The Presumption of Irreparable Harm After the Trademark Modernization Act of 2020: Have All Issues Been Resolved?

*Christopher P. Bussert**

I. Introduction

Mr. Bussert

On December 27, 2020, the Trademark Modernization Act of 2020 (TMA) became law after Congress and the President passed and signed it, respectively, as part of the year-end Consolidated Appropriations Act for 2021.[1] An important component of that legislation was the codification in Section 34(a) of the Lanham Act of the long-standing common-law principle that a trademark owner seeking injunctive relief in actions for trademark infringement and unfair competition under Sections 32 and 43 of the Lanham Act is entitled to a rebuttable presumption of irreparable harm.[2] The presumption arises upon the movant demonstrating liability at the proof stage, or a showing of a likelihood of liability in the context of motions for expedited relief seeking a temporary restraining order or a preliminary injunction.[3]

The prevailing wisdom in enacting legislation confirming the existence of the presumption of irreparable harm in cases of trademark infringement and unfair competition is that it would eliminate the forum shopping in which many litigants engaged for many years after a number of courts called the existence of the presumption into question following two decisions by the

1. Consolidated Appropriations Act of 2021, Publ. L. No. 116-260 (2020).
2. *See* H.R. Rep. No. 116-645, at 19 (2020).
3. *See* Theodore H. Davis, Jr. & Rita Weeks, *Changes to Federal Trademark Law Under the Trademark Modernization Act, Its Implementation, Regulations, and Beyond: Recent Development in the Battle Against Bad Actors In Trademark Registration Practice*, KilpatrickTownsend.com (Mar. 30, 2022) https://kilpatricktownsend.com/en/insights/alert/2022/3/trademark%20modernization%20act%20and%20final%20implementing%20regulations.

**Christopher P. Bussert (cbussert@kilpatricktownsend.com) is senior counsel at Kilpatrick, Townsend & Stockton.* *The author greatly appreciates the assistance of Kilpatrick, Townsend & Stockton associate Christopher Williams-Lopez.*

U.S. Supreme Court.[4] However, even with the TMA's confirmation of the presumption's existence, the probability that litigants will continue forum shopping remains high. Since the enactment of the TMA, courts have struggled with the weight to be given to the presumption and the evidence necessary to rebut that presumption.[5] And in cases in which the presumption is deemed rebutted, courts have further struggled with the weight properly accorded evidence of actual harm proffered by trademark owners to establish the irreparable harm element of the preliminary injunction analysis.[6] This article reviews the history of the presumption of irreparable harm. It then discusses whether the presumption shifts the burden of proof or burden of production, the amount of evidence that triggers the presumption, the weight that courts give the presumption, the evidence introduced by defendants to rebut the presumption, other factors affecting the irreparable harm analysis, courts' awareness of the TMA, and the presumption's effect on the balance-of-harms element of the preliminary injunction analysis.

II. The Presumption Pre-TMA

The Lanham Act provides trademark owners with robust remedies to address trademark infringement and unfair competition, which in many cases include preliminary and ultimately permanent injunctive relief. In the franchise world, much of this litigation involves "holdover" scenarios that arise when the franchisee's franchise agreement and license to use the franchisor's trademarks has expired or has been terminated and the franchisee continues operating the franchised business, or one competitive to it, using the franchisor's trademarks or confusingly similar ones.[7] Because the franchisee is no longer licensed or otherwise authorized to use the franchisor's trademarks, the marks' post-termination or post-expiration use constitutes trademark

