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Trademark Modernization Act and the Codification of the Presumption of Irreparable Harm

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Cover Page Footnote

J.D. Candidate, 2023, University of Georgia School of Law. I want to thank Professor Jean Goetz Mangan for all her help in improving my legal writing and for helping me write this Note. I would also like to thank all of my family, friends, and mentors for always supporting me in anything that I do.

**TRADEMARK MODERNIZATION ACT AND THE
CODIFICATION OF THE PRESUMPTION OF
IRREPARABLE HARM**

*Ethan LeBleu**

*J.D. Candidate, 2023, University of Georgia School of Law. I want to thank Professor Jean Goetz Mangan for all her help in improving my legal writing and for helping me write this Note. I would also like to thank all of my family, friends, and mentors for always supporting me in anything that I do.

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I. INTRODUCTION

In response to the coronavirus pandemic, President Donald Trump signed into law the Consolidated Appropriations Act.¹ In addition to the massive coronavirus provisions, the same stroke of the pen brought about major updates to trademark law.² The hidden gem in the mountains of coronavirus provisions is the “Trademark Modernization Act of 2020” (“TMA”).³ The TMA contains new proceedings before the United States Patent and Trademark Office, new rules related to Letters of Protest, and resolves a circuit split.⁴ The dispute Congress resolved involves whether a plaintiff is entitled to a presumption of irreparable harm when seeking injunctive relief for trademark infringement.⁵ The issue had been in contention since the U.S. Supreme Court decided *eBay Inc. v. MercExchange, LLC*, a patent infringement case, over fourteen years ago.⁶

Before *eBay*, trademark infringement plaintiffs seeking injunctive relief typically enjoyed the court-made presumption of irreparable harm.⁷ In *eBay*, the Court held that (1) courts should exercise equitable discretion in awarding injunctive relief and (2) plaintiffs seeking injunctive relief in a patent infringement

¹ Consolidated Appropriations Act of 2021, Pub. L. No. 116-260, 1182 Stat. 424; See Allison Worthy Buchner et al., *Sweeping Copyright and Trademark Measures Buried in Consolidated Appropriations Act*, 33 NO. 3 INTELL. PROP. & TECH. L.J. 1, 1 (2021), <https://www.kirkland.com/-/media/publications/alert/2021/01/buchnerschweitzerbeltran.pdf?la=en> (noting the sweeping copyright and trademark measures hidden in the Consolidated Appropriations Act).

² Buchner et al., *supra* note 1, at 1.

³ *Id.* at 2.

⁴ Kristine M. Young et al., *US Trademark Modernization Act Takes Effect*, MAYER BROWN (Jan. 21, 2022), <https://www.mayerbrown.com/en/perspectives-events/publications/2022/01/us-trademark-modernization-act-takes-effect#:~:text=The%20most%20significant%20changes%20include,by%20establishing%20a%20rebuttable%20presumption.>

⁵ Patrick M. Bergin, *New Trademark Act Restores Presumption of Irreparable Harm, Helps Clear Dead Wood*, NAT'L L. REV. (May 2, 2022), <https://www.natlawreview.com/article/new-trademark-act-restores-presumption-irreparable-harm-helps-clear-dead-wood#:~:text=The%20TMA%20amends%20the%20Trademark,context%20of%20preliminary%20injunctive%20relief.>

⁶ *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006); 15 U.S.C. § 1116(a).

⁷ See *Camel Hair & Cashmere Inst. of Am., Inc. v. Associated Dry Goods Corp.*, 799 F.2d 6, 16 (1st Cir. 1986) (explaining that finding defendants’ labels were false warranted grant of injunction); *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971) (“Where there is, then, such high probability of confusion, injury irreparable in the sense that it may not be fully compensable in damages almost inevitably follows.”); *Times Mirror Mags. Inc. v. Las Vegas Sports News*, 212 F.3d 157, 169 (3d Cir. 2000) (affirming lower court’s holding that irreparable harm may be shown based on likelihood of success on the merits on the plaintiff’s claim); *Brookfield Commc’ns, Inc. v. W. Coast Ent.*, 174 F.3d 1036, 1066 (9th Cir. 1999) (“[I]rreparable injury may be presumed from a showing of likelihood of success on the merits of a trademark infringement claim.”).

case must satisfy a four-factor test for a permanent injunction.⁸ After *eBay Inc. v. MercExchange, LLC*, lower courts split on whether the presumption of irreparable harm still applied to trademark law.⁹ Lower courts took three main positions in trademark cases: (1) continued application of the presumption of irreparable harm the presumption of irreparable harm¹⁰, (2) application of the four-factor test outlined in *eBay*,¹¹ or (3) refusal to address the presumption entirely.¹² Congress resolves the split between lower courts by codifying the presumption of irreparable harm in the TMA.¹³ This Note will argue that codifying the presumption gives plaintiffs a fair and effective route to protect their marks while still providing defendants adequate means to rebut the presumption.¹⁴

This Note is divided into four sections. Part II outlines what trademark infringement plaintiffs must prove to satisfy a claim for injunctive relief and discusses how courts applied the presumption of irreparable harm to trademarks before *eBay*. Part II also analyzes *eBay* and its impact on trademark litigation and assesses the TMA's impact on the presumption of irreparable harm. Next, Part III analyzes the presumption of irreparable harm and how the presumption allows plaintiffs to protect their trademarks while also allowing defendants to refute the presumption. Last, Part IV concludes that the TMA's changes to 15 U.S.C. § 1116(a) provide sufficient opportunities for plaintiffs to protect their marks and prevent forum shopping in trademark infringement cases.

⁸ *eBay*, 547 U.S. at 388; see also Rita W. Siamas, *Whatever "It" is, You Can Find it in Cases Post-Ebay: But Don't Search for Guidance About Whether Ebay Eliminates the Presumption of Irreparable Harm in Trademark Infringement Cases*, ORANGE CNTY. L., Aug. 2008, at 18 (“[P]laintiff seeking a permanent injunction must 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.”).

⁹ Siamas, *supra* note 8, at 19 (stating that several district and circuit courts' decisions do not provide clear guidance as to whether *eBay* applies to trademark infringement cases).

¹⁰ See *Ignition Athletic Performance Grp., LLC v. Hantz Soccer U.S.A., LLC*, 245 F. App'x 456, 460 (6th Cir. 2007) (“[I]rreparable harm normally follows when there is a likelihood of confusion or risk to reputation.” (citing *Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, 453 F.3d 377 (6th Cir. 2006))).

¹¹ See *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 206 (3d Cir. 2014) (“[P]arty bringing a claim under the Lanham Act is not entitled to a presumption of irreparable harm when seeking a preliminary injunction and must demonstrate that irreparable harm is likely.”).

¹² See *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 34 (1st Cir. 2011) (declining to decide the impact of *eBay* on presumption of irreparable harm in trademark infringement action).

¹³ 15 U.S.C. § 1116(a).

¹⁴ Matt Acosta, *Trademark Modernization Act: Discontinuance and Delay*, A.B.A. (Apr. 7, 2021), <https://www.americanbar.org/groups/litigation/committees/intellectual-property/practice/2021/trademark-modernization-act-discontinuance-delay/>.

II. BACKGROUND

A. INJUNCTIVE RELIEF IN TRADEMARK INFRINGEMENT CASES

The Lanham Act, which governs trademarks,¹⁵ defines trademarks as:

any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register .

..

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.¹⁶

The Act was passed in 1946 and provides for federal causes of action for “trademark dilution, cybersquatting, and several unfair competition claims, such as unregistered trademark infringement . . . , false advertising, false endorsement, and false designation of origin.”¹⁷ Registered trademarks “prevent others from using the same or a similar trademark for related goods or services without . . . permission.”¹⁸ Black’s Law Dictionary defines “infringement” as “[a]n act that interferes with one of the exclusive rights of a patent, copyright, or trademark owner.”¹⁹ “Trademark Infringement” is further defined as:

The unauthorized use of a trademark — or of a confusingly similar name, word, symbol, or any combination of these — in connection with the same or related goods or services and in a manner that is likely to cause confusion, deception, or mistake about the source of the goods or services.²⁰

¹⁵ 15 U.S.C. §§ 1051-1141(n).

¹⁶ 15 U.S.C. § 1127.

¹⁷ *Lanham Trademark Act (Lanham Act)*, THOMSON REUTERS PRAC. L. https://1.next.westlaw.com/8-501-4903?_lrTS=20210419013804114&transitionType=Default&contextData=%28sc.Default%29 (last visited Oct. 13, 2021).

¹⁸ *Trademark scope of protection*, USPTO, <https://www.uspto.gov/trademarks/basics/scope-protection> (last visited Oct. 11, 2022).

¹⁹ *Infringement*, BLACK’S LAW DICTIONARY (11th ed. 2019).

