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Trademark Litigation: Obtaining or Opposing Preliminary Injunctions and Temporary Restraining Orders

Navigating Inconsistent Court Treatment and Demonstrating Irreparable Harm

TUESDAY, JUNE 6, 2017

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

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"Trademark Litigation: Obtaining or Opposing Preliminary Injunctions and Temporary Restraining Orders

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Strafford Live Webinar

June 6, 2017

Why to seek a TRO or PI

- Waiting for a dispute to resolve through traditional litigation will cause damage that will be hard or impossible to remedy
- Lack of injunctive relief will lead to destruction or substantial impairment of the subject matter of the litigation
- Either an immediate stop to the misconduct or continuing the activity will prevent irreparable harm

Cases where parties commonly seek injunctive relief

- Trademark, copyright, or patent infringement (preventing infringement)
- Leaking or misappropriation of trade secrets (stopping the leak or use)
- Violation of noncompete clauses (preventing a former employee from working for a competitor)
- Shareholder disputes (forcing or preventing a shareholder meeting)

Requirements for TROs and Pls

- Same elements:
 - Likelihood of irreparable harm with no legal remedy
 - Balance of equities weighs in favor of party seeking relief
 - Likelihood of success on the merits
 - Public interest favors granting relief

Element 1: Irreparable harm

- Often considered the most important factor
- Courts consider the likelihood that the claimed injury will occur, the nature of the harm, whether the harm is actually irreparable, and whether the harm can be addressed with money damages

Element 2: The balance of equities favors the party seeking relief

- Fact-based analysis
- Question: whether or not the harm to the respondent is greater than the harm claimed by the movant if the injunction is not granted.
- If the balance is unclear, the court will focus more closely on the next element (likelihood of success on the merits).

Element 3: Likelihood of success on the merits

- The movant does not need to prove its case, but must show some certainty or probability of success.
 - The level of success required varies by court.

Element 4: The public interest favors an injunction

- Would the public interest be furthered by granting or denying the injunction?
- The importance of this issue depends on the case
 - Often more important in cases that challenge a government action

So what's the difference?

- How long the injunction is enforceable
 - TROs are temporary and short-term relief, lasting until the court is able to issue a preliminary or permanent injunction.
 - In federal court, TROs issued without notice can last only 10 days without additional proceedings.
 - Preliminary injunctions are meant to preserve the status quo until a final decision in a case.

So what's the difference? (continued)

- Who knows about the injunction
 - TROs can be issued without a hearing and without notice to the opposing party.
 - Preliminary injunctions cannot be issued without advance notice to the opposing party.
- What the court will consider
 - Courts can decide TROs based on affidavits or other evidence attached to the complaint.
 - Courts typically hold hearings on motions for preliminary injunctions

Obtaining a TRO without notice

- Fed. R. Civ. P. 65(b) permits courts to issue TROs without written or oral notice to the adverse party if:
 - (A) Specific facts in an affidavit or verified complaint clearly show that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition; and
 - (B) the movant's attorney certifies in writing any efforts made to give notice and the reasons why it should not be required.

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

- “Irreparable harm” means that the harm to the plaintiff cannot be adequately compensated by a final judgment and award of damages months or years in the future
- Traditionally, most U.S. courts have applied a presumption of irreparable harm once a trademark owner has demonstrated a likelihood of confusion
 - Unlike physical injury or damage to property, damage to the distinctiveness or goodwill of a mark cannot be easily quantified or compensated
 - “By its very nature, trademark infringement results in irreparable harm because the attendant loss of profits, goodwill, and reputation cannot adequately be compensated. Hence, irreparable harm flows from an unlawful trademark infringement as a matter of law.” *Societe des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 984 F.2d 633 (1st Cir. 1992).

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

- However, in 2006, the Supreme Court unanimously determined that an injunction should not automatically issue based upon a finding of patent infringement
- *eBay Inc. v. Mercexchange, LLC*, 547 U.S. 388 (2006)
- Although this case involved the entry of a permanent injunction in a patent case, several circuit courts have concluded that this holding also applies to the grants of preliminary injunctions in trademark cases

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Holding that *eBay* Applies in Trademark Cases

- *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239 (9th Cir. 2013)
 - District courts in Ninth Circuit had been divided; at least one court held that presumption of irreparable harm still applied, while others concluded that *eBay* had eliminated the presumption
 - In *Herb Reed*, the plaintiff was connected to the estate of Herb Reed, an original member of the early R&B group “The Platters”
 - Plaintiff sued a concert promoter using “The Platters” for a separate group; district court awarded preliminary injunction based upon presumption of irreparable harm
 - On appeal, Ninth Circuit reversed preliminary injunction, “holding that the *eBay* principle, that a plaintiff must establish irreparable harm, applies to a [PI] in a trademark infringement action.” 736 F.3d at 1249.

