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PRELIMINARY INJUNCTIONS

The author offers tips on how litigators may obtain a preliminary injunction in intellectual property cases despite the demise of the presumption of irreparable harm that used to follow a showing of a likelihood of success on the merits.

Don't Despair: Even Without a Presumption of Irreparable Harm, IP Plaintiffs Are Still Likely to Win a Preliminary Injunction After Establishing a Likelihood of Success on the Merits



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Plaintiffs seeking a preliminary injunction in copyright or trademark infringement cases have long benefited from a presumption of irreparable harm¹ that followed a showing of a likelihood of suc-

cess on the merits. The presumption of irreparable harm was a free pass. Once a plaintiff showed success the court assumed irreparable harm unless, the defendant was able to rebut the presumption.

The Supreme Court in *eBay Inc. v. MercExchange LLC*² threw out that presumption in patent cases. More recently, the Second Circuit in *Salinger v. Colting*³ held that *eBay* also ends that presumption in copyright and trademark cases.

As a result, a plaintiff seeking a preliminary injunction, at least in the Second Circuit, will need to show irreparable harm. But it is unlikely that the new standard will make much practical difference in most cases. Even

¹ As *Faiveley Transport Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 118, 90 USPQ2d 1312 (2d Cir. 2009) (77 PTCJ 522,

3/20/09), states, "to satisfy the irreparable harm requirement, [plaintiffs] must demonstrate that absent a preliminary injunction they will suffer an injury that is neither remote nor speculative, but actual and imminent, and one that cannot be remedied if a court waits until the end of trial to resolve the harm."

² 547 U.S. 388, 78 USPQ2d 1577 (2006) (72 PTCJ 50, 5/19/06).

³ 94 USPQ2d 1577 (2d Cir. April 30, 2010) (80 PTCJ 13, 5/7/10).

Salinger was careful (using a double negative) “not to say that most copyright plaintiffs who have shown a likelihood of success on the merits would not be irreparably harmed absent preliminary injunctive relief.”⁴ (Emphasis added.)

Nevertheless, with the free pass gone, intellectual property litigators need to prove irreparable harm to obtain a preliminary injunction. For those out of practice in making this demonstration, here are some suggestions.

Loss of Market Share

Litigators may want to focus first on loss of market share, which has traditionally been viewed as irreparable. That is because, as Judge Friendly noted in *Omega Importing Corp. v. Petri-Kine Camera Co.*, “to prove the loss of sales due to infringement is . . . notoriously difficult.”⁵ This difficulty is increased by the ease of infringement and the viral nature of unauthorized digital distribution on the internet. Each infringer with a click of the mouse may make a perfect copy of an infringing file, thereby exponentially multiplying the number of unauthorized copies to be further distributed.

Market Confusion

Market confusion caused by illegal copying also produces irreparable harm. The confusion, as *Clonus Associates v. Dreamworks* pointed out, results in damage to the copyright holder in “incalculable and incurable ways.”⁶ For instance, a defendant’s unauthorized copy may be so poor in quality that prospective purchasers will turn to other competitors rather than buy from either the plaintiff or defendant. Or that illegal copy may be so good and priced so low that consumers will have no reason to continue to buy the plaintiff’s work.

Loss of Monopoly Control

Litigators may also focus on the loss of control over the plaintiff’s copyrights caused by infringement. A copyright is a grant of a limited monopoly which gives the holder the right to control the use of its work.⁷ Without a preliminary injunction, the copyright holder loses that power of control, involuntarily ceding to the wrongdoer what is in effect a compulsory license to profit from its infringement until the case is over.⁸

⁴ *Id.* at *11.

⁵ 451 F.2d 1190, 1195, 171 USPQ 769 (2d Cir. 1971).

⁶ 417 F. Supp. 2d 248, 251 (S.D.N.Y. 2005).

⁷ See *UMG Recordings Inc. v. MP3.Com Inc.*, 92 F. Supp. 2d 349, 352, 54 USPQ2d 1668 (S.D.N.Y. 2000) (60 PTCJ 21, 5/12/00) (A copyright holder’s exclusive rights include the right to license a copyrighted work “only on terms the copyright owner finds acceptable.”)

⁸ *National Football League v. PrimeTime 24 Joint Venture*, No. 98 Civ. 3778 (LMN) 52 USPQ2d 1615 (S.D.N.Y. Sept. 27, 1999) (58 PTCJ 816, 10/21/99).

Courts find that loss of control results in “irreparable” damage.⁹

Loss of Incentive to Create

Loss of incentive to create may also be a basis for injunctive relief. As *Salinger* noted, copyright provides “individuals a financial incentive to contribute to the store of knowledge.”¹⁰ Infringement damages the incentive. In *Warner Bros. Entertainment Inc. v. RDR Books*,¹¹ J.K. Rowling, the author of the *Harry Potter* series, was able to persuade the court, based on her self-serving testimony, that the continued sale of the defendant’s unauthorized companion guide to that series would “destroy” her incentive to write her own companion guide.¹² The loss of will to create, not easily rebuttable on cross-examination, coupled with the loss of sales resulted from the presence of the infringing guide, were enough in that case to establish irreparable harm even in the absence of the presumption.¹³

Continuing Threat of Further Infringement

Finally, if the defendant has a past history of infringement a plaintiff seeking injunctive relief may want to argue that the defendant is likely to further infringe. As *Walt Disney Co. v. Powell*¹⁴ indicates, a repeat infringer’s convenient plea after being caught “red-handed” that he has “reformed” and will infringe no more may fall on unsympathetic ears.

The More Things Change . . .

In sum, with the free pass gone, plaintiffs suing for copyright or trademark infringement and seeking an injunction will have to prove irreparable harm. But these cases usually present clear evidence of that harm (which is why there had been the presumption for so long); and thus courts are likely to issue preliminary injunctions with the same frequency as they did before.¹⁵

⁹ See *Taylor Corp. v. Four Seasons Greetings LLC*, 403 F.3d 958, 968, 74 USPQ2d 1443 (8th Cir. 2005) (69 PTCJ 655, 4/22/05).

¹⁰ 2010 WL 1729126 at *11.

¹¹ 575 F. Supp. 2d 513, 88 USPQ2d 1723 (S.D.N.Y. 2008) (76 PTCJ 652, 9/12/08).

¹² *Id.* at 552.

¹³ *Id.*

¹⁴ 897 F.2d 565, 14 USPQ2d 1160 (D.C. Cir. 1980) (39 PTCJ 393, 3/15/90).

¹⁵ For more discussion on this subject see “*Coping Without the Presumption*” by Wade B. Gentz published in *Landslide*, an ABA publication. It may be found at http://www.abanet.org/abanet/common/login/securedarea.cfm?areaType=premium&role=pt&url=/intelprop/mo/premium-pt/landslidejune2010/LANDSLIDEMay2010_Gentz.pdf.

