

Applicability of the Presumption of Irreparable Harm After *eBay*

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Intellectual property cases often involve requests for injunctive relief, both preliminary injunctions at the beginning of litigation and permanent injunctions after a party prevails on the merits. Damages can be hard to prove with certainty, and stopping the infringing conduct often is the plaintiff's most important business objective. The standard for awarding injunctive relief and the proof required to meet that standard therefore are very important issues.

"Irreparable harm is the 'sine qua non' of injunctive relief."¹ Historically, many courts have presumed the existence of irreparable harm in intellectual property cases once the plaintiff has succeeded on the merits of its claim or, in the preliminary injunction context, established the likelihood of success.² The U.S. Supreme Court's 2006 decision in *eBay, Inc. v. MercExchange, LLC*,³ however, changed the legal landscape regarding the presumption of irreparable harm in intellectual property cases. In *eBay*, the Supreme Court reversed the prevailing rule in patent cases that once a plaintiff prevailed on the merits of an infringement claim, irreparable harm is presumed and an injunction ordinarily should issue. The *eBay* Court rejected this presumption and held that in a patent case, a party seeking a permanent injunction must establish each prong of the traditional four-factor test for injunctive relief before a court may grant an injunction.

Surprisingly, five years later lower federal courts continue to grapple with the scope and applicability of the *eBay* decision. Does the *eBay* rationale apply beyond patent cases? Should it apply to preliminary injunctive relief as well as permanent injunctions? What impact does *eBay* have on injunctive relief in franchise litigation?

This article analyzes how lower federal courts have interpreted the *eBay* decision in the context of other intellectual property fields and specifically in the context of franchise litigation. The article first summarizes the Supreme Court's *eBay*



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decision. It then reviews how courts have applied that decision in cases involving patent, copyright, trademark, false advertising, and trade secret claims. Finally, the article addresses practical litigation issues in the wake of *eBay*, including its impact on injunctions in franchise cases and tips for proving irreparable harm to obtain injunctive relief from courts that apply *eBay*'s new standard.

Supreme Court's *eBay* Decision

In 2006, the Supreme Court changed long-standing rules regarding injunctive relief in patent cases. Prior to *eBay*, once a plaintiff proved patent infringement, courts would presume that irreparable harm resulted from the infringement and almost always granted injunctive relief. In *eBay*, the Supreme Court rejected this practice of presuming irreparable harm and instead applied the traditional analysis for injunctive relief, including the requirement of proof that irreparable harm is likely in the absence of an injunction. The rationale of *eBay* also opened the door for challenges to presumptions of irreparable harm in the other intellectual property fields.

The underlying facts are straightforward. MercExchange filed a patent infringement suit against eBay and Half.com in the U.S. District Court for the Eastern District of Virginia. A jury upheld the validity of the patent, found that eBay and Half.com infringed the patent, and awarded damages. The district court subsequently denied MercExchange's motion for permanent injunctive relief. The Federal Circuit reversed the district court and applied what it referred to as the "general rule" that permanent injunctions will be issued for patent infringement "absent exceptional circumstances."⁴ The Supreme Court granted certiorari to consider this general rule for injunctive relief in patent cases.

Half.com and eBay argued that the traditional four-part test for injunctive relief should apply to patent infringement cases, rather than the existing presumption that eliminated any burden on plaintiffs to show irreparable harm and thus made injunctive relief readily accessible.⁵ The Supreme Court unanimously agreed. Articulating the traditional test for permanent injunctive relief, the Court held that a patent infringement plaintiff must demonstrate

- (1) that it has suffered an irreparable injury;
- (2) that remedies available at law . . . 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;

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and (4) that the public interest would not be disserved by a permanent injunction.⁶

The Court vacated the Federal Circuit's ruling and remanded the case to the district court to decide the injunction request and apply the four-part test without any presumption of irreparable harm. Although *eBay* was a patent infringement case, the Court noted that the elimination of any presumption of irreparable harm was consistent with its treatment of injunctions under the Copyright Act, stating that "this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows. . . ."⁷

Although the judgment in *eBay* was unanimous, Chief Justice Roberts and Justice Kennedy wrote significant concurring opinions. Chief Justice Roberts' concurrence focused on the historical context of injunctions in patent infringement cases, and although he agreed that a *prima facie* showing of infringement should not automatically entitle a patentee to a presumption of irreparable harm, he also reasoned that even without such a presumption, injunctions should issue more often than not to protect the nature of patentees' property rights.⁸ While Chief Justice Roberts looked to the past, Justice Kennedy looked ahead in his concurrence. He acknowledged the "rapid technological and legal developments in the patent system"⁹ and maintained that the newly adopted four-factor

nary injunction in light of four factors," citing the criteria set forth in *eBay*.¹³ The court vacated the district court's grant of an injunction based on the lack of evidence of irreparable harm to the plaintiff.¹⁴ The Federal Circuit has continued to apply the four-factor test for injunctive relief from *eBay*, placing the burden on the patentee to show the likelihood of irreparable harm in the absence of an injunction.¹⁵

The Federal Circuit recently removed any remaining doubt in *Robert Bosch LLC v. Pylon Manufacturing Corp.*¹⁶ The court discussed its previous practice of applying the presumption, stating that "this court followed the general rule that a permanent injunction will issue once infringement and validity have been adjudged, absent a sound reason to deny such relief."¹⁷ The court went on to announce: "We take this opportunity to put the question to rest and confirm that *eBay* jettisoned the presumption of irreparable harm as it applies to determining the appropriateness of injunctive relief."¹⁸

Despite this pronouncement, the Federal Circuit reversed the district court's denial of the injunction and cautioned against taking *eBay* too far and being too quick to deny an injunction to the patentee.¹⁹ The court opined that despite the death of the presumption of irreparable harm, "it does not follow that courts should entirely ignore the fundamental nature of patents as property rights granting the owner the right to exclude."²⁰ Just because *eBay* requires the patentee to show irreparable harm, the court reasoned, the pendulum should not necessarily swing in the opposite direction.²¹ Accordingly, the court found that the district court "made a clear error in judgment in its analysis of the irreparable harm factor" by relying exclusively on certain factors to determine a lack of such harm when there was "overwhelming evidence to the contrary."²² The Federal Circuit in *Bosch* thus emphasized two significant points: it unequivocally confirmed *eBay*'s rejection of any presumption of irreparable harm in patent infringement cases, while also highlighting the significance of a patentee's right to exclude as an important factor in the irreparable harm and injunctive relief analysis.

District courts have generally followed *eBay* closely in patent infringement cases.²³ Those cases, however, appear to demonstrate a trend of district courts looking to the concurring opinions, specifically Justice Kennedy's, for guidance in applying the irreparable harm factor.²⁴ Studies have shown that district courts are far more likely to grant injunctive relief to patentees actively engaged in competition with the infringer, rather than those that do not actively use their patents.²⁵ Many district court opinions quote *eBay*'s concurring opinions as much as, if not more than, the majority opinion, suggesting that district courts seek more flexibility and discretion in applying the four-factor *eBay* test to protect active patentees as opposed to those solely seeking licensing income.²⁶

Copyright Cases

Among the other fields of intellectual property law, courts have applied *eBay* most consistently to copyright cases. Three appellate court decisions in particular helped to extend the *eBay* decision from the patent to the copyright context.

