

**DECEMBER 3, 2019**  
**HEARING BEFORE THE SENATE COMMITTEE**  
**ON THE JUDICIARY, SUBCOMMITTEE ON**  
**INTELLECTUAL PROPERTY**

***FRAUDULENT TRADEMARKS: HOW THEY***  
***UNDERMINE THE TRADEMARK SYSTEM AND***  
***HARM AMERICAN CONSUMERS AND***  
***BUSINESSES***

**TESTIMONY OF**  
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## **I. SUMMARY OF TESTIMONY**

For decades, courts recognized a presumption of irreparable harm in Lanham Act cases involving trademark and false-advertising claims upon a showing of success on the merits (or likely success in the case of emergency motions for a preliminary injunction or temporary restraining order).

This changed in 2006 when the Supreme Court eliminated this presumption for patent cases. Since then, the landscape has been muddled as to whether the presumption applies to Lanham Act cases. Some courts say it does. Some say it does not. Some confess that they are not sure.

Honoring the historically recognized presumption makes sense for several reasons. Unlike patents and other forms of intellectual property, trademarks are rooted in consumer protection (as is false advertising). When a violation occurs, people are confused or deceived and the aggrieved party loses control over its hard-earned reputation and goodwill. Such harm cannot be measured or corrected through monetary damages. Injunctive relief is needed to protect the public from further deception, as well as the owner's investment in its brand. This was the law for many years before it was altered in certain jurisdictions. Restoring the presumption for Lanham Act violations will give brand owners the confidence and tools needed to effectively enforce their trademark rights, while protecting consumers in the process.

## **II. TESTIMONY**

Chairman Tillis, Ranking Member Coons, and Members of the Subcommittee, thank you for inviting me to testify before you today. I am Doug Rettew, a partner at the law firm Finnegan, Henderson, Farabow, Garrett & Dunner, LLP and am an intellectual property litigator

and trial lawyer focusing largely on trademark, false-advertising, and copyright cases. Before I begin, I'd like to thank Finnegan associate Sydney English for helping me prepare my testimony.

Today, I will discuss the need for clarity on the issue of whether irreparable harm should be presumed in Lanham Act cases where the moving party establishes success on the merits of its claim (or likely success in the case of emergency motions for a preliminary injunction or temporary restraining order). Clarity on this issue is essential for the trademark system to function properly and effectively. For the reasons I will discuss, I believe that a rebuttable presumption of irreparable harm for Lanham Act violations strikes the right balance for brand owners and consumers, while allowing defendants to come forward with evidence to counter the presumption in appropriate cases.

**A. Trademarks are Fundamentally and Meaningfully Different from Patents and Copyrights**

To start, it's important to discuss and recognize the role that trademarks play in our economy and how they fundamentally differ from other forms of intellectual property, namely patents and copyrights.

Patents protect inventions—like processes, machines, methods of manufacturing, and compositions.<sup>1</sup> Copyrights protect “original works of authorship fixed in any tangible medium of expression”—like books, movies, artwork, and music.<sup>2</sup> Both arise from the Constitution, which gives Congress the power to “promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”<sup>3</sup> For their part, patents “foster and reward invention” by giving inventors an

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<sup>1</sup> 35 U.S.C. § 101.

<sup>2</sup> 17 U.S.C. § 102.

<sup>3</sup> U.S. Const. Art. 1, §8, cl. 8.

economic monopoly on their inventions, while also promoting “the disclosure of inventions to stimulate further innovation,” and create a domain of knowledge for public use.<sup>4</sup> In a similar vein, copyright law encourages authors to produce creative works for public consumption by protecting an author’s rights to benefit economically from those works.<sup>5</sup>

Trademarks, on the other hand, protect any “word, name, symbol, or device” used “to identify and distinguish [one’s] goods . . . from those manufactured or sold by others and to indicate the source of the goods.”<sup>6</sup> Congress’s right to regulate trademarks derives from the Commerce Clause of the Constitution, which gives Congress the right to “regulate commerce . . . among the several states.”<sup>7</sup>

Trademark law serves several objectives—different from those served by patents and copyrights. First, trademarks safeguard the public so that “in purchasing a product bearing a particular trade-mark which it favorably knows, [the consumer] will get the product which it asks for and wants to get.”<sup>8</sup> At the same time, the law protects an owner’s investment of “energy, time, and money” in promoting its brand and establishing goodwill “from [] misappropriation by

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<sup>4</sup> *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (“[P]atent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public”).

<sup>5</sup> *Washingtonian Publ’g Co. v. Pearson*, 306 U.S. 30, 36 (1939) (copyright law is “intended definitely to grant valuable, enforceable rights to authors, publishers, etc., without burdensome requirements; to afford greater encouragement to the production of literary works of lasting benefit to the world”) (internal citation and quotations omitted).

<sup>6</sup> 15 U.S.C. § 1127.