²⁰ *Id.*

When a trademark is used in commerce without the consent of the trademark registrant in such a way that would be likely to cause confusion, mistake, or deceive others, the registrant may bring a civil action against the infringer.²¹

To meet its burden of proof for a trademark infringement claim, the “plaintiff must show (1) that it had trademark rights in the mark or name at issue and (2) that the other party had adopted a mark or name that was the same, or confusingly similar to its mark, such that consumers were likely to confuse the two.”²² Plaintiffs in trademark infringement cases could receive injunctive relief to prevent any violation of their rights associated with their marks.²³ Preliminary injunctions are temporary forms of relief that “require[] a party to perform, or refrain from performing, a particular act until the court enters final judgment in the case.”²⁴ Permanent injunctions “may continue after an action concludes, either perpetually or until a specified date.”²⁵ By granting a preliminary or permanent injunction, courts help trademark infringement plaintiffs prevent defendants from using their marks.²⁶ Courts have the discretion to grant or deny either a preliminary or permanent injunction.²⁷ Preliminary injunctions are “sought before trial on the merits,”²⁸ and permanent injunctions are “sought following trial on the merits or other dispositions, such as summary judgment.”²⁹ Injunctions are an incredibly powerful legal remedy; therefore courts are typically reluctant to grant injunctions.³⁰

When seeking an injunction, the plaintiff must show that they suffered a great injury and that damages alone are an inadequate form of relief.³¹ Generally, courts analyze four factors to determine if granting injunctive relief is appropriate: (1) whether there is irreparable harm to the plaintiff if the injunction is not granted; (2) whether other remedies can adequately compensate for plaintiff’s injury; (3) whether an equitable remedy is warranted when considering

²¹ See 15 U.S.C. § 1114 (stating that a registrant is entitled to remedies for trademark infringement under 15 U.S.C. § 1125(a) or (d)).

²² *Commodores Ent. Corp. v. McClary*, 879 F.3d 1114, 1130–31 (11th Cir. 2018) (quoting *Tana v. Dantanna’s*, 611 F.3d 767, 773 (11th Cir. 2010)).

²³ See 15 U.S.C. § 1116 (providing for injunctive relief for violation of trademark registrant’s rights).

²⁴ Practical Law Litigation, *Injunctive Relief Toolkit (Federal)*, THOMSON REUTERS PRAC. L. (alteration in original), <https://1.next.westlaw.com> (last visited Oct. 11, 2022).

²⁵ *Id.*

²⁶ See James B. Astrachan, *Who Will Protect the Consumers of Trademarked Goods?*, 46 U. BALT. L. REV. 375, 377 (2017) (discussing how injunctive relief prevents infringers from unlawful activity).

²⁷ CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 2942 (3d ed. 2021).

²⁸ Astrachan, *supra* note 26, at 376.

²⁹ *Id.*

³⁰ CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 2942 (3d ed. 2021).

³¹ *Id.*; see *Bonaparte v. Camden & A.R. Co.*, 3 F. Cas. 821, 827 (C.C.D.N.J. 1830) (explaining that plaintiff must show the inadequacy of damages for injunction).

the balance of hardships between the plaintiff and defendant; and (4) the public interest harmed by the injunction.³²

Both preliminary and permanent injunctions are crucial for plaintiffs in trademark infringement cases. Injunctions are a common remedy sought by plaintiffs in trademark infringement cases,³³ and historically, plaintiffs have received an injunction more times than not.³⁴ Injunctions are important for plaintiffs in trademark infringement cases because the harm to the plaintiff is difficult to define by dollars lost given the struggle courts have in determining the number of lost sales due to infringement.³⁵ Injuries from trademark infringement are frequently “inevitably” irreparable.³⁶

Further, trademark registrants may suffer damage to their image and reputation when an infringer causes consumers to be confused, mistaken, or deceived into buying inferior products or services from the infringer rather than buying the better product or service from the trademark registrant.³⁷ Thus, the primary incentive for a plaintiff obtaining an injunction is to protect its reputation from the haphazard infringer that manufactures similarly appearing goods of lesser quality.³⁸ The inferior quality of the infringer’s products in conjunction with any customer confusion or mistake as to the products has the potential to cause dangerous, permanent, and unquantifiable damage to the plaintiff’s business, reputation, and sales.³⁹ Given the potential harms of infringement and difficulty of measuring damages, it is no surprise that trademark infringement plaintiffs cases often seek injunctive relief.⁴⁰ Plaintiffs, therefore, must be aware of the factors courts consider for injunctions going into litigation proceedings, so they can gauge the cost and probability of success of their legal action.

³² eBay Inc. v. MercExchange LLC., 547 U.S. 388, 391 (2006).

³³ Nicholas A. Gowen & Peter V. Baugher, *Recovering Damages for Trademark Infringement*, 101 ILL. BAR J. 1 (2013), https://www.burkelaw.com/media/news/63_Recovering%20Damages%20for%20Trademark%20Infringement.pdf.

³⁴ Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 585 (2008).

³⁵ Omega Importing Corp. v. Petri-Kine Camera Co., 451 F.2d 1190, 1195 (2d Cir. 1971).

³⁶ *Id.*

³⁷ *See id.* at 1193 (noting that the plaintiff claimed that the defendants’ cameras are “junk” that will injure the plaintiff’s reputation); *id.* at 1195 (reasoning that poorer quality products may create an injury upon the plaintiff that is not readily measurable).

³⁸ *See id.* at 1195 (discussing the potential lasting impact on a plaintiff’s reputation by an infringer with products of poor quality).

³⁹ *See* Pure Foods, Inc. v. Minute Maid Corp., 214 F.2d 792, 796 (5th Cir. 1954) (“[I]nfringement would subject the [plaintiff’s] good will and trade-mark to the hazards of the defendant’s business, and that the district court had jurisdiction to protect the Federally registered trade-mark.”).

⁴⁰ *See* Gowen & Baugher, *supra* note 33, at 1 (“[I]njunctions are the common remedy in Lanham Act cases.”).

B. THE PRESUMPTION OF IRREPARABLE HARM PRIOR TO *EBAY V. MERCExchange*

Prior to *eBay v. MercExchange*,⁴¹ plaintiffs in trademark infringement cases enjoyed a presumption that they suffered irreparable harm upon proving a likelihood of success on the merits of the infringement case.⁴² Courts recognized the difficulty of measuring monetary damages to compensate properly and repair the harm done to the party with interest in the trademark.⁴³ Courts also recognized that plaintiffs could suffer great intangible damage to their goodwill and business reputation by trademark infringement that could not be made whole through monetary damages.⁴⁴ Many circuits presumed irreparable harm once a trademark owner demonstrated a likelihood of success on the merits in its claims.⁴⁵

Prior to *eBay*, the First Circuit held that an injunction may be granted based on a finding of the likelihood of confusion, a key issue, showing the likelihood of success on the merits.⁴⁶ In *Keds Corp. v. Renee Int'l Trading Corp.*, the First Circuit even reasoned that other considerations for granting injunctions, including irreparable harm, flow from a finding of trademark confusion.⁴⁷ Later, the First Circuit expanded on the presumed irreparable harm from trademark confusion.⁴⁸ In *Société Des Produits Nestlé, S.A. v. Casa Helvetia, Inc.*, the First Circuit held that a plaintiff in a trademark infringement action only needed to show a likelihood of confusion, not actual harm to its goodwill, to show a violation of the Lanham Act.⁴⁹ The court stated that the Lanham Act did not require a plaintiff to prove

⁴¹ *eBay Inc. v. MercExchange LLC*, 547 U.S. 388 (2006).

⁴² See cases cited *supra* note 7 (highlighting cases where plaintiffs in trademark cases received a presumption of irreparable harm upon showing a likelihood of success on the merits of the case).

⁴³ *Omega*, 451 F.2d at 1195; *Pure Foods*, 214 F.2d at 796–97 (“[O]ne’s interest in a trademark or trade name is protected against being subjected to the hazards of another’s business.”).

⁴⁴ See *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.”); *Pappan Enters., Inc. v. Hardee’s Food Sys., Inc.*, 143 F.3d 800, 805 (3d Cir. 1998) (stating that grounds for irreparable harm include loss of control of reputation, trade, or goodwill).

⁴⁵ *Siamas*, *supra* note 8, at 18.

⁴⁶ *Keds Corp. v. Renee Int’l Trading Corp.*, 888 F.2d 215, 220 (1st Cir. 1989).

⁴⁷ *Id.*

⁴⁸ *Société Des Produits Nestlé*, 982 F.2d at 633.