4. *See* H.R. Rep. No. 116-645, at 19 ("The inconsistent and unpredictable approaches courts have taken in the post-*e-Bay* landscape have led to inequitable outcomes for trademark owners, created uncertainty, and increased the burden on trademark owners who seek injunctive relief making enforcement against infringement a greater and more burdensome task."); Christopher P. Bussert & Marisa Faunce, *Significant Developments in Trademark Law and Their Impact on Franchise Law*, ABA 45th Ann. Forum on Franchising W–12 (2022); Christopher P. Bussert, *The Trademark Modernization Act of 2020: What Will Its Impact Be on Franchising?*, 24 Franchise Law. 13 (2021); Christopher P. Bussert, *The Trademark Modernization Act of 2020 Part 2: Implementing Regulations and Early Reaction by Courts*, 25 Franchise Law. 10 (2022); *see also* Davis & Weeks, *supra* note 3; Andrew F. Halaby & Shalayne Pillar, (*Near*) *Half Year Review and Update*: *Trademark Modernization Act's Revival of "Irreparable Harm" Presumption*, Greenberg Traurig (June 21, 2021), https://www.gtlaw.com/en/insights/2021/6/trademark-modernization-acts-revival-of-irreparable-harm-presumption (noting significant disparate treatment of the presumption by courts pre-TMA).

5. *See infra* Sections 3.C–D.

6. *See infra* Section 3.E.

7. *See generally* Christopher P. Bussert, *Trademark Law and Franchising: Five of the Most Significant Developments*, 40 Franchise L.J. 127, 136 (2020); Christopher P. Bussert & William M. Bryner, *A Practical Approach to Addressing Holdover ExFranchisee Trademark Issues*, 27 Franchise L.J. 30 (2007).

infringement.[8] As a starting point in analyzing trademark infringement, courts entertaining requests for injunctive relief often turn to their circuit's version of the traditional four-factor test, which requires the movant to demonstrate (1) success, or a likelihood of success, on the merits; (2) irreparable injury; (3) that the threatened injury to the movant outweighs the harm the relief sought would inflict on the opposing party; and (4) that the injunction would not be adverse to the public interest.[9] Historically, many courts routinely concluded that the movant was entitled to injunctive relief merely upon demonstrating a likelihood of success on the merits.[10] The reason for this conclusion is that, in cases involving enforcement of trademark rights under the Lanham Act, irreparable harm to the movant was "presumed" to occur as a result of the infringement.[11] And rarely did the assessment of the remaining factors require a different result.

The existence of the presumption was first seriously called into question following the U.S. Supreme Court's 2006 decision in *eBay, Inc. v. MercExchange, LLC*.[12] On its face, one would not have anticipated that *eBay* would have such far-reaching implications, particularly given its subject matter. The *eBay* case was a patent infringement suit that MercExchange instituted against eBay.[13] Because MercExchange had never practiced the method claimed in the patent, it was essentially characterized by the U.S. Supreme Court as a patent troll.[14] Although the jury found MercExchange's patent valid and infringed, the district court refused to grant a permanent injunction because

8. *See, e.g.*, Burger King Corp. v. Mason, 710 F.2d 1480, 1492 (11th Cir. 1983) ("Common sense compels the conclusion that a strong risk of consumer confusion arises when a terminated franchisee continues to use the former franchisor's trademarks."); Tim Horton's USA, Inc. v. Tim Donut U.S. Ltd., Inc., 2019 WL 2515006, at *5 (S.D. Fla. June 17, 2019); New Horizons Educ. Corp. v. Krolak Tech. Mgmt. of Syracuse, LLC, 2018 WL 5253070 (N.D.N.Y. Oct. 22, 2018); Mitsubishi Motors N. Am., Inc. v. Grand Auto., Inc., 2018 WL 2012875, at *11 (E.D.N.Y. Apr. 30, 2018); Peterbrooke Franchising of Am., LLC v. Mia. Chocolates, LLC, 312 F. Supp. 3d 1325, 1339 (S.D. Fla. 2018), *vacated and remanded*, 2022 WL 6635136 (11th Cir. Oct. 11, 2022).

9. *See* 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:32 (5th ed. Westlaw database updated June 2023) (collecting cases and discussing "slightly different list of criteria employed by some circuits").

10. *See, e.g.*, 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.") (alterations in original) (citations omitted); Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc., 982 F.2d 633 (1st Cir. 1992) ("By its very nature, trademark infringement results in irreparable harm because the attendant loss of profits, good will 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."); Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922 (4th Cir. 1995) ("[W]e recognize that irreparable injury regularly follows from trademark infringement.").