<sup>7</sup> U.S. Const. art. I, § 8, cl. 3. *See also* 15 U.S.C. § 1127; S. Rep. No 79-1133, at 4-5 (2d Sess. 1946).

<sup>8</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782 n.15 (1992) (Stevens, J., concurring).

pirates and cheats.”<sup>9</sup> Indeed, a trademark’s value depends entirely on the goodwill of the goods and/or services it identifies.<sup>10</sup>

In serving these goals, trademarks perform an important economic function. By enabling consumers to quickly, easily, and efficiently differentiate between the myriad product offerings that flood modern-day store shelves, catalogs, and Internet websites, “trademarks lower search costs and foster quality control rather than promote social waste and consumer deception.”<sup>11</sup> For example, a hungry traveler need only glance for a second at a sign with a golden arched “M” to know that the familiar *McDonalds* fast-food restaurant awaits at the exit. This economic reality creates “an incentive to expend resources on strengthening [a company’s] trademark” to both the owner’s and the public’s benefit.<sup>12</sup> That’s because “[t]he more resources the firm spends developing and promoting its mark, the stronger will its mark be and the lower, therefore, consumer search costs will be.”<sup>13</sup>

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<sup>9</sup> *Id.*

<sup>10</sup> Professor J. Thomas McCarthy, 5 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:15 (5th ed.) (“A trademark has no existence separate from the good will of the product or service it symbolizes. Good will and its tangible symbol, a trademark, are inseparable.”).

<sup>11</sup> William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 277 (1988) (“[t]rademarks enable the consumer to economize on a real cost because he spends less time searching to get the quality he wants.”). In their seminal article on the economics of trademark law, Judge Posner and Professor Landes explain the concept as follows: “The benefit of a brand name is analogous to that of designating individuals by last as well as first names, so that, instead of having to say ‘the Geoffrey who teaches constitutional law at the University of Chicago Law School—not the one who teaches corporations,’ you can say ‘Geoffrey Stone—not Geoffrey Miller.’” *Id.* at 270.

<sup>12</sup> *Id.* at 278.

<sup>13</sup> *Id.* at 277. See also Mark P. McKenna, *Testing Modern Trademark Law’s Theory of Harm*, 95 IOWA L. REV. 63, 71 (2009) (“Consumers have an interest . . . in being able to rely on information about who is responsible for the quality of the goods or services with which a mark is used. Because some uses of a mark for non-competing goods convey this sort of quality information, claims against non-competitive uses are warranted, even if mark owners are not significantly harmed, when the contested use creates confusion about responsibility for

Another “important and widely recognized benefit of trademarks is that they give firms an incentive to improve the quality of their products.”<sup>14</sup>

The failure to properly protect trademarks creates an incentive for others to enter the market with copycat marks because “the cost of duplicating someone else’s trademark is small . . . and the incentive to incur this cost (in the absence of a legal regulation) will be greater the stronger the trademark.”<sup>15</sup>

To prevent such free riding, the trademark law prohibits the use of copycat marks that are likely to cause confusion, mistake, or deception among an appreciable number of consumers as to the source of the parties’ products or as to an affiliation or connection.<sup>16</sup> This, in essence, is the standard for trademark infringement. Similarly the test for false-advertising under the

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quality.”); *Kraft Foods Grp. Brands LLC v. Cracker Barrel Old Country Store, Inc.*, 735 F.3d 735, 739 (7th Cir. 2013) (finding that likely confusion could cause a trademark owner to be “badly hurt,” reasoning that a mark’s reputation for quality, based on an investment in quality control, customer service and advertising generates repeat purchases and word-of-mouth recommendations; thus “consumers will be willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality” and that if quality falters, consumers become disinclined to pay for those products, and the company “no longer earns a sufficient return on its expenditures on promoting the trademark to justify them.”).

<sup>14</sup> Landes & Posner, *supra* note 11, at 279.

<sup>15</sup> *Id.* at 272.

<sup>16</sup> See generally *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961). To make this determination, courts consider various factors that differ by jurisdiction, but often include the following: (1) strength or distinctiveness of the asserted trademark, (2) similarity of the two marks, (3) similarity of the goods the marks identify, (4) similarity of the trade channels through which the parties’ goods travel, (5) similarity of the parties’ advertising, (6) sophistication of purchasers, (7) defendant’s intent, and (8) the existence of actual confusion (which is not required, but is often given considerable weight). *Id.* at 495. Each factor is not necessarily afforded equal relevance in every case, and this list is neither exhaustive nor exclusive. *Sara Lee Corp. v. Kayser-Roth Corp.*, 38 U.S.P.Q.2d 1449, 1454 (4th Cir. 1996), *cert. denied*, 117 S. Ct. 412 (1996). The ultimate determination of infringement/likelihood of confusion is highly fact specific and turns on the circumstances of each case.