⁴⁹ *Id.* at 640; see also *Pappan Enterprises, Inc.*, 143 F.3d at 805 (“This court has held that once the likelihood of confusion caused by trademark infringement has been established, the inescapable conclusion is that there was also irreparable injury.”).

actual injury in a trademark infringement case and that “irreparable harm flows from unlawful trademark infringement as a matter of law.”⁵⁰

The Second and Third Circuits also recognized the presumption of irreparable harm after the plaintiff showed a likelihood of confusion.⁵¹ In *Omega Importing Corp. v. Petri-Kine Camera Co.*, the Second Circuit showed how highly it regarded the presumption of irreparable harm in trademark cases when it held that irreparable harm that cannot be fully compensated in damages “almost inevitably follows” in trademark infringement cases.⁵² In *Tough Traveler v. Outbound Products*, the Second Circuit explicitly stated that upon the plaintiff’s showing of a likelihood of confusion, “there is normally a presumption of irreparable harm”⁵³ In *Opticians Ass’n of America v. Independent Opticians of America*, the Third Circuit found that potential damage to the plaintiff’s reputation by an infringer may constitute the irreparable harm necessary to grant a preliminary injunction.⁵⁴ In that case, the Third Circuit showed its commitment to the presumption when it stated that there is an “inescapable conclusion” of irreparable harm when a likelihood of confusion is shown.⁵⁵ Other circuits, such as the Eighth and Ninth, also recognized that courts may presume irreparable harm when the plaintiff shows a likelihood of success on the merits of its claim.⁵⁶ The Eleventh Circuit acknowledged the importance of the presumption of harm. It allowed injunctive relief in trademark actions, finding they “are common venues for the issuance of preliminary injunctions”⁵⁷ and that a showing of likelihood of confusion by itself may show a threat of irreparable harm.⁵⁸

Multiple circuit courts justified presuming irreparable harm after the plaintiff showed a likelihood of confusion because they reasoned that an injunction was

⁵⁰ *Société Des Produits Nestlé*, 982 F.2d at 640 (citing *Keds Corp.*, 888 F.2d at 220; *Geoffrey, Inc. v. Toys 'R Us*, 756 F. Supp. 661, 668 (D.P.R. 1991); *Jordan K. Rand, Ltd. v. Lazoff Bros., Inc.*, 537 F. Supp. 587, 597 (D.P.R. 1982)).

⁵¹ See *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971) (discussing how irreparable harm “almost inevitably follows” when there is a “high probability of confusion”); *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 196 (3d Cir. 1990) (endorsing the idea that a showing of a high probability of confusion establishes irreparable harm).

⁵² *Omega*, 451 F.2d at 1195.

⁵³ *Tough Traveler, Ltd. v. Outbound Prods.*, 60 F.3d 964, 967 (2d Cir. 1995).

⁵⁴ *Opticians Ass’n*, 920 F.2d at 196.

⁵⁵ *Id.* at 196-97.

⁵⁶ See *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 625 (8th Cir. 1987) (“Since a trademark represents intangible assets such as reputation and goodwill, a showing of irreparable injury can be satisfied if it appears that Kellogg can demonstrate a likelihood of consumer confusion.” (citing *Black Hills Jewelry Mfg. Co. v. Gold Rush, Inc.*, 633 F.2d 746, 753-54 n.7 (8th Cir. 1980))); *Brookfield Commc’ns, Inc. v. W. Coast Ent. Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999) (“[I]rreparable injury may be presumed from a showing of likelihood of success on the merits of a trademark infringement claim.”).

⁵⁷ *McDonald’s Corp. v. Robertson*, 147 F.3d 1301, 1310 (11th Cir. 1998) (quoting *Foxworthy v. Custom Tees, Inc.*, 879 F. Supp. 1200, 1219 (N.D. Ga. 1995)).

⁵⁸ *Id.*

necessary to prevent potential damages to the goodwill and reputation of the plaintiff.⁵⁹ Unsurprisingly, between 1947, the year after the enactment of the Lanham Act, and 2005, the year prior to the Supreme Court's *eBay* decision, plaintiffs demanding injunctive relief prevailed about 55% of the time.⁶⁰ Trademark owners' relatively minor advantage in court shows that defendants in trademark infringement cases still had sufficient opportunities to rebut the presumption of irreparable harm. The presumption of irreparable harm still left "the door slightly ajar perhaps for . . . trademark contexts where irreparable harm does not follow."⁶¹ This statement reflected that courts did not automatically apply the presumption but required the plaintiff to satisfactorily show that the plaintiff was likely to succeed on the merits of its case for the presumption to be effective.⁶² Additionally, defendants had the opportunity to produce evidence to rebut the presumption.⁶³

For instance, in *Citibank, N.A. v. Citytrust*, the plaintiff, Citibank, sought a preliminary injunction to prevent the defendant from using the name "Citytrust" to identify any of its offices in New York State.⁶⁴ The Court found that injunctive relief was not proper and based its finding on two principal facts.⁶⁵ First, the defendant had advertised its services in New York as early as four years prior to the beginning of the suit; and second, the plaintiff's likelihood of confusion claim was "eroded" by the plaintiff's operating in Connecticut, the established area of the defendant.⁶⁶ Similarly, in *Tough Traveler, Ltd. v. Outbound Products*, the plaintiff brought an infringement action against the defendant at least nine months after becoming aware of the defendant's alleged infringement and then waited four more months before moving for a preliminary injunction.⁶⁷ The court found that the plaintiff's "leisurely pace" of pursuit in the matter did not warrant a reliance on the presumption of irreparable harm, despite no sales of the allegedly

⁵⁹ *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792, 796-97 (5th Cir. 1954); *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971); *Opticians Ass'n*, 920 F.2d at 196 (explaining that potential damage to the plaintiff's reputation by an infringer may constitute the irreparable harm); *Pappan Enters., Inc. v. Hardee's Food Sys.*, 143 F.3d 800, 805 (3d Cir. 1998) (stating that grounds for irreparable harm include loss of control of reputation, trade, or goodwill).

⁶⁰ Port, *supra* note 34, at 585.

⁶¹ *Church of Scientology Int'l v. Elmira Mission of the Church of Scientology*, 794 F.2d 38, 42 (2d Cir. 1986).

⁶² See *Citibank, N.A. v. Citytrust*, 756 F.2d 273, 277 (2d Cir. 1985) (holding that the plaintiff failed to establish irreparable harm when plaintiff delayed seeking injunctive relief and had minimal likelihood of increased harm to its trademark); *S. Monorail Co. v. Robbins & Myers, Inc.*, 666 F.2d 185, 187-88 (5th Cir. 1982) (dismissing the case on the balance of harm question).

⁶³ J. Thomas McCarthy, *Are Preliminary Injunctions Against Trademark Infringement Getting Harder to Achieve?*, 14 INTELL. PROP. L. BULL. 1, 4 (2009).

⁶⁴ *Citibank*, 756 F.2d at 275.

⁶⁵ *Id.* at 277.

⁶⁶ *Id.*

⁶⁷ *Tough Traveler, Ltd. v. Outbound Prods.*, 60 F.3d 964, 968 (2d Cir. 1995).

infringing product being made when the plaintiffs originally discovered the alleged infringement.⁶⁸

EK Success, Ltd. v. Binney & Smith, Inc. is another example of a defendant's ability to rebut the presumption.⁶⁹ In *EK Success*, the plaintiff sold "character washable markers" in egg crate-shaped packages.⁷⁰ The defendant later developed a "Winnie the Pooh" character marker that was the same size as the plaintiff's markers and sold in egg crate trays.⁷¹ The court found that the plaintiff failed to show irreparable harm despite the plaintiff's allegations that the defendant's copying exploited the plaintiff's goodwill for unlawful financial gain.⁷² The court noted that the plaintiff did not argue that the defendant's products were inferior or that their presence in the market would cause it harm.⁷³ The court did not simply assume irreparable harm based on the potential for trademark infringement. Instead, it investigated the potential infringement and the likelihood of confusion and irreparable harm to the plaintiff.⁷⁴

The above cases show that the presumption is not automatic, with courts still considering defendants' arguments about whether there was actual irreparable harm when deciding to grant injunctive relief.⁷⁵ *Citibank* is an excellent example of how a defendant can properly rebut the presumption of irreparable harm and deflect a plaintiff's claim for injunctive relief.⁷⁶ *Citibank* shows that the court can and does consider the plaintiff's delay in filing a lawsuit, in addition to other equitable factors, such as the plaintiff availing itself of the defendant's primary place of business.⁷⁷

Tough Traveler is an even narrower opinion that rejected granting an injunction strictly based on the plaintiff's delay in seeking relief.⁷⁸ The court considered the timing of infringement compared to the time the plaintiff initially brought suit and sought injunctive relief. The court then refused to defer to the plaintiff's argument that it delayed seeking relief since the defendants were not selling any infringing products at the time the infringement was discovered.⁷⁹

EK Success shows that even if the plaintiff's request for injunctive relief was timely, the plaintiff might still be denied relief for a failure to show irreparable

⁶⁸ *Id.*

⁶⁹ *EK Success, Ltd. v. Binney & Smith, Inc.*, No. 97 CIV. 8633 (AGS), 1997 WL 760517 (S.D.N.Y. Dec. 9, 1997).