11. McCarthy, *supra* note 9, § 30:47 (collecting cases).

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

13. *Id.* at 390.

14. *See id.* at 396 ("An industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.").

of "plaintiff's willingness to license its patents" and "its lack of commercial activity in practicing the patents" sufficiently established that the harm to MercExchange would not be irreparable and could be compensated through monetary relief.[15] The Federal Circuit reversed the district court, holding that, as a "general rule" in patent disputes, "a permanent injunction will issue once infringement and validity have been adjudged" except in "exceptional circumstances" and where necessary "to protect the public interest."[16]

The case then proceeded to the Supreme Court, which faulted both of the lower courts' approaches to injunctive relief. According to the Court, Section 283 of the U.S. Patent Act provided that injunctions were not mandatory, but "may" issue "in accordance with the principles of equity."[17] These "principles of equity" require courts in patent cases to employ the traditional four-part test in assessing requests for injunctive relief, under which a plaintiff must demonstrate: (1) the existence of irreparable injury; (2) that remedies at law, including monetary relief, are inadequate; (3) that the balance of hardships tilts in favor of injunctive relief; and (4) that granting an injunction would not harm the public interest.[18] The Court added that nothing in the Patent Act affected the application of that test and further supported its analysis in its past treatment of requests for equitable relief under the U.S. Copyright Act of 1976.[19] The Court noted that it was appropriate to apply the same copyright principles in patent cases because both the Copyright and Patent Acts were rooted in Article 1, Section 8, Clause 8 of the Constitution's "right to exclude others from using [its] property" in exchange "for benefits bestowed by the genius and meditations and skill of individuals" and provided "incentive to further efforts for the same important objects."[20]

Because in the Court's view neither the district court nor the Federal Circuit fairly applied traditional equitable principles in assessing MercExchange's request for a permanent injunction, the Court vacated both of the lower court decisions.[21] According to the Court, the Federal Circuit had failed to apply the traditional four-factor test in assessing injunctive relief by improperly applying a categorical rule favoring injunctions.[22] Similarly, although the district court had recited the traditional four-part test for injunctive relief, it also improperly applied a categorical rule prohibiting injunctions if the patent entity was a nonpracticing entity and a willing licensor.[23] Although denial of an injunction may well be appropriate in some of these settings, applying a categorical rule for injunctive relief would fail,

15. *Id.* at 393 (citation omitted).
16. eBay, Inc. v. MercExchange, LLC, 401 F.3d 1323, 1338–39 (Fed. Cir. 2005), *cert. granted*, 546 U.S. 1029 (2005), *vacated and remanded by*, 547 U.S. 388 (2006).
17. *eBay*, 547 U.S. at 391.
18. *Id.* at 392.
19. *Id.*
20. *Id.* (citation omitted).
21. *Id.* at 393–94.
22. *Id.*
23. *Id.* at 393.

for example, to take into account university researchers or self-made inventors who might not have the resources to practice the invention themselves, but who still might very well be entitled to injunctive relief.[24] Accordingly, the Court remanded the case to the district court with directions to reconsider its determination upon explicit application of the four-part test to the specific facts before it.[25]

Shortly after *eBay*, the Supreme Court in *Winter v. Natural Resources Defense Council, Inc.*[26] again had cause to consider the appropriateness of preliminary injunctive relief, this time in a case involving environmental law. The district court in that case had entered a preliminary injunction, holding that the plaintiff had at a minimum shown a probability of success on the merits of the claims asserted.[27] And both the district court and the Ninth Circuit found the plaintiff entitled to a preliminary injunction by demonstrating a "possibility" of irreparable injury.[28] The Supreme Court reversed and vacated the preliminary injunction.[29] In doing so, the Court rejected the "possibility" of irreparable harm standard employed by the Ninth Circuit, finding it overly lenient and not consistent with long-standing case authority that injunctive relief is an extraordinary remedy that may be awarded only upon a clear showing of the plaintiff's entitlement to such relief.[30]