Lanham Act turns on whether an accused false or misleading promotional statement is likely to materially deceive consumers to the plaintiff's detriment.<sup>17</sup> In the case of trademark dilution, liability exits when an accused mark weakens the distinctive value of a famous mark by either blurring or tarnishing it.<sup>18</sup>

Because the Lanham Act seeks to prevent consumer confusion, and to protect the distinctive value of a famous brand, injunctions are a critical form of relief. Once a trademark owner has established a likelihood of confusion—or a probability of proving the same—it has likewise established (1) that consumers are likely to associate any negative impressions of defendant's products or services with the trademark owner and as a result, (2) likely loss of control over, and harm to, its reputation and goodwill.<sup>19</sup> This breed of harm is considered “irreparable” because reputational damage is difficult to quantify and measure.<sup>20</sup> It's also the type of harm that often cannot be fixed. For example, if a deceived consumer purchases a copycat product mistaking it for that of the trademark owner, the consumer may stick with the copycat product (and others made by its owner), never to return to the genuine product because of price, convenience, or some other factor. On the other hand, if the copycat product is of

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<sup>17</sup> See *Hi-Tech Pharms., Inc. v. HBS Int'l Corp.*, 910 F.3d 1186, 1196 (11th Cir. 2018).

<sup>18</sup> *Coach Servs. v. Triumph Learning LLC*, 668 F.3d 1356, 1372 (Fed. Cir. 2012).

<sup>19</sup> McCarthy, *supra* note 10, at § 30:46.

<sup>20</sup> *Id.* at § 30:2 (“‘Irreparable’ is a legal term of art that means that monetary compensation would be difficult to adequately measure.”) (citing *Douglas Dynamics, LLC v. Buyers Prods. Co.*, 717 F.3d 1336, 1344, 107 U.S.P.Q.2d 1024 (Fed. Cir. 2013) (“Irreparable injury encompasses different types of losses that are often difficult to quantify, including lost sales and erosion in reputation and brand distinction.”)).

inferior quality, consumers may forever attribute the defect to the trademark owner and turn away from its goods forever.<sup>21</sup>

Additionally, although monetary damages are available in trademark-infringement cases, they are notoriously difficult to prove and recover (as an infringer may not be able to afford to pay a judgment).<sup>22</sup> Even if awarded, monetary damages may be inadequate to make the trademark owner whole for the damage to its reputation and goodwill. For example, how can one quantify and compensate the hit to a trademark owner’s reputation and goodwill caused by marketplace confusion with an infringing use?<sup>23</sup> “Like trying to un-ring a bell, trying to ‘compensate’ after the fact for damage to business goodwill and reputation cannot constitute a just or full compensation.”<sup>24</sup> Indeed, pre-*eBay*, courts readily acknowledged that “it is virtually

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<sup>21</sup> See e.g. *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992) (“By its very nature, trademark infringement results in irreparable harm because the attendant loss of profits, goodwill, and reputation cannot be satisfactorily quantified and, thus, the trademark owner cannot adequately be compensated. Hence, irreparable harm flows from an unlawful trademark infringement as a matter of law.”); *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) (“no particular finding of . . . irreparable harm is necessary for injunctive relief in trademark infringement or unfair competition cases . . . irreparable injury ‘ordinarily follows when a likelihood of confusion or possible risk to reputation appears’ from infringement or unfair competition.”).

<sup>22</sup> *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971) (Reversing an order denying preliminary injunction; “While an injured plaintiff would be entitled to recover the profits on the infringing items, this is often difficult to determine; moreover, a defendant may have failed to earn profits because of the poor quality of its product or its own inefficiency. Indeed, confusion may cause purchasers to refrain from buying either product and to turn to those of other competitors. Yet to prove the loss of sales due to infringement is also notoriously difficult”) (citation omitted).

<sup>23</sup> Anne Gilson LaLonde & Jerome Gilson, *ADIOS! To the Irreparable harm Presumption in Trademark Law*, International Trade Association, THE TRADEMARK REPORTER, Vol. 107 TMR 913, 928 (2017) (“But in trademark cases, money damages often cannot make a plaintiff whole. Injury to its goodwill and reputation from consumer confusion may well be incalculable.”).

<sup>24</sup> McCarthy, *supra* note 10, at § 30:1 (citation omitted).

impossible to ascertain the precise economic consequences of intangible harms, such as damage to reputation and loss of goodwill.”<sup>25</sup>

Additionally, because the harm from infringement, dilution, and false-advertising can be so devastating to a brand, trademark owners often seek emergency relief in the form of temporary restraining orders and preliminary injunctions to enjoin a defendant during the pendency of a litigation before and until there is a decision on the merits. To obtain a preliminary injunction, one must establish (1) a likelihood of success on the merits; (2) absent relief, the movant is likely to suffer irreparable harm; (3) the balance of equities tips in the movant’s favor; and (4) an injunction is in the public interest.<sup>26</sup> The standard for a permanent injunction after a full trial on the merits (or adjudication on summary judgment) is similar; except that the movant must succeed on the merits of its claim, as opposed to showing a likelihood of doing so.<sup>27</sup> In either case, the movant must establish irreparable harm absent an injunction. And if a trademark owner is required to wait for some concrete evidence of irreparable harm, that undermines the very purpose of promptly moving for emergency relief.