In *Salinger v. Colting*, the plaintiff sought a preliminary

Chief Justice Roberts reasoned that, even without a presumption [of irreparable harm], injunctions should issue more often than not to protect patentees' property rights.

test would give courts more flexibility in assessing the necessity of a request for injunctive relief.¹⁰ He also warned of a growing trend where "firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees," and that such firms might exploit injunctive relief under the old standard as a bargaining tool for licensing purposes.¹¹

Lower Courts' Application of *eBay* Patent Cases

Because *eBay* was a patent case, it is not surprising that lower courts have applied its holding most uniformly in the patent context. Shortly after the Supreme Court's decision in *eBay*, the Federal Circuit applied the traditional four-factor test for preliminary injunctive relief in a patent infringement case in lieu of presuming irreparable harm. In *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*,¹² the court stated that the party seeking an injunction "had to establish its right to a prelimi-

injunction to stop the publication of a book alleged to be an unauthorized derivative work of *The Catcher in the Rye*.²⁷ The district court granted the plaintiff's motion for a preliminary injunction, based in part on its presumption of irreparable harm after the plaintiff had established a prima facie case of copyright infringement, following pre-*eBay* Second Circuit precedent.²⁸ In a footnote, the district court acknowledged the defendant's argument that *eBay* "undermines the validity of this presumption" but stated that because *eBay* was a patent case, it did not control the outcome in this case.²⁹

On appeal, the Second Circuit departed from its prior rulings and held that *eBay* directly abrogated the presumption of irreparable harm in copyright infringement cases.³⁰ The court held that "*eBay* applies with equal force (a) to preliminary injunctions (b) that are issued for copyright infringement," noting that nothing in the language of the *eBay* decision limited its holding strictly to either patent cases or permanent injunctions.³¹ The court explained that the Supreme Court relied on copyright cases in reaching its decision in *eBay*, so there is no basis for differentiating patent and copyright cases applying that decision.³² The *Salinger* court stated that after *eBay*, "courts must not simply presume irreparable harm . . . rather, plaintiffs must show that, on the facts of their case, the failure to issue an injunction would actually cause irreparable harm."³³ Significantly, the court expressed its view in a footnote that although the holding in the instant case was narrower, "we see no reason that *eBay* would not apply with equal force to an injunction in *any* type of case."³⁴

The Ninth Circuit subsequently addressed the application of *eBay* in the copyright context in *Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*³⁵ Here, the district court granted a preliminary injunction in response to the defendant's alleged copyright infringement of technical aircraft maintenance stand drawings.³⁶ In granting the injunction, the district court relied on Ninth Circuit precedent applying the presumption of irreparable harm upon a showing of a likelihood of success on the merits in copyright infringement cases.³⁷ The defendant appealed, arguing that the decision in *eBay* made the district court's presumption of irreparable harm improper.³⁸

As in *Salinger*, the Ninth Circuit agreed that *eBay* should apply in the copyright context as well as in patent cases. The *Flexible Lifeline* court held that *eBay* made its prior precedent "no longer good law"³⁹ and that *eBay* should not be narrowly read to apply solely to patent cases or permanent injunctions.⁴⁰ Holding that a copyright plaintiff "must demonstrate a likelihood of irreparable harm as a prerequisite for injunctive relief, whether preliminary or permanent,"⁴¹ the court vacated the injunction and remanded the case to the district court for reconsideration in compliance with *eBay*.

Most recently the Fourth Circuit addressed this issue in *Bethesda Softworks, LLC v. Interplay Entertainment Corp.*⁴² The copyright holder in this case did not argue that *eBay* was inapplicable in the copyright context but instead focused its argument on the distinction between a permanent injunction and a preliminary injunction. According to the copyright holder, *eBay* applied only to permanent injunctions, and the presumption of irreparable harm should still apply in the con-

text of a preliminary injunction where the plaintiff establishes a likelihood of success on the merits.⁴³ The court disagreed, explaining that the equitable principles underlying *eBay* apply equally to permanent and preliminary injunctions, and the presumption of irreparable harm does not apply in either context.⁴⁴ The court affirmed the denial of injunctive relief and upheld the district court's ruling requiring the copyright holder to show copyright infringement "that can be stopped or needs to be stopped before it causes irreparable harm."⁴⁵

District courts have generally followed the lead of *Salinger*, *Flexible Lifeline*, and *Bethesda Softworks* and refused to apply a presumption of irreparable harm in copyright cases based on

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eBay.⁴⁶ Some district courts continue to struggle with how to reconcile their prior copyright law precedent with the holding in *eBay*.⁴⁷ A minority of district courts appear to cling to the presumption in copyright cases.⁴⁸ In *White v. Marshall*, the court quoted language directly from *eBay* for the elements required to issue a permanent injunction, yet in the very next sentence stated that the presumption of irreparable harm exists where a copyright holder establishes infringement.⁴⁹ Overall, cases like this appear to be the exceptions to the developing rule applying *eBay* to injunctions in copyright cases.

Trademark Cases

Outside the patent context, trademark infringement cases have generated the majority of decisions regarding the application of *eBay* in intellectual property cases. Interestingly, these trademark decisions have not been conclusive. Federal circuit courts generally have shied away from making definitive holdings regarding the applicability of *eBay* and whether a presumption of irreparable harm is appropriate in a trademark infringement case, or the extent to which success on the merits constitutes evidence of irreparable harm.

Before *eBay*, courts generally presumed irreparable harm in trademark cases where the plaintiff established infringement after trial or a substantial likelihood of success on the merits at the preliminary injunction stage. A trademark infringement plaintiff must prove that the defendant's unauthorized use of the plaintiff's mark is likely to cause consumer confusion.⁵⁰ The purpose of a trademark is to identify a product's source or sponsorship, thereby providing consumers with some assurance of its quality.⁵¹ If a trademark holder loses control of its trademark, it no longer controls its own reputation, its goodwill, or the quality of the product or service associated with

that trademark. As a result, the trademark no longer provides reliable information to the consuming public about the product or the company.⁵² Courts have long recognized that harm to reputation and goodwill is difficult to quantify and can cause immeasurable harm to the trademark owner.⁵³ Thus, by the time of the *eBay* decision, courts generally accepted that irreparable harm automatically followed, or could be presumed, from a finding of likely consumer confusion.⁵⁴

In one of the first appellate decisions in a trademark case after *eBay*, the Sixth Circuit in *Audi AG v. D'Amato*⁵⁵ applied the *eBay* four-factor test to affirm the district court's grant of a permanent injunction. With very little analysis, the court concluded that Audi would be irreparably harmed if the defendant continued to deceive customers and sell counterfeit merchandise using the Audi marks.⁵⁶ The court did not address whether irreparable harm could be presumed in light

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of *eBay*, but the holding suggested that Audi had presented sufficient evidence of irreparable harm and did not need to rely on a presumption.⁵⁷

In *Dominic's Restaurant of Dayton, Inc. v. Mantia*, the district court followed the Sixth Circuit's lead and acknowledged the argument that *eBay* may have displaced the long-standing rule that a court needs only to find infringement for injunctive relief to follow.⁵⁸ The court held that the plaintiff had shown a likelihood of confusion and a likelihood of harm to its reputation that could not be satisfied by a monetary award.⁵⁹ The court then held that *eBay* did not apply because it had analyzed irreparable harm and not merely concluded that the harm "automatically flow[ed] from a finding of infringement and validity."⁶⁰ As in *D'Amato*, however, the *Dominic* opinion contains only general statements and no references to actual evidence of irreparable harm, customer confusion, or reputation damage.