⁷⁰ *Id.* at *1.

⁷¹ *Id.*

⁷² *Id.* at *3.

⁷³ *Id.* at *8.

⁷⁴ *Id.* at *4.

⁷⁵ See cases cited *supra* note 62 (noting that some courts have considered defendants' argument when addressing whether there was actual irreparable harm in order to grant injunctive relief).

⁷⁶ *Citibank*, 756 F.2d at 273.

⁷⁷ *Id.* at 277.

⁷⁸ *Tough Traveler, Ltd. v. Outbound Prods.*, 60 F.3d 964, 965 (2d Cir. 1995).

⁷⁹ *Id.* at 968.

harm.⁸⁰ Therefore, pre-*eBay* plaintiffs were not automatic victors when seeking injunctive relief, and pre-*eBay* defendants had multiple options for protecting themselves from liability and injunctions. Ultimately, before *eBay*, the presumption of irreparable harm was clearly and consistently followed by courts that wanted to protect trademark rights and incentivize plaintiffs to seek injunctive relief to protect their trademarks.

C. *EBAY V. MERCExchange*, A PATENT CASE THAT LEFT AN INDELIBLE MARK ON TRADEMARKS

Everything changed for trademark owners and registrants seeking injunctive relief in 2006 due to a Supreme Court decision on a request for permanent injunctive relief.⁸¹ The case that shook the presumption of irreparable harm in trademark infringement cases was not even a trademark case but rather a patent infringement case.⁸² In the case that shifted the understanding of irreparable harm in trademark infringement cases, eBay and one of its subsidiaries operated websites that allowed private sellers to list goods for sale.⁸³ The respondent, MercExchange, held a “business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants.”⁸⁴ MercExchange “sought to license its patent to eBay” and eBay’s subsidiary, but the parties never agreed.⁸⁵ MercExchange responded by filing a patent infringement suit against eBay and its subsidiary for infringing MercExchange’s “business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants.”⁸⁶

The court found that “well-established principles of equity” required a plaintiff, even in a patent infringement action, 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

⁸⁰ EK Success, Ltd. v. Binney & Smith, Inc., No. 97 CIV. 8633 (AGS), 1997 WL 760517 (S.D.N.Y. Dec. 9, 1997).

⁸¹ See Peter J. Karol, *Trademark's Ebay Problem*, 26 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 625, 636 (2016) (explaining that it is difficult to classify the disorder of circuit courts’ application of *eBay* in trademark cases).

⁸² eBay Inc. v. MercExchange LLC, 547 U.S. 388 (2006).

⁸³ *Id.* at 390.

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.⁸⁷

The Court noted that this traditional approach to rewarding injunctive relief was consistent with its treatment of injunctions under the Copyright Act.⁸⁸ The Court also rejected the United States Court of Appeals for the Federal Circuit's decision that permanent injunctions will issue upon a showing of infringement and validity⁸⁹, showing that plaintiffs now had to separately show irreparable harm, not just infringement, to obtain injunctive relief. By rejecting the Federal Circuit's rule, the Supreme Court made it significantly more difficult to obtain an injunction, doing away with the Federal Circuit's reasoning that injunctions should be denied in only rare circumstances.⁹⁰

D. EBAY'S MARK UPON THE PRESUMPTION OF IRREPARABLE HARM IN TRADEMARK CASES

Although *eBay* was a patent infringement case, it left an open question as to whether the injunction standards in *eBay* applied to injunctions in other contexts, including trademarks.⁹¹ *eBay* left the district and circuit courts to determine whether plaintiffs in trademark infringement cases now had to prove irreparable harm to receive an injunction, instead of relying on the court-made presumption of irreparable harm.⁹²

eBay ultimately left a mess for the lower courts to clean up without a true guiding principle, creating inconsistent lower court decisions regarding injunctions under the Lanham Act. After *eBay*, courts typically took one of three stances on the presumption of irreparable harm and its applicability to trademark cases in which the plaintiff sought injunctive relief: (1) *eBay* applied equally to trademark infringement; (2) *eBay* did not apply, and the presumption of irreparable relief remained for trademark cases; or (3) irreparable harm should be assessed without reliance upon the presumption.⁹³

⁸⁷ *Id.* at 391.

⁸⁸ *Id.* at 392.

⁸⁹ *Id.* at 393-94.

⁹⁰ *Id.* at 394.

⁹¹ Siamas, *supra* note 8, at 18-19.

⁹² *Id.* at 19.

⁹³ Jeffrey M. Sanchez, Commentary, *The Irreparably Harmed Presumption? Why the Presumption of Irreparable Harm in Trademark Law Will Survive eBay and Winter*, 2011 BYU L. REV. 535, 545 (2011).

1. *Courts Applying eBay's Injunction Standard to Trademark Cases*

After *eBay*, many courts thought the Supreme Court's decision applied to all intellectual property cases, not just to patent infringement cases.⁹⁴ Although *eBay* was workable in theory, many circuit courts were not clear on its application, leading to district courts within a circuit applying its reasoning regarding *eBay*'s application.⁹⁵

For instance, in *Dalkita, Inc. v. Distilling Craft, LLC*, the plaintiff sought to rely on the presumption of irreparable harm based on the Tenth Circuit's precedent established prior to *eBay*.⁹⁶ The district court rejected the plaintiff's reliance on the presumption and found that the "Supreme Court's decision in *eBay* was not predicated on the unique nature of patent cases, but on the principle that courts may not depart from 'the long tradition of equity practice' absent a clear congressional mandate to do so."⁹⁷ The district court's decision in *Dalkita* was not based on previous Tenth Circuit precedent but on the district court's interpretation of *eBay*.⁹⁸

The discrepancy between the district court's reasoning in a case like *Dalkita* and the circuit court's reasoning in cases prior to *eBay* put plaintiffs in an awkward situation.⁹⁹ Plaintiffs in trademark cases in the Tenth Circuit lacked clear guidance as to what they must plead and prove to receive injunctive relief, leaving them beholden to a district court judge's opinion on the application of *eBay*.¹⁰⁰ This inconsistent application of the Supreme Court's *eBay* decision within a single circuit is a microcosm of the confusion that *eBay* left upon trademark cases nationwide.

The Third Circuit's stance on *eBay*'s application to trademark cases was clearer. In *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc.*, the Third Circuit noted that prior to *eBay*, it repeatedly held that a plaintiff alleging

⁹⁴ See *Dalkita, Inc. v. Distilling Craft, LLC*, 356 F. Supp. 3d 1125, 1133 (D. Colo. 2018) (agreeing with other circuits that *eBay* applies in trademark context); *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205 (3d Cir. 2014) ("[A] party bringing a claim under the Lanham Act is not entitled to a presumption of irreparable harm when seeking a preliminary injunction and must demonstrate that irreparable harm is likely.>").

⁹⁵ Compare *Lorillard Tobacco Co. v. Engida*, 213 F. App'x 654, 657 (10th Cir. 2007) (declining to consider *eBay*), with *Dalkita*, 356 F. Supp. 3d at 1133 (finding that *eBay* applies in trademark infringement cases).

⁹⁶ *Dalkita*, 356 F. Supp. 3d at 1131.

⁹⁷ *Id.* at 1133 (quoting *eBay v. MercExchange, LLC*, 547 U.S. 388, 391-92 (2006)).

⁹⁸ Compare *Dalkita*, 356 F. Supp. 3d at 1133 (finding that *eBay* applies in trademark infringement cases), with *Lorillard Tobacco*, 213 F. App'x at 657 (10th Cir. 2007) (declining to consider *eBay*).

⁹⁹ Compare *SCFC ILC, Inc. v. Visa USA, Inc.*, 936 F.2d 1096, 1100-01 (10th Cir. 1991), modified by *O Centro Espirita Beneficente Uniao Do Vegetal v. Ashcroft*, 389 F.3d 973 (10th Cir. 2004) (finding irreparable harm is frequently presumed in trademark context), with *Dalkita*, 356 F. Supp. 3d at 1133 (refusing to presume irreparable harm after *eBay*).