#### **B. Historical Recognition of the Irreparable-Harm Presumption in Lanham Act Cases**

For many decades, nearly every circuit recognized the pernicious reputational harm that flows from Lanham Act violations, and the “virtual impossib[ility]” of quantifying that harm

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<sup>25</sup> *Ty, Inc. v. Jones Grp., Inc.*, 237 F.3d 891, 902 (7th Cir. 2001). *See also Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1276 (N.D. Fla. 2016) (Harm from reverse confusion “is usually deemed irreparable because loss of reputation, goodwill, etc. is not easy to quantify and can’t readily be remedied with money damages or a post-trial injunction. . . . It seems clear that if [plaintiff] is harmed by confusion between now and the time of trial, that harm will be difficult, if not impossible, to quantify, and will thus be irreparable.”) (citation omitted).

<sup>26</sup> *Winter v. NRDC, Inc.*, 555 U.S. 7, 20 (2008).

<sup>27</sup> *eBay Inc., v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

economically.<sup>28</sup> The circuits thus presumed irreparable injury upon a showing of success on the merits of a trademark or false-advertising claim.<sup>29</sup>

But this changed in 2006 when the Supreme Court ruled, in *eBay Inc., v. MercExchange, LLC*<sup>30</sup>, that a presumption of irreparable harm does not automatically arise in patent cases.

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<sup>28</sup> *Ty, Inc.*, 237 F.3d at 902.

<sup>29</sup> See McCarthy, *supra* note 10, at § 30:47; see also *Societe Des Produits Nestle*, 982 F.2d at 640 (“harm flows from an unlawful trademark infringement as a matter of law”) (citation omitted); *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”); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 726 (3d Cir. 2004) (“As we have already found that [plaintiff] has shown a likelihood of success, we hold it is entitled to a presumption that it will suffer irreparable harm absent an injunction.”); *Scotts Co. v. United Indus. Corp.*, 315 F.3d 264, 273 (4th Cir. 2002) (“In Lanham Act cases 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.”) (citation omitted); *Circuit City Stores*, 165 F.3d at 1056 (“The law of this Circuit holds that no particular finding of . . . irreparable harm is necessary for injunctive relief in trademark infringement or unfair competition cases. . . . [I]rreparable injury ordinarily follows when a likelihood of confusion or possible risk to reputation appears from infringement or unfair competition. Thus, a court need only find that a defendant is liable for infringement or unfair competition for it to award injunctive relief.”) (internal quotations and citations omitted); *Ty*, 237 F.3d at 902 (injuries from trademark infringement “are presumed to be irreparable because it is virtually impossible to ascertain the precise economic consequences of intangible harms, such as damage to reputation and loss of goodwill, caused by such violations”) (internal quotations and citation omitted); *Coca-Cola Co. v. Purdy*, 382 F.3d 774, 789 (8th Cir. 2004) (“A showing that confusion is likely supports a strong presumption of irreparable harm.”); *Rodeo Collection, Ltd. v. W. Seventh*, 812 F.2d 1215, 1220 (9th Cir. 1987) (“Once the plaintiff in a [trademark] infringement action has established a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief does not issue.”) (citation omitted); *SCFC ILC, Inc. v. VISA USA, Inc.*, 936 F.2d 1096, 1100-01 (10th Cir. 1991) (“Irreparable injury is frequently presumed where a trademark is wrongfully appropriated by another.”) (citation omitted); *McDonald’s Corp. v. Robertson*, 147 F.3d 1301, 1310 (11th Cir. 1998) (“[T]his Circuit has held that ‘a sufficiently strong showing of likelihood of confusion [caused by trademark infringement] may by itself constitute a showing of . . . [a] substantial threat of irreparable harm’ . . . Consequently, the district court correctly concluded that McDonald’s made a sufficient showing of irreparable injury to justify entry of the preliminary injunction.”); *E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imps., Inc.*, 756 F.2d 1525, 1530 (11th Cir. 1985) (“[A] sufficiently strong showing of likelihood of confusion may by itself constitute a showing of substantial likelihood of prevailing on the merits and/or a substantial threat of irreparable harm.”).

<sup>30</sup> See generally *eBay Inc., v. MercExchange, LLC*, 547 U.S. 388 (2006).