The Eleventh Circuit confronted the application of *eBay* to a trademark case in *North American Medical Corp. v. Axiom Worldwide, Inc.*⁶¹ In considering the plaintiff's motion for preliminary injunction, the district court found a likelihood of success on the merits of the trademark infringement claim and held that the "nature" of trademark infringement gave rise to a presumption of irreparable harm.⁶² The district court did not discuss *eBay* but instead relied on previous circuit precedent applying a presumption of irreparable harm

once a plaintiff established a likelihood of success on the merits.⁶³ The Eleventh Circuit affirmed the district court's finding of a likelihood of success on the merits, but it remanded the case for reconsideration of the irreparable harm issue in light of *eBay*.⁶⁴ The Eleventh Circuit held that *eBay* did apply to trademark infringement claims and to preliminary injunctions, but it declined to address on the limited record before it whether a finding of a likelihood of success on the merits resulted in a presumption of irreparable harm.⁶⁵ The appellate court expressly withheld ruling on whether a presumption of irreparable injury is the natural consequence of a trademark infringement claim or "whether such a presumption is the equivalent of the categorical rules rejected by *eBay*."⁶⁶

District courts in the Eleventh Circuit have not reached a consensus on this issue. The Southern District of Florida held in *Burger King Corp. v. Cabrera* that the presumption of irreparable harm based on a finding of likelihood of success on the merits of a trademark infringement claim was "questionable" after *eBay*.⁶⁷ Although the court addressed *eBay* and the presumption of irreparable injury, it did not rule directly on that issue because Burger King had not established a substantial likelihood that it would succeed on the merits against the defendant franchisee. The court simply acknowledged that the issue was "a difficult question indeed."⁶⁸

More recently, in *Sylvan Learning, Inc. v. Learning Solutions, Inc.*,⁶⁹ the Southern District of Alabama summarized the different approaches taken by courts in the Eleventh Circuit and held that the presumption of irreparable injury should apply in this instance based on its finding of a likelihood of success on the merits.⁷⁰ Out of an abundance of caution, however, and in light of *eBay*, the court also reviewed the evidence to make an independent determination of irreparable injury. The court viewed as relevant, though not dispositive, the language of the parties' franchise agreement, which stated that trademark infringement by the franchisee would entitle Sylvan to injunctive relief because its remedy at law would be inadequate.⁷¹ Most significantly, the court found that Sylvan lacked control over the defendant's operation because it was no longer part of the franchise system and that Sylvan's loss of control of its own reputation and quality of services sufficiently established irreparable harm.⁷²

The First Circuit recently confronted the presumption of irreparable harm in trademark infringement cases in *Voice of the Arab World, Inc. v. MDTV Medical News Now, Inc.*⁷³ The court agreed that the traditional principles of equity cited in *eBay* apply to requests to preliminarily enjoin trademark infringement.⁷⁴ The question remained, however, whether presuming irreparable harm after a finding of likelihood of success on the merits is consistent with such principles. The First Circuit refused to reach that issue, finding instead that the question was moot considering the plaintiff's excessive delay in seeking an injunction warranted a denial of the requested relief.⁷⁵

Although the Second Circuit has not yet applied *eBay* to a trademark infringement action, its unambiguous holding in *Salinger*⁷⁶ rejecting any presumption of irreparable harm in the copyright context sent a clear message that district courts

have since followed. Based on the *Salinger* court's broad language regarding *eBay*'s applicability to injunction claims beyond the patent or copyright context, district courts in the Second Circuit since *Salinger* have routinely applied *eBay* to trademark cases.⁷⁷

The Ninth Circuit has applied *eBay* in trademark cases but with surprising inconsistency. In an early decision, the court in *Reno Air Racing Association v. McCord* ruled that *eBay*'s holding was not limited to patent cases.⁷⁸ On the other hand, a few years later in *Marlyn Nutraceuticals, Inc. v. Muchos Pharma GmbH & Co.*, the Ninth Circuit without even mentioning *eBay* upheld the lower court's decision applying a presumption of irreparable injury from a showing of likelihood of success on the merits.⁷⁹ These decisions left district courts in the Ninth Circuit in conflict with respect to continuing the presumption of irreparable harm in trademark cases.⁸⁰

More recently, in *Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*, a copyright case, the Ninth Circuit held that "a plaintiff must satisfy the four-factor test in order to obtain equitable injunctive relief"—whether preliminary or permanent, and arguably whether patent, copyright, or trademark.⁸¹ The court distinguished its prior decision in *Marlyn* by stating that it lacked substantive analysis and therefore was not binding and did not require the continued use of the presumption of irreparable harm.⁸² Although the court flirted with eliminating the presumption of irreparable harm for all matters requesting injunctive relief, its final holding was expressly limited to copyright cases and did not extend to trademark infringement.⁸³ Current Ninth Circuit thus appears unsettled regarding trademark cases.

Other circuit courts have simply refused to address whether *eBay* changed the analysis for deciding the issue of irreparable harm in trademark cases. In *Paulsson Geographical Services v. Sigmar*, the Fifth Circuit noted that, unlike most other circuits, it had not previously employed a presumption of irreparable harm upon a finding of likelihood of success on the merits.⁸⁴ Avoiding the "difficult question" of whether the irreparable harm presumption survived *eBay*, the appellate court affirmed the district court's finding of a substantial threat of irreparable harm based on evidence of actual confusion by end-users of the product, which threatened unquantifiable damage to the plaintiff's goodwill.⁸⁵

The Fourth Circuit appears to be the only federal circuit where the presumption of irreparable harm upon a finding of likelihood of success on the merits is alive and well. In *Rebel Debutante v. Forsythe Cosmetic Group, Ltd.*,⁸⁶ the Middle District of North Carolina distinguished *eBay* as governing only permanent injunctive relief in the patent or copyright context. That court found no reason to "discard the commonly applied presumption of irreparable harm in preliminary injunction proceedings involving a trademark infringement claim."⁸⁷ Despite recognizing the presumption, the court went on to state that the defendant's unauthorized use of the mark might impair the plaintiff's opportunity to develop goodwill and reputation if the public is confused.⁸⁸ Based on this record, the court held that the plaintiff demonstrated a likelihood of irreparable harm absent the preliminary injunction.

False Advertising Cases

Like trademark cases, false advertising cases usually arise under the Lanham Act. Before *eBay*, many courts applied a presumption of irreparable harm in certain circumstances based on proof of the falsity of the challenged advertising. Certain courts applied a presumption of irreparable harm in all false advertising cases where the plaintiff has established that the challenged ad has a tendency to deceive.⁸⁹ Other courts, however, limited the presumption only to cases involving false comparative advertising involving competitors.⁹⁰

There is no federal circuit court authority deciding whether the holding in *eBay* should apply in false advertising cases. In *North American Medical Corp. v. Axiom Worldwide, Inc.*,⁹¹ the Eleventh Circuit noted its pre-*eBay* precedent that irreparable harm is presumed when a statement is shown to be literally false and is made in the context of comparative advertising between the plaintiff's and the defendant's products. The *Axiom* court determined, however, that it did not need to reach the issue of whether that presumption should still apply after *eBay* because the challenged advertisements in that case did not mention the plaintiff's products by name or compare the defendant's product to those of the plaintiff.⁹² The *Axiom* court vacated the preliminary injunction because the district court improperly applied a presumption of irreparable harm under the pre-*eBay* standard, and it remanded the case for a determination of whether the plaintiff could show that it would suffer irreparable harm in the absence of a preliminary injunction.