¹⁰⁰ See cases cited *supra* note 98 (noting the different interpretations courts have taken regarding the applicability of *eBay* in trademark cases).

trademark infringement is entitled to a presumption of harm when the plaintiff demonstrates a likelihood of success on the merits.¹⁰¹ Despite this, the Third Circuit noted its prior inconsistency in Lanham Act cases, reasoning that it never held that “a plaintiff seeking a preliminary injunction pursuant to a Lanham Act false advertising claim is entitled to a presumption of irreparable harm.”¹⁰² The Third Circuit clarified its stance on the presumption of irreparable harm for all Lanham Act cases when it concluded that “a party bringing a claim under the Lanham Act is *not* entitled to a presumption of irreparable harm when seeking a[n] . . . injunction and must demonstrate that irreparable harm is likely.”¹⁰³

After determining that the plaintiff was not entitled to the presumption, the Third Circuit found that the particular plaintiff, in that case, failed to show irreparable harm¹⁰⁴ when the speaker on the defendant’s webcast made a misstatement regarding a Black Box warning on one of the plaintiff’s products in an earlier webcast.¹⁰⁵ The court explained that the plaintiff failed to show irreparable harm because the defendant removed the statement from the second webcast and the speaker for the defendant’s webcast certified that he would not make the statement in the future, in accordance with the plaintiff’s request.¹⁰⁶

Although the Third Circuit did not find irreparable harm in *Ferring*, the circuit’s finding of irreparable harm in *Groupe SEB USA, Inc. v. Euro-Pro Operating LLC*,¹⁰⁷ a case decided the same year as *Ferring*, sheds some light on what a plaintiff had to prove to show irreparable harm in a circuit that relied on the standard in *eBay*. In *Groupe SEB USA*, the defendant advertised its steam irons as “MORE POWERFUL” than the plaintiff’s steam iron “at half the price” and as having the “#1 MOST POWERFUL STEAM.”¹⁰⁸ In response, the plaintiff had independent tests of the steam irons, which found that the defendant’s claims were false.¹⁰⁹ After that, the plaintiff sought a preliminary injunction against the defendant for false advertising under the Lanham Act.¹¹⁰

The court found that the plaintiff successfully showed irreparable harm and granted injunctive relief.¹¹¹ The court noted the marketing director’s testimony that the plaintiff’s steam irons had “strong reputations . . . as the premier steam-iron brand on the market . . . [as a] result of substantial SEB investments in advertising, promotion, and product development.”¹¹² The court also noted that

¹⁰¹ *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 211 (3d Cir. 2014).

¹⁰² *Id.* at 210.

¹⁰³ *Id.* at 206 (emphasis added).

¹⁰⁴ *Id.* at 217.

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* at 218.

¹⁰⁷ *Groupe SEB USA, Inc. v. Euro-Pro Operating LLC*, 774 F.3d 192, 203 (3d Cir. 2014).

¹⁰⁸ *Id.* at 195.

¹⁰⁹ *Id.* at 196.

¹¹⁰ *Id.*; see 15 U.S.C. § 1125 (describing liability under the Lanham Act for false advertising).

¹¹¹ See *Groupe SEB*, 774 F.3d at 207 (finding that the district court did not abuse its discretion and granting SEB a preliminary injunction).

¹¹² *Id.* at 205.

the products were typically sold next to each other on retail shelves.¹¹³ The court found that the proximity of the defendant's products to the plaintiff's products combined with the plaintiff's value in its reputation supported a finding of irreparable harm without the presumption.¹¹⁴

Groupe SEB shows the great cost a plaintiff must pay to obtain an injunction post-*eBay*.¹¹⁵ In *Group SEB*, the plaintiff had to conduct tests to prove that the defendant made false statements against the plaintiff and expended its marketing director's time and energy for his testimony about the company's harm due to the defendant's actions.¹¹⁶ Although the defendant was clearly in error, the plaintiff still had to reallocate its executives' time, retain outside attorneys, and argue in front of the circuit court for injunctive relief.¹¹⁷ This was far from prompt relief for the trademark owners.

2. Courts that Continued to Apply the Presumption After eBay

After *eBay*, many courts either declined to address the presumption issue or decided that the presumption no longer existed.¹¹⁸ The Ninth Circuit even flipped its opinion on whether the presumption applied post-*eBay*: in 2007, the it acknowledged the presumption of irreparable harm but later rejected the presumption a short six years.¹¹⁹ This uncertainty left plaintiffs and courts guessing whether the presumption applied. The Sixth Circuit, however, continued to allow injunctive relief in trademark infringement cases after *eBay*, upon a showing of likelihood of confusion.¹²⁰ For example, in *Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, the plaintiff discovered that the defendant had packs of counterfeit cigarettes in its stock that infringed the plaintiff's cigarette trademarks.¹²¹ The Sixth Circuit granted the plaintiff an injunction and

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *See id.* at 196, 205 (showing that plaintiff had to conduct independent tests and get testimony from its marketing director to show irreparable harm).

¹¹⁶ *See id.* at 196 (explaining tests conducted by plaintiff); *id.* at 205 (stating marketing director's testimony).

¹¹⁷ *See id.* (noting that to prove irreparable harm, Groupe SEB had to redirect its marketing director's time to testify and had to pay its outside attorneys to find proof of irreparable harm and argue these points).

¹¹⁸ *See Dalkita, Inc. v. Distilling Craft, LLC*, 356 F. Supp. 3d 1125, 1133 (D. Colo. 2018) (agreeing with other circuits that *eBay* applies in trademark context); *Lorillard Tobacco Co. v. Engida*, 213 F. App'x 654, 657 (10th Cir. 2007) (declining to consider *eBay*).

¹¹⁹ *Compare Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir. 2007) ("Irreparable injury is ordinarily presumed upon a showing of a likelihood of success." (citing *Brookfield Commc'ns, Inc. v. W. Coast Ent.*, 174 F.3d 1036, 1066 (9th Cir. 1999))), with *Herb Reed, LLC v. Fla. Ent. Mgmt.*, 736 F.3d 1239, 1249 (9th Cir. 2013) (holding that *eBay* applies to a preliminary injunction in a trademark infringement case).

¹²⁰ *Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc.*, 453 F.3d 377, 382; *Lucky's Detroit, LLC v. Double L, Inc.*, 533 F. App'x 553, 560 (6th Cir. 2013) (finding that customer confusion of marks is a sufficient showing of irreparable harm).

¹²¹ *Lorillard Tobacco Co.*, 453 F.3d at 379.

recognized that irreparable injury follows from a likelihood of confusion or a possible risk to reputation from infringement.¹²²

The Fourth Circuit has also acknowledged the continued viability of the presumption of irreparable harm in trademark cases post-*eBay* in its district courts.¹²³ In *Rainbow School, Inc. v. Rainbow Early Education Holding LLC*, the Eastern District Court of North Carolina acknowledged that irreparable harm is presumed to result from trademark infringement.¹²⁴ In that case, the court held the defendant in contempt of court and ordered the defendant to correct violations of an injunction to which the parties had previously agreed.¹²⁵

In *Rebel Debutante LLC v. Forsyth Cosmetic Group Ltd.*, the Middle District of North Carolina, also in the Fourth Circuit, applied the presumption to a preliminary injunction proceeding involving a trademark infringement claim and distinguished *eBay* on multiple grounds.¹²⁶ First, the court reasoned that *eBay* involved a permanent injunction.¹²⁷ Next, the court noted that copyright and patent infringement actions are distinct from trademark infringement actions because consumer confusion has long-lasting effects.¹²⁸ Finally, the court relied on other Fourth Circuit district courts' continued recognition of the presumption and concluded that it would not discard the presumption of irreparable harm.¹²⁹

By continuing to apply the presumption, courts relied on the equitable considerations they believed favored the continued use of the presumption of irreparable harm.¹³⁰ The Supreme Court's opinion in *eBay* fails to clarify the scope and applicability of *eBay*'s injunctive relief standard.¹³¹ Thus, circuit and district courts were free to restrict the Supreme Court's opinion in *eBay* as narrowly as possible to apply the presumption as they saw fit.

¹²² *Id.* at 382 (citing *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999)).

¹²³ *See* *Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC*, No. 5:14-CV-482-BO, 2016 WL 7243538, at *3 (E.D.N.C. Dec. 14, 2016) ("Harm is presumed to result from trademark infringement."), *aff'd*, 887 F.3d 610 (4th Cir. 2018); *Rebel Debutante LLC v. Forsythe Cosm. Grp., Ltd.*, 799 F. Supp. 2d 558, 580 (M.D.N.C. 2011) (stating that the court would not discard the presumption).

¹²⁴ *Rainbow Sch.*, 2016 WL 7243538, at *1, *3-4.

¹²⁵ *Id.*

¹²⁶ *Rebel Debutante*, 799 F. Supp. 2d at 579.

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.* at 579-580.

¹³⁰ *See* cases cited *supra* note 123 (acknowledging the Fourth Circuit's continued application of the presumption of irreparable harm post-*eBay*).

