Court finds that Plaintiff has shown a substantial threat of consumer confusion and resulting irreparable harm to its reputation and the goodwill represented by its marks.”); *Montblanc-Simplo Gmbh v. Colibri Corp.*, 692 F. Supp. 2d 245, 258 (E.D.N.Y. 2010) (finding that prevailing plaintiffs had successfully demonstrated eBay’s requirements for permanent injunctive relief
cost of litigation, delay access to justice and make the issuance of injunctions inconsistent. While for others, the unavailability of the presumption has proven fatal to their requests for injunctive relief.\textsuperscript{38}

Conclusion

Infringement of a trademark harms the mark’s owner in a manner that strikes at the very nature of the owner’s rights to the mark; it also risks deceiving the public into making mistaken purchasing decisions. When infringement occurs, the mark owner therefore should receive the benefit of a rebuttable presumption of irreparable harm for purposes of the mark owner’s entitlement to injunctive relief to avoid further damage to its goodwill and reputation, as well as confusion among the public.

The policy underlying this Resolution does not conflict with the Supreme Court’s decisions in \textit{eBay} or \textit{Winter}, because the mark owners still will need to satisfy the other prerequisites for injunctive relief. Moreover, because the presumption of irreparable harm in trademark cases is not and never has been an automatic or categorical rule, defendants will continue to have the opportunity to rebut it and thereby defeat the availability of injunctive relief even if the other relevant factors favor the entry of that relief. Implementation of the policy underlying this Resolution would merely confirm the long-standing role of the presumption in trademark litigation.

Respectfully submitted,

George W. Jordan III, Chair
Section of Intellectual Property Law
February 2020

\textsuperscript{38} See, e.g., \textit{Mirina Corp. v. Marina Biotech}, 770 F. Supp. 2d 1153, 1162 (W.D. Wash. 2011) (finding that plaintiff had raised serious questions going to the merits of its infringement claim but nevertheless denying preliminary injunction on ground that “[p]laintiff has entirely failed to submit any proof [of irreparable harm] beyond speculation as to its reputation or goodwill in the relevant market, which leaves the court with no basis upon which to evaluate any intangible harm”).
101A

GENERAL INFORMATION FORM

Submitting Entity: Section of Intellectual Property Law

Submitted By: George W. Jordan III, Section Chair

1. **Summary of the Resolution(s).**

   This Resolution supports a rebuttable presumption of irreparable harm for a preliminary or permanent injunction in trademark infringement cases. This Resolution also supports amending Section 34 of the Lanham Act, 15 U.S.C. § 1116, to provide for such a presumption.

2. **Approval by Submitting Entity.**

   The Section of Intellectual Property Law Council approved the Resolution on August 9, 2014.

3. **Has this or a similar resolution been submitted to the House or Board previously?**

   No.

4. **What existing Association policies are relevant to this Resolution and how would they be affected by its adoption?**

   None.

5. **If this is a late report, what urgency exists which requires action at this meeting of the House?**

   Not applicable.

6. **Status of Legislation. (If applicable)**

   None yet.

7. **Brief explanation regarding plans for implementation of the policy, if adopted by the House of Delegates.**

   This Resolution will provide Association support for amending the remedial section of the Lanham Act, 15 U.S.C. § 1116, regarding injunctive relief, as well as for the submission of an amicus brief in an appropriate case addressing the showing of irreparable harm necessary to support the entry of injunctive relief in trademark infringement or unfair competition litigation.
8. **Cost to the Association.** (Both direct and indirect costs)

   Adoption of the recommendations will not result in additional direct or indirect costs to the Association.

9. **Disclosure of Interest.** (If applicable)

   There are no known conflicts of interest regarding this Resolution and Report.

10. **Referrals.**

    The Resolution and Report will be distributed to each of the other Sections, Divisions, Forums, and Standing Committees of the Association in the version accepted and numbered for the agenda by the Rules and Calendar Committee.

11. **Name and Contact Information (Prior to the Meeting).** Please include name, telephone number and e-mail address. *Be aware that this information will be available to anyone who views the House of Delegates agenda online.*

    William L. LaFuze  
    Section of Intellectual Property Law Delegate to the House of Delegates  
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12. **Name and Contact Information.** (Who will present the Resolution with Report to the House?) Please include best contact information to use when on-site at the meeting. *Be aware that this information will be available to anyone who views the House of Delegates agenda online.*

    William L. LaFuze  
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EXECUTIVE SUMMARY

1. **Summary of the Resolution.**

   This Resolution supports a rebuttable presumption of irreparable harm for purposes of preliminary or permanent injunctive relief in trademark infringement cases. This Resolution also supports amending Section 34 of the Lanham Act, 15 U.S.C. § 1116, to provide for such a presumption.

2. **Summary of the issue that the resolution addresses.**

   This Resolution supports that when a trademark owner seeks injunctive relief in an infringement case, a rebuttable presumption of irreparable harm shall exist when there is a finding of reasonable likelihood of success on the merits of the mark owner’s infringement claim (for a preliminary injunction or temporary restraining order) or a finding of infringement (for a permanent injunction).

3. **Please explain how the proposed policy position will address the issue.**

   This Resolution would allow the ABA to file an amicus brief to support resolution of a pronounced split in the federal circuits on a substantial question of federal law and to support an amendment to the remedial section of the Lanham Act, 15 U.S.C. § 1116, regarding injunctive relief.

4. **Summary of any minority views or opposition internal and/or external to the ABA which have been identified.**

   The Section of Intellectual Property Law is unaware of any ABA or non-ABA minority views or opposition.