District court cases have gone both ways on this issue. In *AFL Telecommunications LLC v. SurplusEZ.com, Inc.*,⁹³ AFL sought reconsideration of an order denying its motion for a

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preliminary injunction based on claims of false advertising, unfair competition, and copyright infringement. The district court had denied the preliminary injunction based on the Ninth Circuit's opinion in *Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*⁹⁴ AFL argued that because *Flexible Lifeline* was a copyright case, it did not overrule prior Ninth Circuit decisions both before and after *eBay* applying the presumption of irreparable harm in a trademark action. The district court rejected AFL's argument, concluding that the analysis in *Flexible Lifeline* as well as the Supreme Court cases on which that case relied "suggest[s] a lack of favor with *any* presumption of irreparable harm when issuing preliminary or permanent injunctions."⁹⁵

Other district courts, however, have continued to apply the presumption of irreparable harm in false advertising cases despite arguments to apply the *eBay* rationale. In *Irwin Industrial Tool Co. v. Worthington Cylinders Wisconsin, LLC*,⁹⁶ a supplier brought claims for breach of contract, trade dress infringement, and false advertising against the defendant for breach of the parties' supply agreement. A jury found in favor of the plaintiff-supplier, which then moved for entry of a permanent injunction on its false advertising claims. But after recognizing the standard for injunctive relief as set forth in *eBay*, the court applied a presumption of irreparable harm based on the jury's finding of false advertising and trade dress infringement. The court noted and rejected the defendant's argument that *eBay* eliminated any presumption of irreparable harm based upon a showing of false advertising or trade dress infringement, stating simply that "[c]ontrary to Worthington's contention, however, *eBay* does not discuss, much less eliminate, the presumption of irreparable harm in this context."⁹⁷ The *Irwin* court gave no analysis supporting its refusal to apply *eBay*, and in explaining the underpinnings for the presumption of irreparable harm in false advertising cases it relied exclusively on pre-*eBay* decisions.⁹⁸

Even if a court follows *eBay* and refuses to apply a presumption of irreparable harm, the nature of harm to the plaintiff in a false advertising case often is such that the threat of irreparable harm can readily be shown. For example, in *CJ Products, LLC v. Snugley Plushez LLC*, the court granted a

***eBay* also [reminded] the lower courts that injunctive relief is an extraordinary remedy and should be granted only when monetary damages cannot make the plaintiff whole.**

preliminary injunction based on, among other claims, false advertising in violation of the Lanham Act.⁹⁹ The parties in that case were competitors in the plush toy market, and the court concluded that "the sales of one party's product would certainly impact the sale of another party's product."¹⁰⁰ Relying on another post-*eBay* trademark infringement case, the court in *CJ Products* held that prospective loss of goodwill alone is sufficient to support a finding of irreparable harm.¹⁰¹ To support its finding of irreparable harm, the court also explained that (1) the defendant's false advertising was an attempt to usurp the brand recognition built by the plaintiff over many years; (2) marketing counterfeit goods under the false advertisements would impair the plaintiff's reputation and lead to a high likelihood of consumer confusion; and (3) proving loss of sales would be "notoriously difficult."¹⁰² Interestingly, the court's discussion here seems less about

actual "evidence" than it does about theoretical harms that might arise based on the nature of the right being infringed. Although the court did not formally apply a "presumption," it nonetheless seemed to find irreparable harm based on assumptions about the nature of the injury in the abstract rather than based on specific facts presented in that case.

Trade Secret Cases

Fewer reported cases discuss the application of *eBay* to injunctive relief based on alleged trade secret misappropriation. As with other intellectual property cases, however, most cases considering the issue in the trade secret context follow *eBay* and reject any presumption of irreparable harm.

Most of the cases discussing the application of *eBay* in the trade secret context come from district courts in the Second Circuit, which interpret the Second Circuit's decision in *Salinger*¹⁰³ as mandating a broad application of the *eBay* rationale to all injunctive relief cases. In *Liberty Power Corp. v. Katz*, the district court denied a motion for preliminary injunction seeking to enjoin the defendants from using Liberty Power's proprietary business information to solicit its customers.¹⁰⁴ The district court found that Liberty Power was likely to succeed on the merits of its claim that the defendants misappropriated its trade secrets, but the court denied the preliminary injunction motion because Liberty Power did not show an actual or imminent risk of irreparable harm. After analyzing *eBay* and *Salinger*, the court held that no presumption of irreparable harm applies even in cases where a plaintiff has established that the defendant has likely misappropriated its trade secrets, and "a trade secret plaintiff must establish on a case-by-case basis that there is an actual or imminent risk that it will suffer irreparable harm in the absence of a preliminary injunction."¹⁰⁵ The court then concluded that Liberty Power failed to explain why it would suffer *irreparable* harm without an injunction because the harm that might result from the defendants' use of trade secrets to solicit customers to competing electricity suppliers would be measurable and compensable through an award of damages after trial.

Another district court reached a similar result in *Zeebaas, LLC v. Koelewyn*.¹⁰⁶ The court noted that Zeebaas did not allege that the defendants were continuing to use the trade secrets, would disseminate the trade secrets to a wider audience, or would otherwise impair the value of those secrets. Instead, the alleged misappropriator had the same incentive to maintain the confidentiality of the alleged secrets in order to profit from the proprietary knowledge.¹⁰⁷ Under these circumstances, an award of money damages would provide complete relief and an injunction was not proper.

Even where a court does not hold that *eBay* forecloses the possibility of presuming irreparable harm, courts still examine closely whether irreparable harm is likely to occur based on the evidence presented. In *TMX Funding, Inc. v. Impero Technologies, Inc.*, a California district court held that the presumption of irreparable harm remained available despite *eBay*, but the court nonetheless modified a trade secret preliminary injunction based on the plaintiff's lack of evidence of irreparable harm. The court held that a defendant's past

access to trade secret information combined with evidence of intent to enter the market with a competing business was not sufficient to establish a likelihood of irreparable harm.¹⁰⁸ Thus, even where a court is open to applying a presumption of irreparable harm, a plaintiff should be prepared to present evidence supporting the presumption in that particular case.

Practical Litigation Issues

Injunction Requests: Has eBay Made a Difference?

Although the *eBay* decision changed the rules for awarding injunctive relief in patent cases and, at least in most courts, for other intellectual property cases, it is fair to ask whether eliminating a formal presumption of irreparable harm has really made a difference in how courts award injunctive relief. The answer is both yes and no.

eBay certainly has made a significant difference in the sense that courts are now more attuned to the irreparable harm element of the injunctive relief standard. Before *eBay*, the presumption of irreparable harm upon a showing of success or likelihood of success on the merits allowed courts to short-circuit or to bypass entirely consideration of irreparable injury. A plaintiff's evidence often focused much more on proving its case on the merits rather than on the nature of the harm it might suffer. After *eBay*, however, courts have focused more intently on the nature of the harm at issue and analyzed the basis for finding that harm is irreparable, or not quantifiable in damages, before awarding injunctive relief. This new focus means litigants must do more than merely rely on well-worn catch phrases like "loss of goodwill" or "customer confusion." They must present actual evidence supporting how those types of irreparable harms are likely to occur in the context of a particular case.

eBay also has made a difference by serving to remind lower courts that injunctive relief is truly an extraordinary remedy that should be granted only when money damages cannot make the plaintiff whole. This renewed focus is particularly important at the preliminary injunction stage, where many intellectual property cases are won or lost as a practical matter. An improvidently granted injunction can put a defendant in such a vulnerable position that it might feel compelled to settle a case, often on onerous terms, without having the opportunity to seek discovery or defend fully on the merits. Requiring evidence of irreparable harm before granting an injunction thus helps keep the playing field more properly balanced.

On the other hand, in many cases the nature of the rights protected is such that damages are inherently difficult to quantify, so irreparable harm is readily found even without applying a presumption. This is particularly so in trademark cases, where the injury involves consumer confusion and the threat of lost reputation and goodwill. For this reason, Professor McCarthy makes a point in his leading treatise to state that he "do[es] not believe that the presumption of irreparable injury traditionally followed in trademark preliminary injunction cases is in any way inconsistent with the letter or spirit of the Supreme Court's *eBay* decision."¹⁰⁹ Other commentators have expressed a similar view as to the nature of the harm usually presented in copyright cases.¹¹⁰ At least in these kinds

of cases, most courts appear to accept the likelihood of irreparable injury based on the nature of the infringement and, as a practical matter, put the burden on defendants to show why the harm is not "irreparable" in the particular case.