¹³¹ *See* Ronald T. Coleman Jr. et al., *Applicability of the Presumption of Irreparable Harm After eBay*, 32 FRANCHISE L.J. 3, 3 (2012) ("[L]ower federal courts continue to grapple with the scope and applicability of the *eBay* decision.").

3. Courts That Addressed Irreparable Harm Decisions Without Reliance on the Presumption

In contrast to the courts in subsections (1) and (2) that took stances on the presumption of irreparable harm and *eBay*'s impact upon the presumption, some courts declined to address *eBay*'s applicability to trademarks and made decisions to grant or deny the plaintiff's request for an injunction without addressing the four factors raised in *eBay*.¹³² It is not surprising that courts decided to avoid the *eBay* issue when determining whether to grant an injunction due to the confusion that *eBay* caused in trademark cases where plaintiffs sought an injunction.¹³³

U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc. is one example of a circuit court circumventing the subject of irreparable harm by affirming vague factual findings—that in actuality involved very little fact finding—that the district court used to support a finding of irreparable harm.¹³⁴ In that case, the United States Polo Association and its subsidiary appealed from a dismissal of a declaratory judgment approving the plaintiffs' use of its "Double Horsemen" mark for men's fragrances and a permanent injunction granted to the defendants that prevented the plaintiffs' use of the marks in connection with fragrances or any product.¹³⁵ The defendants argued that the district court committed error in applying the presumption of irreparable harm, but the Second Circuit found that the defendants' claims were without merit.¹³⁶ The Second Circuit found that the district court did not apply the presumption of irreparable harm, and therefore, it did not need to decide whether the presumption of irreparable harm applied post-*eBay*.¹³⁷ The factual findings relied upon by the Second Circuit, which again involved very little actual factual analysis, were that the defendants would suffer irreparable harm by merely conceding control over its reputation and goodwill to the plaintiffs.¹³⁸

U.S. Polo Ass'n demonstrates the minimal "factual finding" required to support irreparable harm, allowing courts to avoid directly determining whether *eBay* applied to trademarks.¹³⁹ By failing to take a stance on the presumption after *eBay*, the Second Circuit left the presumption an open question for the district courts to decide. The Second Circuit's silence required district courts to interpret

¹³² *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 54 (1st Cir. 2013) (stating that the court did not need to decide whether *eBay* applied to the presumption of irreparable harm in trademark disputes); *Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 313 (5th Cir. 2008) (stating that deciding whether a court must apply the presumption after *eBay* was difficult and unnecessary).

¹³³ See discussion *supra* Part II subsection (d) (discussing the confusion amongst courts post-*eBay*).

¹³⁴ *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.*, 511 F. App'x 81, 85 (2d Cir. 2013).

¹³⁵ *Id.* at 82.

¹³⁶ *Id.* at 85.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.*

eBay on their own, creating uncertainty for plaintiffs regarding the burden of proof for receiving injunctive relief.

The Eleventh Circuit showed how close it would get to taking a firm stance without actually deciding whether the circuit would follow *eBay* in *North American Medical Corp. v. Axiom Worldwide, Inc.*¹⁴⁰ There, the Eleventh Circuit stated, “a strong case can be made that *eBay*’s holding necessarily extends to the grant of preliminary injunctions under the Lanham Act.”¹⁴¹ The Eleventh Circuit also stated there was “no obvious distinction . . . between permanent and preliminary injunctive relief to suggest that *eBay* should not apply to the latter.”¹⁴² Despite these statements, the Eleventh Circuit declined to address whether the presumption of irreparable harm violated *eBay*, leaving the district court on remand to decide whether the presumption was appropriate for a trademark infringement action.¹⁴³

Although the Eleventh Circuit’s reasoning was more skewed towards reliance upon *eBay* and the elimination of the presumption of irreparable harm, it ultimately left the district court with the same open question that the Second Circuit left in *U.S. Polo Ass’n*. When the circuit courts declined to address the issue directly, it left a gaping question for plaintiffs asserting trademark infringement claims. The once clear and reliable presumption that plaintiffs had come to rely upon for years had become unpredictable.

E. THE TRADEMARK MODERNIZATION ACT OF 2020 AND THE CODIFICATION OF IRREPARABLE HARM

The federal court’s treatment of the presumption of irreparable harm shows: (1) that plaintiffs have come to rely upon the presumption in seeking injunctive relief; (2) *eBay*’s inconsistent application among lower court’s decision to grant injunctive relief; and (3) the uncertainty and inconsistency in opinions after *eBay* in trademark cases in which plaintiffs sought injunctions.¹⁴⁴ Finally, after over fourteen years of confusion created by the Supreme Court’s decision in *eBay* and during a global pandemic, Congress finally resolved the presumption issue once and for all.¹⁴⁵ Amongst the practically innumerable provisions in response to COVID-19, the TMA was made law on December 27, 2020.¹⁴⁶ The relevant portion of the TMA is 15 U.S.C. section 1116(a), which states in part:

¹⁴⁰ *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211 (11th Cir. 2008).

¹⁴¹ *Id.* at 1228.

¹⁴² *Id.*

¹⁴³ *Id.*

¹⁴⁴ See discussion *supra Part II* (discussing historical use of the presumption and *eBay*’s impact upon the presumption and courts decisions).

¹⁴⁵ 15 U.S.C. § 1116.

¹⁴⁶ Consolidated Appropriations Act of 2021, Pub. L. No. 116-260, 1182 Stat. 424.

The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under subsection (a), (c), or (d) of section 1125 of this title. 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.¹⁴⁷

District courts have begun to apply the presumption of irreparable harm following the statute's passage.¹⁴⁸ In *Suzie's Brewery Co. v. Anheuser-Busch Companies, LLC*, the District Court of Oregon granted a temporary restraining order based upon the TMA's presumption of irreparable harm provision.¹⁴⁹ The provision kicked in once the plaintiff showed a likelihood of success on the merits and the defendant failed to rebut the presumption.¹⁵⁰ Additionally, in *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, the court granted a permanent injunction in favor of Constellation.¹⁵¹ The court found that The Vineyard House would continue to try to violate Constellation's trademark rights for its benefit if the court did not grant injunctive relief, causing harm to the public.¹⁵² While the court applied *eBay's* four-factor test in determining whether an injunction was appropriate, it acknowledged that the passage of the TMA allows it to presume irreparable harm in favor of Constellation.¹⁵³ The courts' application of the presumption of irreparable harm seems to mirror pre-*eBay* courts' application of the presumption, where a plaintiff may rely upon it when

¹⁴⁷ 15 U.S.C. § 1116(a).

¹⁴⁸ See *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, 515 F. Supp. 3d 1061, 1081 n.16 (N.D. Cal. 2021) (citing 15 U.S.C. § 1116(a) to support the grant of a permanent injunction); *Two Hands IP LLC v. Two Hands Am., Inc.*, 563 F. Supp. 3d 290, 300 (S.D.N.Y. 2021) ("Following the enactment of the Trademark Modernization Act of 2020, a plaintiff seeking a preliminary injunction is entitled to a rebuttable presumption of irreparable harm upon a court's finding a likelihood of success on the merits.").

¹⁴⁹ *Suzie's Brewery Co. v. Anheuser-Busch Companies, LLC*, 519 F. Supp. 3d 839 (D. Or. 2021).

¹⁵⁰ *Id.* at 854–55.

¹⁵¹ *Vineyard House*, 515 F. Supp. 3d at 1082.

¹⁵² *Id.*

¹⁵³ *Id.* at 1081.

it has a likelihood of success.¹⁵⁴ Although the codification of the presumption in the TMA significantly helps plaintiffs in Lanham Act cases obtain injunctive relief, it does not automatically apply in every case, nor does it grant every plaintiff automatic injunctive relief.¹⁵⁵

The extent of the plaintiff's burden and the defendant's defenses after the TMA is demonstrated in *Two Hands IP LLC v. Two Hands America Inc.*, where the Southern District of New York refused to apply the presumption.¹⁵⁶ In that case, the court denied the plaintiff, an operator of "sit-down restaurants, cafés, and coffee shops in New York and Texas with the name "Two Hands,"" a preliminary injunction.¹⁵⁷ The defendants operated a fast-food restaurant named "Two Hands Seoul Fresh Corn Dog," specializing in Korean corn dogs, and the defendants opened many locations throughout the United States, including New York and Texas.¹⁵⁸ The plaintiff claimed that the defendants increased the intensity of their infringement by opening a second location in New York City on the same street as the plaintiff's original café.¹⁵⁹ The court noted that the TMA entitles a plaintiff to the presumption of irreparable harm upon (1) the plaintiff establishing the validity of its mark and a likelihood of confusion and (2) the defendant failing to rebut the presumption.¹⁶⁰ The court held that the plaintiff failed to demonstrate a likelihood of irreparable harm because (1) the plaintiff waited over three months after becoming aware of the infringement before bringing the motion for a preliminary injunction; (2) the plaintiff failed to provide sufficient justification for its delay; and (3) the plaintiff failed to show that it would lose control over its reputation or potential loss of goodwill if the court did not grant an injunction.¹⁶¹ The early cases following the passage of the TMA show that the road ahead in trademark infringement cases will be clearer for courts, plaintiffs, and defendants because of the codification of the presumption in injunctive relief cases.

