Everything Old is New Again: Presumption of Irreparable Harm Restored to Third Circuit Trademark Cases Seeking Injunctive Relief

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In a real-world application of the old maxim "everything old is new again," the law regarding the need to separately prove "irreparable injury" in order to receive injunctive relief in a trademark infringement suit has been reversed, and a presumption of irreparable injury (when likelihood of success is established) restored to Third Circuit and District of New Jersey jurisprudence.

By recently passing the Trademark Modernization Act of 2020, Congress codified that a rebuttable presumption of irreparable harm exists in trademark cases where injunctive relief is sought. This amendment to the Lanham Act, the federal statute governing trademarks and unfair competition, is a return to the past that eases the burden on parties seeking injunctive relief in the Third Circuit, including the District of New Jersey, and thus will greatly benefit trademark owners.

One of the four critical elements that is weighed by the Court when justifying entry of an injunction is "irreparable harm" to the plaintiff (with the other three being likelihood of success on the merits of the claims, the harm to the defendant if an injunction is granted, and considerations of public policy). Historically, a plaintiff that established a *prima facie* showing of likelihood of success on a claim of trademark infringement was entitled to a rebuttable presumption of irreparable harm.

However, in 2006, the Supreme Court decided eBay, Inc. v. MercExchange, LLC, 547 U.S. 388 (2006), which held that a district court should not automatically grant an injunction upon a finding of *patent* infringement, but instead that traditional principles of equity applied and each of the four customary factors must be separately established and weighed for injunctive relief. After a period of uncertainty, the Third Circuit expressly extended the eBay holding to trademark matters in Ferring Pharms., Inc. v. Watson Pharms., Inc., 765 F.3d 205, 214 (3d Cir. 2014). There, the Third Circuit made clear that eBay's rationale equally applied in other contexts, including in cases arising under the Lanham Act. Thus, parties seeking injunctive relief under the Lanham Act were no longer afforded a presumption of irreparable harm. The Third Circuit in Ferring also noted that although eBay addressed a permanent rather than preliminary injunction, the distinction was not significant because the standards for both are essentially the same.

Not every circuit has extended eBay to trademark matters, leading to potentially inconsistent interpretations, and the ruling has been subject to criticism for many years. Recently, Congress acted to address these issues, including the Trademark Modernization Act as Section 221 of the Consolidated Appropriations Act, 2021. The Act has several provisions which impact the status

of trademark law, including the restoration of the rebuttable presumption of irreparable harm in injunction applications. Specifically, the Act amends 15 U.S.C. section 1116(a) to add:

> *A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order.*

The Act further indicates that the amendment "shall not be construed to mean that a plaintiff seeking an injunction was not entitled to a presumption of irreparable harm before the date of enactment of this Act." However, this provision only appears to affect jurisdictions that had not extended eBay to trademark matters.

Inherently, this change in controlling law makes it easier for plaintiffs to establish their right to injunctive relief. Moreover, because this amendment standardizes the rule applying to injunctive relief nationwide, it will make the Third Circuit (including the District of New Jersey), which previously required a higher burden of injunctive applicants, a significantly more attractive venue for asserting trademark rights than it previously was.