Impact of eBay in Franchise Cases

Most post-*eBay* cases addressing irreparable harm in the franchise context involve claims of trademark infringement by franchisors against terminated franchisees. Although courts generally have been skeptical whether a presumption of irreparable harm survives after *eBay*, the rationale in cases involving a terminated franchisee or licensee seems difficult to dispute.

First, the unauthorized use of the franchisor's trademarks by a former franchisee is certain to cause confusion.¹¹¹ There is an obvious risk that consumers will believe a former franchisee or licensee is still an authorized representative.¹¹² For example, the District of Hawaii held that the public has an interest in not confusing products from different companies, and the likelihood of confusion is "almost guaranteed" when the franchisee is continuing to sell products under the guise of the franchise.¹¹³ Similarly, in *Breland v. McDonald's Corporation*,¹¹⁴ the district court enjoined the unauthorized use of McDonald's trademarks by a holdover franchise based on the likelihood of consumer confusion because the public had no way of knowing that McDonald's no longer authorized or controlled the operation of that restaurant.¹¹⁵ Thus, the Supreme Court's directive in *eBay* to return to traditional, equitable principles and demand evidence of each element generally should not impact the irreparable harm analysis traditionally applied in a franchise trademark infringement case.

Second, unlike cases involving similar, competing marks, a franchisor and franchisee usually have a written agreement stating that the unauthorized use of the franchisor's marks will create irreparable harm entitling the franchisor to injunctive relief. Although such provisions are not binding, the court in *Sylvan Learning, Inc. v. Learning Solutions, Inc.* highlighted the persuasive impact of such franchise agreement language when determining irreparable injury.¹¹⁶ Other courts have relied on such agreement language as persuasive evidence supporting a finding of irreparable harm.¹¹⁷

A franchisor should not, however, rely solely on the language of its agreement. In *Tutor Time Learning Centers, LLC v. Larzak, Inc.*, the court denied the franchisor's requested permanent injunctive relief against its holdover franchisee.¹¹⁸ Tutor Time failed to address any of the four *eBay* factors supporting injunctive relief in its summary judgment motion and instead relied only on the language of the franchise agreement stating that Tutor Time would be entitled to injunctive relief in the event of a breach of contract.¹¹⁹ The court denied the request for an injunction because injunctive relief "is not contingent upon the text of the agreement," and Tutor Time failed to present any evidence or argument to demonstrate entitlement to an injunction.¹²⁰

Third, because a company's trademarks are imbued with the goodwill and reputation of the company and its products or services, any loss of control of the mark is likely to cause

unquantifiable, and therefore irreparable, harm. “One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder’s trademark.”¹²¹ As a result, where a former franchisee continues to use a mark after termination, the franchisor has a compelling case for immediate injunctive relief to regain its control of its mark and to avoid the danger that consumers will be confused and believe the former franchisor remains an authorized representative.¹²² *eBay* has not altered this analysis of irreparable harm, as recent cases reflect.

In *Just Tacos Inc. v. Zezulak*,¹²³ the franchisor terminated a restaurant franchise agreement after the franchisee deviated from the system’s operating practices for a “family friendly” environment by permitting female bartenders and servers to wear low-cut shirts and drink with the customers. The court found that the franchisor suffered irreparable harm to its entire franchise system because it could no longer control how its trademarks were being displayed and the quality and atmosphere those trademarks were intended to connote.¹²⁴

Likewise, in *ABM Donuts, Inc.*,¹²⁵ the court refused to decide whether a presumption of irreparable harm still exists but held that damage to goodwill and reputation, based on

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the loss of control from the use of the marks by holdover franchisees, is sufficient to establish a substantial threat of irreparable harm.¹²⁶ The District of Minnesota reached a similar result in *Buffalo Wild Wings International, Inc. v. Grand Canyon Equity Partners, LLC*.¹²⁷ The court held that, regardless of whether a presumption of irreparable harm applies in the Eighth Circuit, Buffalo Wild Wings demonstrated that it had a known mark that represented and embodied its goodwill and favorable reputation.¹²⁸ A former franchisee’s continued use of a franchisor’s marks after termination of the franchise agreement “poses a substantial risk to the franchisor’s brand reputation and goodwill”¹²⁹ sufficient to establish the element of irreparable harm.

These cases support the proposition that the presumption of irreparable harm in trademark cases against former franchisees is consistent with the *eBay* ruling because the same evidence that establishes the likelihood of prevailing on the merits—particularly a likelihood of consumer confusion—likewise demonstrates irreparable harm. Thus,

whether called a formal “presumption” or not, a franchisor that proves a likelihood of success on the merits also should be able to establish the threat of irreparable harm in a trademark case.¹³⁰

Practical Tips for Litigants

Perhaps most important, know your jurisdiction. If a plaintiff has a choice as to where to bring a lawsuit, look for a jurisdiction that continues to apply (or at least has not foreclosed) the presumption of irreparable harm in that kind of case. A potential defendant sometimes can exercise forum selection as well by initiating a declaratory judgment action in a forum that has applied *eBay* and demands proof of irreparable harm.

Regardless of the post-*eBay* case law in a particular jurisdiction, a plaintiff should develop and be prepared to present evidence of why the harm it faces is “irreparable” and cannot be remedied by a damage award. In a trademark case, for example, evidence of actual consumer confusion will go a long way toward proving irreparable harm.¹³¹ Evidence of inferior goods offered under the infringing mark, or health and safety issues arising from services offered under the infringing mark, will constitute strong evidence of threatened damage to reputation, which usually will establish irreparable harm.¹³² Evidence that the parties are competitors in a competitive market also can be important to prove the threat of lost market share and customer relationships.¹³³ In the context of a terminated franchisee or licensee, the loss of control over the products or services offered under the mark is compelling evidence of irreparable harm.¹³⁴

Defendants should not forget about other defenses and arguments to establish the absence of irreparable harm, presumption or no presumption. A plaintiff’s delay in bringing an action can rebut a claim of irreparable harm.¹³⁵ A defendant also should focus on ways to quantify or calculate the value of any alleged lost business or competitive harm to refute that such harm is irreparable. Where the customers are identifiable, a defendant might argue that any lost business can be measured and can adequately be compensated with the damage award.

Franchisors should develop and present evidence of potential harm to the franchise system as a whole from the infringement or improper conduct by the defendant franchisee or former franchisee. Customer confusion, loss of goodwill, or harm to reputation often can harm other franchisees in the system, and such a broader impact is more difficult to quantify. Franchisors also should look for evidence that infringement by the defendant might encourage other franchisees to engage in similar misconduct or to decide not to comply with their franchise requirements. In making these arguments, however, a franchisor should be sure to back them up with credible testimony or other evidence rather than making conclusory allegations that such harm might occur.¹³⁶ In addition to evidence arising out of the particular defendant’s actions, franchisors should look for demonstrable evidence of harm from past, similar incidents to support its assertion of irreparable harm in the current case.

Conclusion

It is surprising that more than five years after the Supreme Court's *eBay* decision, lower courts still have not developed a uniform application of its holding to other types of intellectual property cases. The trend appears to be toward abandoning a strict presumption of irreparable harm based on proof of likelihood of success on the merits, and courts generally require evidence of threatened harm rather than relying on conclusory allegations. On the other hand, the nature of intellectual property rights—particularly trademark rights—means that damages are often inherently difficult to quantify, so the same evidence showing success on the merits will often support a finding of irreparable harm. Although a formal presumption of irreparable harm might no longer be appropriate, *eBay* should not fundamentally alter the outcome in most intellectual property injunction cases, and franchise trademark cases in particular.