III. ANALYSIS

The TMA's codification of the presumption of irreparable harm solves a critical issue arising from *eBay*. By clearly stating that plaintiffs seeking injunctive

¹⁵⁴ *Two Hands IP LLC v. Two Hands Am., Inc.*, 563 F. Supp. 3d 290, 300 (S.D.N.Y. 2021) ("Following the enactment of the Trademark Modernization Act of 2020, a plaintiff seeking a preliminary injunction is entitled to a rebuttable presumption of irreparable harm upon a court's finding a likelihood of success on the merits.").

¹⁵⁵ *See id.* (stating that the presumption does not arise).

¹⁵⁶ *Id.* at 300 (stating that a plaintiff is entitled to the presumption following the passage of the TMA).

¹⁵⁷ *Id.* at 297.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* at 300.

¹⁶¹ *Id.* at 300-01.

relief are entitled to the presumption of irreparable harm,¹⁶² the presumption grants plaintiffs proper protection for their marks through effective relief and provides clarity throughout the courts. After *eBay*, courts were divided, even within the same circuit, as to the application of *eBay* upon trademark cases.¹⁶³ This was unfair for plaintiffs seeking to protect their trademarks because they had little guidance on what fact patterns would obtain the injunctive relief they sought.

After *eBay* and before the TMA, plaintiffs had incentives to forum shop if possible. By codifying the presumption, Congress gives clarity and prevents forum shopping by trademark plaintiffs. The TMA's presumption applies across the board, so plaintiffs will no longer have forum shopping incentives. Before the TMA, a plaintiff could shop for a forum that continued to apply the presumption of irreparable harm.¹⁶⁴ It certainly would be difficult for a plaintiff to accurately determine whether the court would continue to apply the presumption, as many circuits were inconsistent in their application of the presumption, or lack thereof.¹⁶⁵ Plaintiffs would certainly be enticed to flock to any court that showed preference towards the presumption.

Not only does the codification of the presumption prevent forum shopping, but it also promotes consistency in court opinions. Prior to the TMA, lower courts, lacking clear statutory guidance, could refuse to abandon the presumption, absent explicit instruction from the circuit court, despite reasoning by the circuit court seeming to support abandoning the presumption.¹⁶⁶ This inconsistency between federal courts muddled the law on trademark injunctions.

While some might argue that the presumption gives plaintiffs an unfair advantage, it is worth noting that plaintiffs do not have an automatic pass to injunctive relief. Defendants still have multiple routes to rebut an award of injunctive relief. Even with the presumption being black-letter law, the TMA only entitles plaintiffs to the presumption upon a "likelihood of success on the merits."¹⁶⁷ A plaintiff may show a likelihood of success by demonstrating that the defendant's goods or services have a likelihood to cause confusion amongst

¹⁶² 15 U.S.C. § 1116(a).

¹⁶³ See cases cited *supra* note 119 (noting differing outcomes in Ninth Circuit cases regarding the application of *eBay* in trademark cases).

¹⁶⁴ Compare *Rebel Debutante LLC v. Forsythe Cosm. Grp., Ltd.*, 799 F. Supp. 2d 558, 580 (M.D.N.C. 2011) (stating that the court would not discard the presumption), with *Dalkita, Inc. v. Distilling Craft, LLC*, 356 F. Supp. 3d 1125, 1133 (D. Colo. 2018) (agreeing with other circuits that *eBay* applies in trademark context).

¹⁶⁵ See cases cited *supra* note 119 (noting differing outcomes in Ninth Circuit cases regarding the application of *eBay* in trademark cases).

¹⁶⁶ Anne G. LaLonde & Jerome Gilson, *Adios! To the Irreparable Harm Presumption in Trademark Law*, 107 TRADEMARK REP. 913, 925-27 (2017) (noting that courts were not moving towards uniformity post-*eBay*).

¹⁶⁷ Gregory P. Gulia et al., *Trademark Infringement and Dilution Claims, Remedies, and Defenses*, WESTLAW, <https://1.next.westlaw.com> (last visited Aug. 24, 2022, 1:00PM).

consumers, meaning that the plaintiff's "business reputation and goodwill are in jeopardy."¹⁶⁸

A. TRADEMARK MODERNIZATION ACT PROACTIVELY PROTECTS PLAINTIFFS

Irreparable harm to the plaintiff is immediately inherent when any other party uses the plaintiff's mark without permission.¹⁶⁹ The codification of the presumption of irreparable harm recognizes this immediate damage to the plaintiff's goodwill and reputation due to infringement.¹⁷⁰ Presuming irreparable harm and granting injunctive relief upon a plaintiff showing a likelihood of confusion protects the plaintiff by allowing plaintiffs to regain control of their marks.¹⁷¹ When anyone other than the plaintiff uses the plaintiff's trademark, the plaintiff loses control over its reputation in the market because it cannot ensure that the other party's products or services are of sufficient quality.¹⁷² When a consumer associates a lower-quality good or service with the plaintiff, it hurts the plaintiff's reputation.¹⁷³ The potential harm to the plaintiff's goodwill may include, among other issues, consumers decided to stop purchasing products or services from the plaintiff, consumers writing negative reviews of the plaintiff's products or services, or a diminution in the value of the plaintiff's mark.

The TMA's presumption of irreparable harm helps plaintiffs swiftly obtain relief and limit the damaging effects of infringement on their goodwill and reputation. The presumption of irreparable harm makes it easier for plaintiffs to obtain injunctive relief because it shifts the burden of proof to the defendant to rebut the presumption instead of tasking the plaintiff with proving irreparable harm. By presuming irreparable harm, the TMA makes it easier for plaintiffs to protect their marks and prevents excessive litigation resulting from a plaintiff's failure to prove irreparable harm. The TMA also reduces the risk of repeated litigation between the same parties due to alleged trademark infringement. Injunctions prevent plaintiffs from having to sue repeatedly damages.¹⁷⁴ If the defendant continues to produce products or offer services that cause consumer confusion with the plaintiff's products or services, then the plaintiff will have to continue to go to court to recover damages resulting from the defendant's profiting off the plaintiff's mark. Even if a court gives a damage award that

¹⁶⁸ 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:2 (5th ed. 2022).

¹⁶⁹ *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971) ("Where there is, then, such high probability of confusion, injury irreparable in the sense that it may not be fully compensable in damages almost inevitably follows.").

¹⁷⁰ See 15 U.S.C. § 1116(a) (codifying the presumption of irreparable harm).

¹⁷¹ *Acosta*, *supra* note 14.

¹⁷² *Omega*, 451 F.2d at 1195 (discussing harm to plaintiff by infringer that makes inferior quality goods).

¹⁷³ *Id.*

¹⁷⁴ *Id.*

reflects future harm to the plaintiff, that award will be at great risk of failing to adequately represent the losses to the plaintiff due to the unpredictability of future sales.

The TMA will also increase plaintiffs' reliance upon the court system to protect their brands. From 2006 through 2018, trademark cases declined, while copyright and patent filings increased during the same period.¹⁷⁵ Part of the reason for the lower number of cases filed could be the lack of clarity regarding injunctive relief and irreparable harm in trademark infringement cases, as about 85% of brands state that they experienced trademark infringement in 2019.¹⁷⁶ Although trademark holders will not pursue injunctive relief for every instance of trademark infringement, the TMA must lower a plaintiff's burden, so there are incentives to protect their mark.

Codifying the presumption of irreparable harm reduces a plaintiffs' expenses to prove that they were irreparably harmed. The presumption will reduce the expenses of having an attorney plead facts supporting a showing of irreparable harm.¹⁷⁷ Even with the presumption, the plaintiff must satisfactorily show its infringement claim. Therefore, after the plaintiff has already shown that the defendant has obstructed the plaintiff's control over its mark, there will inherently be a finding of irreparable harm due to the damage to present and future consumer confidence in the plaintiff's goods or services.¹⁷⁸ Plaintiffs should not have to prove a fact that inherently flows from trademark infringement; rather, defendants should have to show why their infringement did not lead to irreparable harm.