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Holding that *eBay* Applies in Trademark Cases

- *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239 (9th Cir. 2013)
 - Court emphasized that the Supreme Court’s determination in *eBay* that Congress did not intend to depart from “traditional principles of equity” in cases under the Patent Act equally applies to cases under the Lanham Act
 - The District Court had anticipated that the continued viability of the presumption might be in doubt and had analyzed the plaintiff’s evidence of irreparable harm, concluding that it was likely from damage to reputation and a loss of goodwill among fans
 - However, the Ninth Circuit found that this evidence “simply underscores customer confusion, not irreparable harm.” 736 F.3d at 1250.
 - The Ninth Circuit left open the question of what types of evidence might be sufficient to meet the burden of showing irreparable harm.

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Holding that *eBay* Applies in Trademark Cases

- *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc.*, 736 F.3d 205 (3rd Cir. 2014)
 - False advertising case under the Lanham Act
 - Parties were competitors in the market for prescription progesterone products; plaintiff sued defendant over alleged misrepresentations about consumers' purported preferences for defendant's products over those of plaintiffs
 - Defendant admitted that the statements at issue were inaccurate and false
 - District court denied preliminary injunction, finding that presumption of irreparable harm was no longer applicable and that plaintiff had failed to show evidence of irreparable harm

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Holding that *eBay* Applies in Trademark Cases

- *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc.*, 736 F.3d 205 (3rd Cir. 2014)
 - On appeal, the Third Circuit confirmed that the presumption of irreparable harm in Lanham Act cases is no longer viable in light of *eBay*
 - The court noted that the intent of the *eBay* Court was only to allow such a “major departure from the long tradition of equity practice” if intended by Congress, and that the text of the Lanham Act “clearly evinces congressional intent to require courts to grant or deny injunctions according to traditional principle of equity.” 765 F.3d at 216.
 - The Third Circuit also affirmed the District Court’s finding that the plaintiff had not shown sufficient evidence of irreparable harm, since the false statements had been removed, and the argument that doctors would be less likely to prescribe the plaintiff’s drug were mere “speculation.”

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Declining to Apply *eBay* to Trademark Cases

- First Circuit
 - On several occasions, the First Circuit has noted the *eBay* decision in trademark cases, but has declined to actually extend the precedent to preliminary injunctions in trademark cases
 - In *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26 (1st Cir. 2011), the court stated that there was “no principled reason” why *eBay* should not apply in trademark cases
 - Likewise, in *Swarovski Akitengesellschaft v. Building No. 19, Inc.*, 704 F.3d 44 (1st Cir. 2013), the court again noted that there was no reason why the rationale of *eBay* should not apply to trademark cases, but stated that it did not need to decide the issue because the plaintiff had failed to demonstrate a likelihood of success on the merits.

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Declining to Apply *eBay* to Trademark Cases

- Second Circuit
 - In *U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc.*, 511 Fed. Appx. 81 (2nd Cir. 2013), the Second Circuit stated that it “need not here decide whether a presumption of irreparable harm from trademark infringement can apply in light of *eBay*,” since the district court’s finding of irreparable harm was a “factual finding, and not simply the product of a legal presumption.”
 - However, in *Salinger v. Colting*, 607 F.3d 68 (2nd Cir. 2010), the Second Circuit extended *eBay* to copyright cases, and some lower courts within the Second Circuit have extended this ruling to trademark cases

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Declining to Apply *eBay* to Trademark Cases

- Fifth Circuit
 - In *Paulsson Geophysical Servs., Inc. v .Sigmar*, 529 F.3d 303 311 (5th Cir. 2008), the Fifth Circuit declined to decided whether the Supreme Court’s opinion in *eBay* also applied in trademark infringement cases, since “the facts of this case support a finding of a substantial threat of irreparable injury.”

The Viability of the Presumption of Irreparable Harm After *eBay v. Mercexchange*

Courts Declining to Apply *eBay* to Trademark Cases

- Eleventh Circuit
 - The Eleventh Circuit has not specifically stated that *eBay* applies to trademark cases, but one recent decision suggests that it would be likely to do so
 - In *Hoop Culture, Inc. v. GAP Inc.*, 648 Fed. Appx. 981 (11th Cir. 2016), the Eleventh Circuit stated that the plaintiff “[could] not rely solely on its likelihood of success on the merits...to establish a likelihood of irreparable harm. [Plaintiff] must actually show based upon the facts of this case that irreparable harm was likely, not merely possible, in the absence of an injunction.” 648 Fed. Appx. At 985.
 - However, court added that “we need not and do not make any express holding about the effect of *eBay* on this specific case or this circuit’s presumption of irreparable harm more generally.”

How to Show Irreparable Harm after *eBay*

- Some courts have held that even if *eBay* applies in trademark cases, a strong showing of likelihood of confusion is enough to show irreparable harm, since this will generally lead to damage to the reputation and goodwill of the trademark owner
- For example, in *Juicy Couture, Inc. v. Bella Intern. Ltd.*, 930 F. Supp. 2d 489 (S.D.N.Y. 2013), the court found a likelihood of confusion between the plaintiff's JUICY marks and the defendant's use of JUICY GIRL and JUICYLICIOUS
- The court determined that even if *eBay* barred a presumption of irreparable harm, “a party’s demonstration of a likelihood of success on an infringement claim often foretells a finding of irreparable harm.”
- The court noted that “Plaintiff has invested substantial effort and resources in developing the goodwill associated with the Juicy marks [and] Defendants’ infringement...puts that goodwill at risk.”