**C. *eBay v. MercExchange***

*eBay* was not a trademark case. It involved a patent directed to “an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants.”<sup>31</sup> In applying its “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances,” the U.S. Court of Appeals for the Federal Circuit reversed the district court’s denial of MercExchange’s motion for a permanent injunction following a jury verdict in its favor.<sup>32</sup>

In vacating the Federal Circuit’s opinion, the Supreme Court majority concluded that the court had incorrectly applied the four-factor test for a permanent injunction, which requires a plaintiff to demonstrate:

- 1) that it has suffered an irreparable injury;
- 2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury;
- 3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and
- 4) that the public interest would not be disserved by a permanent injunction.<sup>33</sup>

Because the Patent Act “expressly provides that injunctions may issue in accordance with the principles of equity,”<sup>34</sup> the majority held that each factor must be satisfied before granting

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<sup>31</sup> *Id.* at 390.

<sup>32</sup> *Id.* at 391. *See also, MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005).

<sup>33</sup> *eBay*, 547 U.S. at 391.

<sup>34</sup> *Id.* at 392 (internal quotations omitted) (citing 35 U.S.C. § 283).

injunctive relief.<sup>35</sup> Accordingly, the Court held improper the Federal Circuit’s “general rule” and “categorical grant” of injunctive relief upon a showing of validity and infringement.<sup>36</sup>

In two separate concurrences, several justices emphasized the importance of observing historical practice. Justice Roberts, along with Justices Scalia and Ginsberg, opined that while a patentee is not “entitled” to a permanent injunction upon a finding of infringement, “[w]hen it comes to discerning and applying” the four-factor test, “a page of history is worth a volume of logic.”<sup>37</sup> Concurring separately, Justice Kennedy, with Justices Stevens, Souter, and Breyer, noted that while historical practice “is most helpful and instructive when the circumstances of a case bear substantial parallels to litigation the courts have confronted before”, district courts must determine which past practice is relevant to the cases before them given “the rapid technological and legal developments in the patent system.”<sup>38</sup>

#### **D. *Winter v. NRDC***

Following *eBay*, in 2008 the Supreme Court issued a decision, *Winter v. NRDC*<sup>39</sup>, which outlined the standard for a preliminary injunction, but without addressing the presumption of irreparable harm. Like *eBay*, *Winter* was not a trademark case. In fact, it was not an intellectual property case at all. Even still, *Winter*, like *eBay*, has been invoked in Lanham Act cases that question or jettison the irreparable-harm presumption.

In *Winter*, the plaintiffs sought to enjoin, under the National Environmental Policy Act, the U.S. Navy’s use of mid-frequency active sonar during training exercises because it allegedly

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<sup>35</sup> *Id.* at 393-94.

<sup>36</sup> *Id.* at 394.

<sup>37</sup> *Id.* at 395 (internal quotations and citation omitted).

<sup>38</sup> *Id.* at 396-97.

<sup>39</sup> 555 U.S. 7 (2008).

harmed marine animals.<sup>40</sup> The Supreme Court vacated the preliminary injunction, holding that the standard for a preliminary injunction is “*likely*” irreparable injury, and the “possibility” standard employed by the lower courts was “too lenient.”<sup>41</sup> The Court concluded that the public interest in the Navy’s training exercises “plainly outweigh[ed]” plaintiffs’ advanced interests.<sup>42</sup> The Court also noted the Navy’s use of the training without any documented harm to a marine mammal for forty years.<sup>43</sup>

### **E. The Landscape After *eBay* and *Winter***

Although *eBay* sought to create uniformity and more certainty in the patent world, that did not happen for trademarks and false advertising. After *eBay*, the Circuits have been split on whether the rule presuming irreparable harm remains valid in Lanham Act cases.

Some circuit courts have rejected the presumption in light of *eBay*; for example the Third,<sup>44</sup> Ninth,<sup>45</sup> and Eleventh<sup>46</sup> Circuits. Courts in this camp often justify the application of

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<sup>40</sup> *Id.* at 7.

<sup>41</sup> *Id.* at 22.

<sup>42</sup> *Id.* at 26.

<sup>43</sup> *Id.* at 33.

<sup>44</sup> *Ferring Pharms., Inc. v. Watson Pharm., Inc.*, 765 F.3d 205, 217 (3d Cir. 2014) (in a false advertising case; “a party seeking a preliminary injunction in a Lanham Act case is not entitled to a presumption of irreparable harm but rather is required to demonstrate that she is likely to suffer irreparable harm if an injunction is not granted.”).

<sup>45</sup> *Herb Reed Enters., LLC v. Florida Entm’t Mgmt., Inc.*, 736 F.3d 1239, 1250 (9th Cir. 2013) (“Gone are the days when once the plaintiff in an infringement action has established a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief does not issue.”) (internal quotation and citation omitted). *See also Adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 759 (9th Cir. 2018) (citing *Winter*; concluding district court abused its discretion in issuing the preliminary injunction where adidas “ha[d] not shown that it will be irreparably harmed”).