Endnotes

1. *Burger King Corp. v. Cabrera*, 2010 U.S. Dist. LEXIS 141413 (S.D. Fla. Dec. 29, 2010) (citations omitted).
2. *See, e.g., Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 142 (2d Cir. 1997); *Tally-Ho, Inc. v. Coast Cmty. College Dist.*, 889 F.2d 1018, 1029 (11th Cir. 1989).
3. 547 U.S. 388 (2006).
4. *Id.* at 391.
5. *Id.* at 390.
6. *Id.*
7. *Id.* at 392.
8. *Id.* at 394–95; *see also* Daniel C. Tucker, Note, *We Can't Stay This Way: Changing the Standard for Staying Injunctions Pending Appeal After eBay*, 79 Geo. Wash. L. Rev. 1276 (2011) (discussing, in part, the state of patent litigation post-*eBay*, specifically (1) the correlation between claim construction errors and dismissal by the Federal Circuit and (2) the increasing number of “nonpracticing entities”).
9. *eBay*, 547 U.S. at 397.
10. Tucker, *supra* note 8, at 1283.
11. *eBay*, 547 U.S. at 396.
12. 452 F.3d 1331 (Fed. Cir. 2006).
13. *Id.* at 1334.
14. *Id.* at 1348.
15. *See, e.g., i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010) (“[t]he plaintiff has the burden of showing that . . . it has suffered an irreparable injury . . .”); *Automated Merchandising Sys., Inc. v. Crane Co.*, 357 F. App'x 297 (Fed. Cir. 2009) (stating that the presumption of irreparable harm was “discarded” in *eBay* and the burden is now on the patentee to demonstrate irreparable harm); *Monsanto Co. v. Scruggs*, 459 F.3d 1328 (Fed. Cir. 2006) (vacating district court's decision on a permanent injunction and remanding for reconsideration in light of four-factor *eBay* test).
16. 659 F.3d 1142 (Fed. Cir. 2011).
17. *Id.* at 1148.
18. *Id.* at 1149.
19. *Id.* at 1157.
20. *Id.* at 1149.
21. *Id.*
22. *Id.* at 1150–51.
23. *See, e.g., Precision Med., Inc. v. Genstar Techs. Co.*, 2011 U.S. Dist. LEXIS 48406 (E.D. Pa. May 3, 2011) (“[t]his Court therefore joins those who have concluded that the presumption of irreparable harm no longer applies, and concludes that the previously accepted . . . presumption of irreparable harm is no longer the law”); *Blumenthal Dist., Inc. v. Office Star Prods.*, 2010 U.S. Dist. LEXIS 142193 (E.D.N.Y. Nov. 9, 2010) (applying *eBay* four-step test for injunctive relief); *Acoustic Processing Tech. v. KDH Elec. Sys., Inc.*, 697 F. Supp. 2d 146 (D. Me. 2010) (“to obtain injunctive relief, a party can neither rely upon a presumption of irreparable harm nor point to merely possible harm . . . it must show that irreparable harm is likely”); *but see Powell v. Home Depot*, 2009 U.S. Dist. LEXIS 107183 (S.D. Fla. Oct. 29, 2009) (concluding that the presumption of irreparable harm in the context of preliminary injunctions survives *eBay*).
24. Tucker, *supra* note 8, at 1284.
25. *Id.*
26. *See, e.g., Metso Minerals, Inc. v. Powerscreen Int'l Dist. Ltd.*, 788 F. Supp. 2d 71 (E.D.N.Y. 2011) (arguing that in the two concurrences, seven of the nine justices noted that “courts still ought to be conscious of the fact that a permanent injunction is granted in many or most patent cases where infringement is proven”); *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 2010 U.S. Dist. LEXIS 38220 (W.D. Wis. Apr. 19, 2010) (denying permanent injunction, stating that the plaintiff is more similar to an entity the concurring justices concluded was generally not entitled to a permanent injunction, i.e., a nonpracticing patentee); *Zen Design Grp., Ltd. v. Clint*, 2009 U.S. Dist. LEXIS 109116 (E.D. Mich. Nov. 23, 2009) (citing Justice Roberts' concurrence for the proposition that courts should be mindful of “historical practice of granting injunctive relief upon a finding of infringement”).
27. 607 F.3d 68 (2d Cir. 2010).
28. *Id.* at 74.
29. *Id.*
30. *Id.* at 74–75.
31. *Id.* at 77–78.
32. *Id.*
33. *Id.* at 82.
34. *Id.* at 78 n.7.
35. 654 F.3d 989 (9th Cir. 2011).
36. *Id.*
37. *Id.* at 990.
38. *Id.*
39. *Id.* at 995.
40. *Id.* at 996.
41. *Id.* at 998.
42. 2011 U.S. App. LEXIS 21711 (4th Cir. Oct. 14, 2011).
43. *Id.* at *6–7.
44. *Id.*
45. *Id.* at *9.
46. *See, e.g., AFL Telecomm. LLC v. SurplusEZ.com*, 2011 U.S. Dist. LEXIS 132055 (D. Ariz. Nov. 15, 2011) (transferee court upheld prior judge's denial of preliminary injunction based on *Flexible Lifeline* and refused to apply the presumption of irreparable harm); *Bouchat v. Baltimore Ravens Ltd. P'ship*, 2011 U.S. Dist. LEXIS 129530 (D. Md. Nov. 9, 2011) (on remand from the Fourth Circuit, court applied *eBay* to plaintiff's request for injunctive relief).

and stated that irreparable harm should not be presumed in either patent or copyright cases).

47. *See, e.g., CHS, Inc. v. PetroNet LLC*, 2010 U.S. Dist. LEXIS 121053 (D. Minn. Nov. 15, 2010) (court stated that it is unclear whether the presumption of irreparable harm remains valid, but assuming that it did survive, it is rebuttable).

48. *See, e.g., Coach, Inc. v. Ocean Point Gifts*, 2010 U.S. Dist. LEXIS 59003 (D.N.J. June 14, 2010) (specifically cited and followed pre-*eBay* Third Circuit precedent and applied presumption of irreparable harm without mention of *eBay* decision).

49. 771 F. Supp. 2d 952, 958 (E.D. Wis. Feb. 18, 2011).

50. *See Lanham Act*, 15 U.S.C. § 1114(1)(a). Most courts decide whether a likelihood of consumer confusion exists by examining a variety of factors. *See, e.g., JA Apparel Corp. v. Abboud*, 2008 U.S. Dist. LEXIS 44599, at *52 (S.D.N.Y. June 4, 2008) (citing *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961)). The Polaroid factors include “(1) strength of plaintiff’s mark; (2) degree of similarity between the two marks; (3) proximity of the parties’ products or services; (4) likelihood that the prior owner will bridge the gap between the parties’ products or services; (5) actual confusion; (6) defendants’ bad faith in adopting its mark; (7) quality of defendants’ products or services; and (8) sophistication of the relevant consumers.” *Id. See also AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979) (identifying eight factors similar to those in *Polaroid*).

51. “Trademarks serve as the identity of their owners and in them resides the reputation and goodwill of their owners. Thus, if another person infringes the marks, that person borrows the owner’s reputation, whose quality no longer lies within the owner’s control. A trademark owner’s loss of the ability to control its marks, thus, creates the potential for damage to its reputation.” *CytoSport, Inc. v. Vital Pharms., Inc.*, 617 F. Supp. 2d 1051, 1080 (E.D. Cal. 2009) (citing *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 196 (3d Cir. 1990)).

52. *See Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 380 (5th Cir. 1977) (“If a trademark owner allows licensees to depart from its quality standards, the public will be misled, and the trademark will cease to have utility as an informational device.”).