How to Show Irreparable Harm after *eBay*

- However, other courts (primarily within the Ninth Circuit) have concluded that even a strong showing of likelihood of confusion may not be enough to demonstrate irreparable harm
- These courts have emphasized the Supreme Court's holding in *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008), that a plaintiff must demonstrate that irreparable harm is likely, not merely "possible"
- Courts have refused to find irreparable harm where the alleged injury is merely "speculative," or is based on "unsupported and conclusory statements"; this would supposedly have the effect of "reinserting the presumption of irreparable harm that was rejected in *Herb Reed*"

How to Show Irreparable Harm after eBay

- Example: *Pom Wonderful LLC v. Pur Beverages LLC*, 2015 WL 10433693 (C.D. Cal. Aug. 6, 2015)
- Pom Wonderful, maker of POM fruit juices, sued Pur Beverages for selling an energy drink called “pur p#m” and sought preliminary injunction
- Plaintiff alleged three forms of irreparable harm: loss of distinctiveness of its mark, loss of return on investment on its mark, and harm to reputation and goodwill
 - Loss of distinctiveness: argument was based upon expert declaration that POM mark would lose value and that this cannot be quantified; however, court rejected this argument because plaintiff did not submit evidence of loss of distinctiveness, such as “evidence that consumers’ association of the POM mark with Pom Wonderful has weakened since pur p#m entered the market”

How to Show Irreparable Harm after eBay

- *Pom Wonderful LLC v. Pur Beverages LLC*, 2015 WL 10433693 (C.D. Cal. Aug. 6, 2015)
 - Loss of return on investment: court again found that plaintiff had “failed to satisfy its burden of adducing *evidence* that such harm is likely”
 - Harm to reputation and goodwill: plaintiff’s Director of Marketing submitted declaration that reputation of POM mark would be damaged by the sale of a lesser quality drink containing no fruit juice under a similar mark; however, the court found that these were merely “speculative assertions” that were not supported by evidence
 - The court did note that “one way to show a likelihood of future irreparable harm is, to show, that there has been *some* actual confusion or harm”

How to Show Irreparable Harm after eBay

- *Arcsoft, Inc. v. Cyberlink Corp.*, 153 F. Supp. 3d 1057 (N.D. Cal. 2015)
 - Plaintiff owned mark PERFECT365 for photo editing apps; sued competitor for infringement based upon use of “YouCam Perfect” for similar apps
 - Plaintiff introduced evidence of lost users and drop in downloads since Defendant had introduced its product
 - However, court found that even this evidence did not show irreparable harm, since the link between the plaintiff’s drop in users and the defendant’s alleged infringement “remains entirely speculative”
 - The court also stated that these decreases could be “properly characterized as economic injuries that can be remedied by monetary damages”
 -

How to Show Irreparable Harm after eBay

- What type of evidence *is* sufficient to show actual harm in the Ninth Circuit?
- Actual confusion
 - *Life Alert Emergency Response, Inc. v. LifeWatch, Inc.*, 601 Fed. Appx. 469 (9th Cir. 2015)
 - [T]he district judge based his finding of irreparable harm on evidence in the record. A Life Alert employee submitted a declaration reporting numerous and persistent complaints from would-be customers who received robo-calls for what they believed were Life Alert products...This material substantiates the threat to Life Alert’s reputation and goodwill.”
 - *United Tactical Systems, LLC v. Real Action Paintball, Inc.*, 2014 WL 6788310 (N.D. Cal. Dec. 2, 2014)
 - “UTS’ counsel represented UTS still receives calls indicating that there is confusion. Ongoing confusion about the source of PepperBalls is likely to contribute to loss of control over UTS’s reputation and goodwill.”

How to Show Irreparable Harm after eBay

- Targeting another company's customers
 - *Moroccanoil, Inc. v. Zotos International, Inc.*, 2017 WL 319309 (C.D. Cal. Jan. 19, 2017)
 - Plaintiff sued competing maker of hair and body care products which was using a highly similar trade dress
 - Court granted preliminary injunction, finding that irreparable harm existed as a result of Defendant's intentional targeting of Plaintiff's customers
 - Defendant had used statements like "If you like Moroccanoil® products, you'll LOVE our new Luxe Majestic Oil line"
 - Plaintiff also introduced expert report providing examples of beauty brands whose "premium" image was damaged once they entered mass market retail channels

How to Show Irreparable Harm after eBay

- Targeting another company's customers
 - *OTR Wheel Engineering, Inc. v. West Worldwide Services, Inc.*, 602 Fed. Appx. 669 (9th Cir. 2015)
 - “The [district] court’s finding of goodwill injury was supported by some record evidence. West was selling its allegedly infringing tire to OTR’s major customer...From this, it was reasonable to conclude that OTR would likely suffer a nonquantifiable injury to the goodwill it had created with its customer.”

Thank You

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