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Does eBay Unravel Trademark's Presumption of Irreparable Injury?

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When seeking a preliminary injunction against trademark infringement, trademark owners have enjoyed a presumption of irreparable harm once they were able to establish a likelihood of confusion. This has been the universal rule, regardless of the district where the case was filed. A primary reason given for this presumption has been that if a third party uses a confusingly similar mark, the trademark owner has lost control of its very identity, as well as the goodwill associated with its mark. However, a decision last week in *North American Medical Corp. v. Axiom Worldwide, Inc.*, Case No. 07-11574 (11th Cir. April 7, 2008), calls into question the continuing availability of the presumption.

The decision questions whether trademark infringement plaintiffs can continue to rely on a presumption of irreparable injury once a likelihood of confusion is established. In that case, the plaintiff owned federal trademark registrations for ACCU-SPINA and IDD THERAPY. The defendant included those terms in the metadata for its website so that Internet users who entered either trademark in an Internet search engine would also find the defendant's website. Among other claims, North American Medical Corp. sued Axiom Worldwide for trademark infringement for using North American Medical Corp.'s trademarks in Axiom's metadata and moved for a preliminary injunction. The district court held that Axiom Worldwide's acts constituted trademark infringement, and issued a preliminary injunction. Axiom Worldwide appealed the decision to the Eleventh Circuit.

The Eleventh Circuit affirmed the district's holding that the plaintiff had demonstrated a likelihood of success with respect to the trademark infringement claim, but reversed the injunction. The Eleventh Circuit held that the district court could not rely on a presumption of irreparable harm in granting a preliminary injunction in trademark cases. While the Eleventh Circuit acknowledged that there was a long-established history of extending a presumption of irreparable harm once a plaintiff established the likelihood of success on a trademark infringement claim, the court concluded that this presumption no longer applied after the United States Supreme Court's decision in *eBay v. MercExchange LLC*, 547 U.S. 388 (2006). In *eBay*, the Supreme Court held that a categorical rule that permanent injunctions should issue once patent infringement is established was inappropriate because the decision to grant or deny injunctive relief must be made "in accordance with the rules of equity."

Even though *eBay* dealt only with the Patent Act and permanent injunctive relief, the Eleventh Circuit concluded that the holding necessarily extended to preliminary injunctions and to cases filed under the Lanham Act. In reaching this conclusion, the Eleventh Circuit noted that the language of the Lanham Act concerning the power to grant injunctions was similar to the language of the Patent Act. The court remanded the case to the district court to inquire whether the district court's presumption of irreparable injury was the "equivalent of the categorical rules rejected by the Court in *eBay*."

Until this issue is resolved within the Eleventh Circuit, trademark owners would do well to note that they cannot rely on the long-standing presumption of irreparable harm in trademark cases filed within the Eleventh Circuit. In cases where it is appropriate, they may want to consider an alternative jurisdiction that is more favorable for trademark owners, although this alternative may become more difficult if other Circuits begin to follow the Eleventh Circuit's lead on this issue.