B. TRADEMARK MODERNIZATION ACT OF 2020 INCREASES CONSUMER CONFIDENCE IN MARKS

By clarifying the law regarding injunctions in trademark infringement cases, the TMA makes it more appealing for plaintiffs to seek relief through the court system and protect their marks. When plaintiffs protect their marks, it also protects consumers by giving consumers confidence that they are purchasing goods or services from the party they intended to purchase from. The goal of trademark law is "to improve the quality of [the] information in the marketplace

¹⁷⁵ *Just the Facts: Intellectual Property Cases—Patent, Copyright, and Trademark*, U.S. CTS. (Feb. 13, 2020), <https://www.uscourts.gov/news/2020/02/13/just-facts-intellectual-property-cases-patent-copyright-and-trademark>.

¹⁷⁶ *Brand safety, trademark infringement, marketing budgets: 5 killer stats to start your week*, MKTG. WK. (Jan. 20, 2020), <https://www.marketingweek.com/brand-safety-trademark-infringement-marketing-budgets-marketing-stats/>.

¹⁷⁷ William P. Atkins, *New TM Act's Irreparable Harm Presumption Is Not a Panacea*, PILLSBURY L. (Mar. 8, 2021), <https://www.pillsburylaw.com/en/news-and-insights/trademark-modernization-act-panacea.html>.

¹⁷⁸ 15 U.S.C. § 1116(a).

and thereby reduce consumer search costs.¹⁷⁹ Trademark law protects consumers from being tricked into buying products they do not want and allows consumers to rely on marks.¹⁸⁰

The codified presumption of irreparable harm supports the goal of trademark law of protecting consumers because it incentivizes plaintiffs to protect their marks. First, the codified presumption incentivizes plaintiffs to protect their marks by clarifying the law throughout the nation. By clearly stating the presumption in the statute, plaintiffs know that courts will have to respect the presumption no matter in what circuit or district court they are in. Next, the presumption incentivizes plaintiffs to protect their marks by shifting the burden to the defendants to rebut the presumption of irreparable harm. Plaintiffs' increased confidence in the court system to protect their trademark rights will result in increased action on behalf of plaintiffs to fight off infringers.

In a world of remote purchases and online goods, it is increasingly important that consumers can rely upon brands and marks when making purchases. With the availability of the internet, consumers purchase products without even seeing the product in person, which prevents them from investigating goods until after they have purchased them. Consumers may rely on online retailers to produce goods that accurately represent the brands they are holding themselves out to be. Therefore, retailers must sell their customers accurate brands and have an efficient legal system to protect their marks. The codified presumption of irreparable harm just adds another reason for plaintiffs to protect their marks and for consumers to rely upon the trademark system when making purchases in the marketplace.

C. DEFENDANTS HAVE SUFFICIENT MEANS TO PROTECT THEMSELVES AGAINST INJUNCTIVE RELIEF AFTER THE TRADEMARK MODERNIZATION ACT OF 2020

The TMA's codification of irreparable harm does not unfairly skew litigation in favor of plaintiffs but rather favors equity and fairness because (1) courts will continue to grant injunctions based on equitable principles, (2) plaintiffs must show a likelihood of confusion before receiving the benefit of the presumption, and (3) defendants may still rebut the presumption to place the burden back on the plaintiff. First, 15 U.S.C. § 1116(a) provides, in relevant part, that "courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the *principles of equity* and upon such terms as the court may deem reasonable, to prevent the violation of any right of

¹⁷⁹ Mark P. McKenna, *The Normative Foundations of Trademark Law*, 97 TRADEMARK REP. 1126, 1129 (2007).

¹⁸⁰ *Id.* at 1129-30.

the registrant of a mark.”¹⁸¹ This provision shows that (1) the presumption does not impact the other equitable factors that courts consider when deciding to grant the injunction, and (2) that courts will continue to use the same principles of equity to guide them in deciding injunctive relief in trademark cases. Next, the presumption does not unfairly burden defendants because it does not go into effect until the court finds either (1) a violation under the Lanham Act in the case of a motion for a permanent injunction or (2) a “likelihood of success on the merits” for a preliminary injunction or temporary restraining order.¹⁸²

Finally, defendants can rebut the presumption and shift the burden of proof back to the plaintiff to prove that the plaintiff did suffer irreparable harm.¹⁸³ This is true even after the passage of the TMA, which shows that litigation is not unfairly skewed against defendants by the TMA’s updated 15 U.S.C. § 1116(a).¹⁸⁴ First, defendants can offer evidence to show a lack of confusion. Suppose a defendant can offer evidence to convince the court that its products or services do not create a likelihood of confusion, then there is no presumption of irreparable harm, and the plaintiff will not receive injunctive relief.¹⁸⁵ One route defendants might use to show that there is an absence of confusion is through consumer surveys or other evidence that indicates there is no confusion or harm to the plaintiff by the defendant’s use of its mark.¹⁸⁶ Defendants are not overlooked by the codified presumption and have effective means to protect their rights in court.

Even if the plaintiff proves that a likelihood of confusion exists, the defendant has other effective means to rebut the codified presumption. For instance, defendants can argue that the plaintiff unreasonably delayed bringing an action for trademark infringement or the motion for injunctive relief.¹⁸⁷ Upon the defendant’s showing that the plaintiff unreasonably delayed bringing the action or moving for injunctive relief, the defendant has successfully rebutted the presumption, forcing the burden back on the plaintiff to prove irreparable harm.¹⁸⁸

Alternatively, the defendant can also argue that the plaintiff merely suffered past harm due to the defendant’s actions and, therefore, was not irreparably harmed.¹⁸⁹ The defendant shows that the plaintiff’s harm is solely in the past and no longer in existence when the defendant shows either (1) the defendant no

¹⁸¹ 15 U.S.C. § 1116(a) (emphasis added).

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Two Hands IP LLC, Inc. v. Two Hands Am., Inc.*, 563 F. Supp. 3d 290, 300 (S.D.N.Y. Sept. 28, 2021) (“The presumption does not arise . . . because . . . the plaintiff has failed to demonstrate a likelihood of confusion.”).

¹⁸⁶ *Atkins*, *supra* note 177.

¹⁸⁷ *Tough Traveler, Ltd. v. Outbound Prod.*, 60 F.3d 964, 968 (2d Cir. 1995).

¹⁸⁸ *Id.*

¹⁸⁹ *Hoop Culture, Inc. v. Gap Inc.*, 648 F. App’x 981, 986 (11th Cir. 2016).

longer uses the mark or (2) has made changes to distinguish its mark from the plaintiff's.¹⁹⁰ Although there are difficulties in proving monetary damages in trademark infringement cases, defendants can rebut the presumption by showing that any injury allegedly suffered is compensable through monetary damages alone.¹⁹¹

Given the above defenses available to rebut the codified presumption, defendants in trademark infringement cases cannot argue that the presumption of irreparable harm inequitably tilts the scale of injunctive relief in favor of plaintiffs.¹⁹² Although the presumption does give the plaintiffs a lower burden of proof for injunctive relief in trademark cases, defendants still have multiple avenues to pursue to prevent any injunctive relief based upon bogus claims by plaintiffs.

IV. CONCLUSION

Change is often a long, slow process. After *eBay*, courts were uncertain about how to deal with the presumption of irreparable harm in trademark actions, which led to slow changes that gradually eroded the presumption of irreparable harm. Finally, after fourteen years of inconsistent reasoning in the courts and a global pandemic, Congress codified the presumption of irreparable harm in trademark cases. Although the media and public keep Congress under a microscope, it is important to recognize times when Congress makes changes that benefit the legal system. In passing the Trademark Act of 2020, Congress finally resolved the presumption of irreparable harm. This time, they got it right.

The TMA put black-letter law to an issue that went unresolved for over fourteen years and could last for many more. Not only did the codification of the presumption resolve confusion in the courts, but it also helps plaintiffs to protect their marks for years to come. Codifying the presumption incentivizes plaintiffs to look to the courts for injunctive relief to protect their brands if they have legitimate claims, supporting a likelihood of confusion. Increased protection of plaintiffs' marks will allow consumers to continue to rely on the goodwill associated with marks and brands. Especially in an increasingly hands-off world in which purchasers buy items remotely without the ability to investigate them.

The presumption does not overlook defendants. Years-Precedent suggests multiple avenues defendants have to rebut the presumption, forcing the burden of proof back on the plaintiff. Additionally, cases after the passage of the Trademark Act of 2020 show that the presumption of irreparable harm is no clear, automatic ticket to injunctive relief. Congress properly used legislative

¹⁹⁰ *Id.*

¹⁹¹ Atkins, *supra* note 177.

¹⁹² See discussion *supra* Part III subsection (c) (stating defenses to rebut the presumption of irreparable harm).

action to clarify a law that will promote the trademark system, giving plaintiffs a better opportunity to protect their marks while leaving defendants with effective defenses, leading to increased faith in the trademark system and court system.