<sup>46</sup> *Commodores Entm’t Corp. v. McClary*, 648 Fed. Appx. 771, 777 (11th Cir. 2016) (per curiam) (unpublished) (“In light of the Supreme Court’s holding in *eBay*, a presumption of irreparable harm cannot survive.”); *see also North Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d

*eBay* to Lanham Act claims based on the Supreme Court’s holding that “[equitable] discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards”<sup>47</sup> as all encompassing. The Ninth Circuit has taken a particularly hard line, holding that in order to obtain an injunction, a trademark owner must “proffer evidence” of a loss of control over business reputation and damage to goodwill—and that proof of actual confusion is insufficient to satisfy this burden.<sup>48</sup>

Other circuits have continued to apply the presumption upon a showing of success on the merits of a Lanham Act claim (or a likelihood of success in the preliminary-injunction or TRO context). For example, the Fifth Circuit expressly cited the *eBay* permanent injunction test, but nevertheless upheld the presumption in a trademark infringement case.<sup>49</sup> The Eighth Circuit also applied the presumption, but never mentioned or analyzed *eBay* or *Winter*.<sup>50</sup> Recently, however, the Eighth Circuit has questioned whether the presumption has survived post *eBay*.<sup>51</sup>

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1211, 1228 (11th Cir. 2008) (stating in dicta that “a strong case can be made that eBay’s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act”). Curiously, the Eleventh Circuit subsequently declined to decide whether the presumption continued. *Hoop Culture, Inc. v. Gap Inc.*, 648 Fed. Appx. 981, 985 (11th Cir. 2016) (unpublished) (“In any case, we need not and do not made[sic] any express holding about the effect of *eBay* on this specific case or this circuit’s presumption of irreparable harm more generally.”).

<sup>47</sup> *eBay*, 547 U.S. at 394.

<sup>48</sup> *Herb Reed Enters.*, 736 F.3d at 1250-51.

<sup>49</sup> *Abraham v. Alpha Chi Omega*, 708 F.3d 614, 627 (5th Cir. 2013) (holding the district court properly crafted an injunction balancing the equities of the parties; “All that must be proven to establish liability and the need for an injunction against infringement is the likelihood of confusion—injury is presumed. . . . There seems little doubt that money damages are inadequate to compensate owner for continuing acts of infringer.”) (internal quotations and citations omitted).

<sup>50</sup> *Warner Bros. Entm’t, Inc. v. X One X Prods.*, 840 F.3d 971, 982 (8th Cir. 2016) (affirming permanent injunction; “a finding that likelihood of confusion exists results in a presumption that a threat of irreparable harm exists”) (citations omitted).

<sup>51</sup> *Phyllis Schlafly Revocable Trust v. Cori*, 924 F.3d 1004, 1009 (8th Cir. 2019) (citing *eBay* and *Winter*; “It is unclear whether the traditional presumption of irreparable harm in trademark cases

Other Circuits have struggled with the issue. The First,<sup>52</sup> Second,<sup>53</sup> and Federal<sup>54</sup> Circuits questioned whether *eBay* eliminates the presumption, but declined to answer. The First Circuit did acknowledge, however, that *eBay* “has threatened the continued validity” of the presumption.<sup>55</sup>

Confusing matters even more, the Fourth<sup>56</sup> and Sixth<sup>57</sup> Circuits have found irreparable harm applying the principles of *eBay* without rejecting the presumption, but seemingly applying it (or something akin to it). For example, the Sixth Circuit, in *Audi AG v. D’Amato*, cited to *eBay* in laying out the test for a permanent injunction, made no mention of the presumption, but

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has survived more recent Supreme Court opinions emphasizing the movant’s burden to show that ‘irreparable injury is likely in the absence of an injunction.’”) (citations omitted).

<sup>52</sup> *Mercado-Salinas v. Bart Enters. Int’l*, 671 F.3d 12, 19 n.7 (1st Cir. 2011) (affirming preliminary injunction; recognizing “there is a question as to whether” the presumption of irreparable harm “can co-exist” with *eBay* but concluding it need not decide because Bart had demonstrated enough irreparable harm); *Peoples Fed. Sav. Bank v. People’s United Bank*, 672 F.3d 1, 9 n.11 (1st Cir. 2012) (recognizing the “looming question as to whether this presumption can co-exist” with *eBay* but declined to answer where plaintiff was unable to establish a likelihood of consumer confusion).

<sup>53</sup> *U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc.*, 511 Fed. App’x 81, 85 (2d Cir. 2013) (“We need not here decide whether a presumption of irreparable harm from trademark infringement can apply in light of *eBay*.”).

<sup>54</sup> *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 735 F.3d 1352, 1373 n.9 (Fed. Cir. 2013) (“The district court interpreted the FTDA as permitting injunctive relief without any additional showing of irreparable harm beyond the harm of dilution itself. . . . Because we affirm the district court’s denial of injunctive relief on other grounds, we need not reach this issue.”).