53. *See Ideal Indus., Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1024 (7th Cir. 1979) (“The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendant’s goods. Even if the infringer’s products are of high quality, the plaintiff can properly insist that its reputation should not be imperiled by the acts of another.”) (quoting 4 R. Calmann, *Unfair Competition, Trademarks and Monopolies*, § 88.3(b), at 205 (3d ed. 1970)). *See also McDonald’s Corp. v. Robertson*, 147 F.3d 1301, 1309–10 (11th Cir. 1998) (holding damage to reputation and loss of customers caused by unauthorized distribution of inferior products present incalculable damages and thus irreparable harm); *Processed Plastic Co. v. Warner Commc’ns, Inc.*, 675 F.2d 852, 858 (7th Cir. 1982) (granting injunctive relief and finding irreparable harm due to potential impact on mark owner’s licensing program and damage to goodwill).

54. *See, e.g., Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) (holding, prior to *eBay*, that irreparable injury “ordinarily follows when a likelihood of confusion or possible risk to reputation appears” from infringement); *Church of Scientol-*

ogy Int’l v. The Elmira Missions Int’l, 794 F.2d 38, 43 (2d Cir. 1986) (reversing denial of preliminary injunction and holding that irreparable harm flows from lack of control of mark).

55. 469 F.3d 534 (6th Cir. 2006).

56. *Id.* at 550.

57. The opinion does not identify any specific evidence of irreparable harm but refers to future, potential harm from the sale of counterfeit products on defendant’s website and Audi’s loss of sales. *Id.*

58. 2009 U.S. Dist. LEXIS 37215, at *37 (S.D. Ohio Apr. 20, 2009) (also distinguishing *eBay* because it addressed a permanent injunction instead of a temporary restraining order).

59. *Id.* at *36.

60. *Id.* at *37–38.

61. 522 F.3d 1211 (11th Cir. 2008).

62. *Id.* at 1226–27 (quoting *Processed Plastic Co. v. Warner Commc’ns, Inc.*, 675 F.2d 852, 858 (7th Cir. 1982)) (“It is generally recognized in trademark infringement cases that (1) there is not [an] adequate remedy at law to redress infringement and (2) infringement by its nature causes irreparable harm.”).

63. *Id.* at 1227.

64. *Id.* at 1228.

65. *Id.*

66. *Id.*

67. 2010 U.S. Dist. LEXIS 141413, at *23–27 (S.D. Fla. Dec. 29, 2010) (citing J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:47 (4th ed. 2009)).

68. *Id.* at *26.

69. 2011 U.S. Dist. LEXIS 64492 (S.D. Ala. June 17, 2011).

70. *Id.* at *30–35 (citing district court decisions that either eliminate the presumption, “sidestep” the issue, or make findings of irreparable harm rather than rely solely on the presumption).

71. *Id.* at *36–38. The court did not provide any details or specific evidence to support the conclusion that Sylvan’s remedy at law would be inadequate. *Id.*

72. *Id.* at *38–40 (“A plaintiff need not show that the infringer acted in such a way as to damage the reputation of the plaintiff. It is the loss of control of one’s reputation by the adoption of a confusingly similar mark that supplies the substantial threat of irreparable harm.”) (citations omitted).

73. 645 F.3d 26 (1st Cir. 2011).

74. *Id.* at 33–34.

75. *Id.* at 35.

76. 607 F.3d 68 (2d Cir. 2010).

77. *See, e.g., CJ Prods. LLC v. Snuggly Plushez LLC*, 2011 U.S. Dist. LEXIS 94811, at *9 (E.D.N.Y. Aug. 22, 2011) (courts may no longer simply presume irreparable harm, but plaintiffs must show the failure to issue an injunction will cause irreparable harm); *U.S. Polo Ass’n, Inc. v. USPA Props., Inc.*, 2011 U.S. Dist. LEXIS 51707, at *58–59 (S.D.N.Y. May 13, 2011) (citing Second Circuit cases dealing with the four-factor test).

78. 452 F.3d 1126, 1137 (9th Cir. 2006) (noting defendant not contesting “district court’s assessment or application of traditional equitable principles” and holding, without discussion, that district court properly granted permanent injunctive relief).

79. 571 F.3d 873 (9th Cir. 2009); *see also Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir. 2007) (recognizing irreparable injury ordinarily presumed from showing of likelihood

of success without a reference to *eBay*).

80. *Compare* Hokto Kinoko Co. v. Concord Farms, Inc., 2011 U.S. Dist. LEXIS 92493, at *42 (C.D. Cal. Aug. 16, 2011) (applying presumption without discussion to grant permanent injunction following summary judgment); *Burgess v. Fellen*, 475 F. Supp. 2d 1051, 1055 (D. Nev. 2007) (“Once the plaintiff establishes a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief is not granted.”); *with* *Aurora World, Inc. v. TY Inc.*, 719 F. Supp. 2d 1115, 1168–69 (C.D. Cal. 2009) (denying motion for preliminary injunction against competing toy manufacturer and concluding plaintiff not entitled to invoke presumption of irreparable harm).

81. 654 F.3d 989, 997 (9th Cir. 2011) (vacating preliminary injunction and remanding to district court to determine whether injunctive relief is warranted under four-factor framework).

82. *Id.* The court did not attempt to distinguish or even cite to *Abercrombie & Fitch*.

83. *Id.* at 997–98.

84. 529 F.3d 303, 312 (5th Cir. 2008).

85. *Id.* at 312–13. *See also* *Blue Bell Creameries, L.P. v. Denali Co., LLC*, 2008 WL 2965655, at *17–18 (S.D. Tex. July 31, 2008) (granting motion for preliminary injunction on trademark infringement claim); *Petro Franchise Sys., LLC v. TA Operating, LLC*, 607 F. Supp. 2d 781, 793–94 (W.D. Tex. 2009) (holding, regardless of any potentially applicable presumption of harm, the evidence in the record supported a finding of irreparable harm to the franchise system based on the loss of control of and the likely loss of goodwill in its trademarks).

86. 2011 U.S. Dist. LEXIS 71943 (M.D.N.C. July 1, 2011).

87. *Id.* at *55–56. *See also* *Irwin Indus. Tool Co. v. Worthington Cylinders Wis., LLC*, 747 F. Supp. 2d 568 (W.D.N.C. Oct. 1, 2010) (applying the *eBay* four-factor test for a false advertising and trade dress infringement claim, but still applying presumption of irreparable harm after noting likelihood of confusion).

88. *Rebel Debutante*, 2011 U.S. Dist. LEXIS 71943, at *58–59.

89. *See, e.g., United Ind. Corp. v. Clorox Co.*, 140 F.3d 1175, 1183 (8th Cir. 1998).

90. *See, e.g., Ortho Pharm. Corp. v. Cosprophar Inc.*, 32 F.3d 690, 696 (2d Cir. 1994); *Energy Four, Inc. v. Dornier Med. Sys., Inc.*, 765 F. Supp. 724, 734 (N.D. Ga. 1991).

91. 522 F.3d 1211 (11th Cir. 2008).

92. *Id.* at 1227, n.16.

93. 2011 U.S. Dist. LEXIS 132055 (D. Ariz. Nov. 15, 2011).

94. 654 F.3d 989, 995 (9th Cir. 2011). *See* discussion of this case under “Copyright” section above.

95. *AFL*, 2011 U.S. Dist. LEXIS 132055, at *6 (emphasis in original).

96. 747 F. Supp. 2d 568 (W.D.N.C. 2010).

97. *Id.* at n.4.

98. *Id.* at 581–82.

99. 2011 U.S. Dist. LEXIS 94811 (E.D.N.Y. Aug. 22, 2011).

100. *Id.* at *30.