<sup>55</sup> *Swarovski Aktiengesellschaft v. Bldg. #19, Inc.*, 704 F.3d 44, 54 (1st Cir. 2013).

<sup>56</sup> *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 126-27 (4th Cir. 2011) (affirming permanent injunction; concluding “we cannot say the district court abused its discretion in finding irreparable harm and in issuing a permanent injunction; not only did the jury conclude that Mead Johnson misled consumers, the evidence at trial demonstrated that PBM’s reputation was, and potentially continues to be, damaged”).

<sup>57</sup> *Audi AG v. D’Amato*, 469 F.3d 534, 550 (6th Cir. 2006) (affirming permanent injunction; concluding “Audi would be irreparably harmed” by consumers purchasing defendant’s counterfeit goods).

inferred irreparable harm from a finding of infringement.<sup>58</sup> The Seventh Circuit did the same, without mentioning the presumption or *eBay*.<sup>59</sup> In a recent decision, however, the Sixth Circuit, while not finding irreparable harm, noted that “irreparable injury is ordinarily presumed” if a plaintiff is likely to succeed on its trademark infringement claim.<sup>60</sup>

#### **F. The Case for the Irreparable-Harm Presumption**

Amending the Lanham Act to include the presumption of irreparable harm is appropriate and needed for several reasons.

First, *eBay* does not foreclose the presumption. The Supreme Court did not once mention trademarks, the Lanham Act, and the policies that underlie them in *eBay*—even though the majority decision specifically outlined similarities between the patent and copyright law.<sup>61</sup> Moreover, Justices Roberts’ and Kennedy’s admonishments in their concurring opinions not to jettison historical practice should be heeded. Indeed, the multiple decades in which the presumption was applied represent more than the one “page of history” that Justice Roberts proclaimed “is worth a volume of logic.”<sup>62</sup>

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<sup>58</sup> *Id.* (concluded that “Audi would be irreparably harmed by consumers on D’Amato’s site purchasing counterfeit items, instead of those that were lawfully sold by Audi.”).

<sup>59</sup> *Kraft Foods Grp. Brands*, 735 F.3d at 740 (affirming a preliminary injunction; concluding “irreparable harm is especially likely in a trademark case because of the difficulty of quantifying the likely effect on a brand of a nontrivial period of consumer confusion (and the interval between the filing of a trademark infringement complaint and final judgment is sure not to be trivial).”).

<sup>60</sup> *PGP, LLC v. TPII, LLC*, 734 Fed. Appx. 330, 332 (6th Cir. 2018) (“In the trademark context, the first factor is often decisive. If the movant is likely to succeed on an infringement claim, irreparable injury is ordinarily presumed, and the public interest will usually favor injunctive relief.”) (citing *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 608 (6th Cir. 1991)). In this case, the Sixth Circuit cited *eBay* only once for the proposition that it is against public interest to grant an injunction to serve as a bargaining chip in negotiations. *Id.* at 334.

<sup>61</sup> See *eBay Inc.*, 547 U.S. at 392-93.

<sup>62</sup> *Id.* at 395 (internal quotations and citation omitted).

Second, the presumption is needed. Absent the presumption, a subset of Lanham Act claimants are likely to be denied sufficient and meaningful relief. Without an injunction, infringers will be allowed to confuse unwitting consumers into shelling out their hard-earned money for products that are not what they appear to be. All the while, the owners will lose consumer trust and control over the reputation and goodwill that often takes substantial time and resources to develop.<sup>63</sup>

Further, the presumption would provide clarity for courts and litigants. The varied, inconsistent, and often vague mishmash of approaches taken by the courts have created uncertainty for Lanham Act litigants who often can't predict if or how the presumption will be applied or considered. And in the circuits that have rejected the presumption, courts have said relatively little about what type of evidence is needed to establish irreparable harm. One would think that actual confusion would be enough, but the Ninth Circuit has said otherwise.

Reestablishing the presumption would also prevent the forum shopping encouraged by the current landscape.<sup>64</sup>

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<sup>63</sup> *Nat'l Fin. Partners Corp. v. Paycom Software, Inc.*, No. 14 C 7424, 2015 U.S. Dist. LEXIS 74700, at \*40 (N.D. Ill. June 10, 2015) (“If a company spends significant time and resources promoting its trademark, that is a strong indication that the mark has significant economic value as a source identifier. Any infringement that impedes that identifying function will cause significant harm.”).

<sup>64</sup> In creating a federal dilution law, Congress recognized the benefits of clarity and eliminating forum shopping. *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 208 (S.D.N.Y. 1996) (“Because protection was ‘only available on a patch-quilt system,’ Congress sought to discourage forum-shopping and give authority to federal courts to issue nationwide injunctions based upon trademark dilution.”) (citing 141 Cong. Rec. H14317-01, H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead)); *Summit Entm't, LLC v. B.B. Dakota, Inc.*, No. CV 10-04328 GAF, 2011 U.S. Dist. LEXIS 151582, at \*39 (C.D. Cal. Nov. 21, 2011) (“Dilution law in the United States is moving in every direction except the one that it needs to—forward. . . . All the while, famous marks and their value both to consumers and their owners remain at risk from blurring and tarnishment, and third parties have little guidance regarding what marks they can safely adopt without risk of dilution liability. The lack of clarity in the law and the splits in the various circuits are resulting in forum shopping and

Even with the presumption, there are several important safeguards in place. First, by its very nature, a presumption is not a categorical rule, but rather an evidentiary legal inference.<sup>65</sup> As proposed in this context, the presumption would be rebuttable and would shift the burden to the accused infringer to come forward with some evidence that the harm is not irreparable. For example, an accused infringer may counter the presumption by relying on things such as delay in bringing suit.<sup>66</sup> Second, the presumption does not *guarantee* an injunction, as irreparable harm is only one of several factors required for this relief. The movant must also establish (1) success on the merits (or the likelihood of success for a preliminary injunction or TRO), (2) that the balance of equities tips in the movant’s favor, and (3) that an injunction is in the public interest.<sup>67</sup> To that end, the Lanham Act gives courts “the power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable.”<sup>68</sup>

For at least these reasons, commentators and practitioners have supported recognizing the presumption in Lanham Act cases.<sup>69</sup> This time-tested, common-sense doctrine has well served

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unnecessarily costly lawsuits. For these reasons a revision of dilution law is needed.”) (quoting H.R. Rep. No. 109-23, 109th Congr., 1st Sess. 1091 (2005)).

<sup>65</sup> *Black’s Law Dictionary* 1376 (10<sup>th</sup> ed. 2014) (a presumption is a rebuttable “legal inference or assumption that a fact exists because of the known or proven existence of some other fact or group of facts.”).

<sup>66</sup> *Novus Franchising, Inc. v. Dawson*, 725 F.3d 885, 895 n.3 (8th Cir. 2013) (concluding delay rebutted “any inference of irreparable harm”).

<sup>67</sup> *Winter*, 555 U.S. at 20.

<sup>68</sup> 15 U.S.C. § 1116; McCarthy, *supra* note 10, at § 30:47.

<sup>69</sup> International Trademark Association, *Amendment of the Lanham Act to Include a Rebuttable Presumption of Irreparable Harm*, Board of Directors Resolution (Ma 20, 2017), <https://www.inta.org/Advocacy/Pages/Amendment%20of%20the%20Lanham%20Act%20to%20Include%20a%20Rebuttable%20Presumption%20of%20Irreparable%20Harm.aspx> (“[T]he International Trademark Association favors amending the Lanham Act to provide that, when a claimant seeks injunctive relief under Section 34 of the Act, a rebuttable presumption of

trademark owners, consumers, and the marketplace for many years and should not be taken away.

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irreparable harm shall apply where there has been a finding of liability, or in the case of a motion for a preliminary injunction, a finding of probable success on the merits of the claim.”).

LaLonde & Gilson, *supra* note 23, at 915 (arguing that “losing [the presumption] entirely would be a palpable setback to trademark law and the public interest, and that a Lanham Act Amendment would both restore and strengthen it”).

McCarthy, *Author’s Opinion on the Application of eBay to Trademark Cases*, *supra* note 10, at § 30:47.70 (“I do not believe that the presumption of irreparable injury traditionally followed in trademark preliminary injunction cases is in any way inconsistent with the letter or the spirit of the Supreme Court’s *eBay* decision.”).

Mark P. Gergen, John M. Golden & Henry E. Smith, *The Supreme Court’s Accidental Revolution? The Test for Permanent Injunctions*, 112 COLUM. L. REV. 203, 206 (2012) (“In deciding whether to issue injunctions, courts would generally do well by continuing to use the kinds of structured sets of presumptions and safety valves that have characterized traditional equitable practice. Courts should be reluctant to read *eBay*’s peculiar language to supplant these traditional approaches with a comparatively bare four-factor test.”).

Jeffrey M. Sanchez, Comment, *The Irreparably Harmed Presumption? Why the Presumption of Irreparable Harm in Trademark Law Will Survive eBay and Winter*, 2011 B.Y.U. L. REV. 535, 561 (2011) (“courts should not transplant patent law into a trademark inquiry by reading the policy-driven *eBay* decision as eliminating the presumption of irreparable harm in trademark law”).

David H. Bernstein & Andrew Gilden, *No Trolls Barred: Trademark Injunctions After eBay*, 99 TMR 1037, 1038 (2009) (“This article . . . concludes that *eBay* should not be used to eviscerate the normal presumption of irreparable harm that attaches upon a showing of liability in trademark cases.”).