101. *Id.* (citing *N.Y. City Triathlon v. NYC Triathlon Club Inc.*, 704 F. Supp. 2d 305, 343 (S.D.N.Y. 2010)).

102. *Id.* at 30–31.

103. 607 F.3d 68 (2d Cir. 2010).

104. 2011 U.S. Dist. LEXIS 7470 (E.D.N.Y. Jan. 26, 2011).

105. *Id.* at *19–20.

106. 2011 U.S. Dist. LEXIS 122035 (D. Conn. Oct. 21, 2011).

107. *Id.* at *30.

108. *Id.* at *20–22.

109. *McCarthy on Trademarks, supra* note 67, § 30:47, at 30-117 (2011).

110. *See* *David Kalow & Milton Springut, Impact of Second Circuit’s Preliminary Injunction Standard After ‘Salinger’*, N.Y. L.J., Nov. 4, 2011.

111. *See* *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 195 (3d Cir. 1990) (finding where defendant uses identical mark, case is “open and shut,” “likelihood of confusion is inevitable,” and case is unlikely to involve protracted litigation); *see also* *S&R Corp. v. Jiffy Lube Int’l, Inc.*, 968 F.2d 371, 375 (3d Cir. 1992) (“concurrent use [of exact same trademark] is highly likely to cause consumer confusion about affiliation with franchise”); *Burger King Corp. v. Mason*, 710 F.2d 1480, 1492 (11th Cir. 1983) (“Common sense compels the conclusion that a strong risk of consumer confusion arises when a terminated franchisee continues to use the former franchisor’s trademarks.”). *See also* *McCarthy on Trademarks, supra* note 67, § 25:31 (2011) (“Continued use by former franchisee, dealer or licensee of the mark constitutes a fraud on the public, since they are led to think that the continuing user is still connected with the trademark owner.”).

112. *See* *Just Tacos v. Zezulak*, 2011 WL 6140866, at *7 (D. Haw. Dec. 9, 1022) (citing *McCarthy on Trademarks, supra* note 67, § 25:31 (2011) (additional citations and quotations omitted)).

113. 2011 WL 3734234, at *7 (D. Haw. Aug. 23, 2011) (“the likelihood of confusion between Plaintiffs’ and Paradise’s products is almost guaranteed given that Paradise has sold its products as though a legitimate Baskin-Robbins franchise”).

114. 2010 WL 4683925, at *6 (N.D. Ga. Nov. 10, 2010).

115. *Id.* at *7 (citing *Burger King Corp. v. Majeed*, 805 F. Supp. 994, 1003 (S.D. Fla. 1992)) (noting that defendants’ unauthorized use of Burger King’s trademarks “can have no result other than to cause actual confusion”).

116. 2011 U.S. Dist. LEXIS 64492, at *36–38 (S.D. Ala. June 17, 2011) (citing several cases and holding that injunctive relief provisions in franchise agreements may not be binding, but they are persuasive evidence of irreparable harm).

117. *Dunkin’ Donuts Franchised Rests. LLC v. ABM Donuts, Inc.*, 2011 U.S. Dist. LEXIS 139074, at *19 (D.R.I. Oct. 4, 2011) (mentioning as part of its irreparable harm analysis that the defendant-franchisees, by signing the franchise agreement, “conceded that their post-termination use of Dunkin’ Donuts’ trademarks constitutes irreparable harm subject to injunctive relief”); *see also* *Buffalo Wild Wings Int’l, Inc. v. Grand Canyon Equity Partners, LLC*, 2011 U.S. Dist. LEXIS 141921, at *27 n.7 (D. Minn. Dec. 9, 2011) (noting defendants’ acknowledgment in the franchise agreement, in the event they operate a restaurant after termination, money damages would be an inadequate remedy).

118. *See* 2007 U.S. Dist. LEXIS 49740, at *50 (N.D. Ind. July 6, 2007).

119. *Id.*

120. *Id.*

121. *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986).

122. *ABM Donuts*, 2011 U.S. Dist. LEXIS 139074, at *18 (“This

creation and perpetration of goodwill depends on customer recognition. The nature of goodwill is dictated by the consumer's desire to do business with the same seller. The buyer expects the same experience with each purchase[.]” (citing *Dunkin' Donuts Inc. v. N. Queens Bakery*, 216 F. Supp. 2d 31, 40 (E.D.N.Y. 2001)).

123. 2011 WL 6140866, at *7 (D. Haw. Dec. 9, 2011).

124. *Id.*; see also *Century 21 Real Estate LLC v. All Prof'l Realty, Inc.*, 2011 U.S. Dist. LEXIS 6604, at *38 (E.D. Cal. Jan. 24, 2011) (holding that, while the “viability of the presumption of irreparable harm is at best still an open question,” a determination of that issue was unnecessary because clear evidence existed of irreparable harm to franchisor); *Burger King Corp. v. Cabrera*, 2010 U.S. Dist. LEXIS 141413, at *27 n.7 (S.D. Fla. Dec. 29, 2010) (measuring irreparable harm in trademark context based on inability to control quality of trademark users' goods and subsequent loss of goodwill and damage to reputation).

125. 2011 U.S. Dist. LEXIS 139074, at *18.

126. *Id.*

127. 2011 U.S. Dist. LEXIS 141921 (D. Minn. Dec. 9, 2011).

128. *Id.* at *25–26.

129. *Id.* at *26 (citing *TGI Friday's, Inc. v. Great Nw. Rests., Inc.*, 652 F. Supp. 2d 763, 771 (N.D. Tex. 2009)).

130. The authors have identified no cases addressing a trademark infringement claim in the franchise context where the court finds a likelihood of success on the merits but fails to find irreparable harm. See *Burger King Corp. v. Cabrera*, 2010 U.S. Dist. LEXIS 141413, at *27 n.7 (S.D. Fla. Dec. 29, 2010) (holding franchisor did not establish substantial likelihood of success on the merits of its trademark

infringement claim, so no need to decide whether irreparable harm could be presumed or found based on additional evidence) (quoting *DS Waters of Am., Inc. v. Princess Abita Water, LLC*, 539 F. Supp. 2d 853, 863 (E.D. La. 2008)) (“loss of control [over the alleged trademark infringer's products] constitutes immediate harm”); *Tutor Time Learning Centers, LLC v. Larzak, Inc.*, 2007 U.S. Dist. LEXIS 49740, at *50 (N.D. Ind. July 6, 2007) (failing to find sufficient evidence of likelihood of success on merits, and, thus, refusing to determine whether irreparable harm exists, by presumption or otherwise).

131. See *Gold's Gym Licensing, LLC v. K-Pro Mktg. Grp., LLC*, 2009 U.S. Dist. LEXIS 65329 (D. Minn. July 28, 2009).

132. See *Nike, Inc. v. Austin*, 2009 U.S. Dist. LEXIS 100779 (M.D. Fla. Oct. 8, 2009) (finding irreparable harm based on, among other things, sale of inferior counterfeit goods).

133. See *Time Warner Cable, Inc. v. DirecTV, Inc.*, 497 F.3d 144, 161–62 (2d Cir. 2007) (false advertising action between competitors).

134. See, e.g., *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 343 (S.D.N.Y. 2010).

135. See, *Pfizer, Inc. v. Teva Pharm., U.S.A., Inc.*, 429 F.3d 1364, 1381 (Fed. Cir. 2005).

136. See *Sylvan Learning Inc. v. Learning Solutions, Inc.*, 2011 U.S. Dist. LEXIS 64492 at *43–44 (S.D. Ala., June 17, 2011) (denying preliminary injunction to franchisor on breach of contract claims because franchisor did not present evidence supporting alleged harm to system from former franchisee's continuing operations in the franchise territory, but made only bare and conclusory allegations).