After the *eBay* and *Winter* decisions, a significant debate emerged about whether the holdings in these cases should be limited to their subject matters or applied more broadly to other types of cases, including Lanham Act cases involving trademark infringement and unfair competition.[31] Although many commentators considering this issue argued that *eBay* and *Winter* should not be applied to Lanham Act cases, and that the presumption of irreparable harm should continue to apply, there were some critics of that approach as well.[32]

24. *Id.* at 394.
25. *Id.*
26. Winter v. Nat. Res. Defense Council, Inc., 555 U.S. 7 (2008).
27. *Id.* at 20–21.
28. *Id.* at 21.
29. *Id.* at 20.
30. *Id.* at 22–23.
31. *Id.*
32. *Compare* Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law*, 92 Notre Dame L. Rev. 1795, 1814 (2017) ("[C]ourts need to apply *eBay* with sensitivity to the ways trademark law differs from the rest of IP"); Peter J. Karol, *Trademark's eBay Problem*, 26 Fordham Intell. Prop. Media & Ent. L.J. 625, 634 (2016) ("It is difficult to understand why a prevailing trademark plaintiff should be required to show actual harm to receive a permanent injunction for standard for liability has only ever required a showing of likely (not actual) confusion."); Jeffrey M. Sanchez, *The Irreparably Harmed Presumption? Why the Presumption of Irreparable Harm Trademark Law Will Survive eBay and Winter*, 2011 BYU L. Rev. 535 (2011); David Bernstein & Andrew Gilden, *No Trolls Barred: Trademark Injunctions After eBay*, 99 Trademark Rep. 1037, 1041 (2009) (arguing, among other things, that unlike patents and copyrights, trademark rights are not predicated on an "exchange [of] benefits"), *with* Sandra Rierson, *IP Remedies After eBay; Assessing the Impact on Trademark Law*, 2 Akron Intell. Prop. J. 163, 166 (2008); 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*, 50 Orange Cnty. Law. 18 (2008).

Court decisions were decidedly mixed on the issue of the application of the presumption of irreparable harm in Lanham Act cases post *eBay* and *Winter*.[33] Some ignored *eBay* and *Winter* and held that the presumption continued to apply.[34] Other courts either hinted that the presumption of irreparable harm no longer applies.[35] Still other courts held that, in light of *eBay* and *Winter*, the presumption of irreparable harm no longer applied in trademark cases and therefore required the trademark plaintiff to provide affirmative evidence of irreparable harm to establish that factor.[36]

As a result of *eBay* and *Winter*, trademark owners seeking injunctive relief in trademark cases were forced to assess carefully the law of the jurisdiction in which they would pursue that relief and ascertain whether or not affirmative evidence of irreparable harm would be required, as well as the types and quantity of evidence of irreparable harm that courts in that jurisdiction had found will satisfy that burden.[37] Similarly, nonmovants were required to assess what evidence courts in the applicable jurisdiction have found to be persuasive in overcoming the trademark owner's evidence of actual harm.

The TMA has now resolved the debate at least as to the presumption's existence. Section 34(a) of the Lanham Act[38] now provides that a trademark

33. *See* Ronald Coleman, Jr., Trishanda Treadwell & Elizabeth Loyd, *Applicability of the Presumption of Irreparable Harm After eBay*, 32 Franchise L.J. 3 (2012) (examining cases decided in the five years following *eBay*); Scott McIntosh & Jonathan Labakus, *To Presume, or Not to Presume, Irreparable Injury in Trademark Disputes Involving Franchisees Following* eBay *and* Winter, 36 Franchise L.J. 43 (2016) (examining cases decided in the ten years following *eBay*); *see also* C. Griffith Towle & Robert Zarco, *Proving Irreparable Harm—Have the Standards Changed?*, ABA 35th Ann. Forum on Franchising W–16 (2012).

34. *See, e.g.*, Warner Bros. Ent., Inc. v. X One X Prods., 840 F.3d 971, 982 (8th Cir. 2016); Kraft Foods Grp. Brands, LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 735, 740 (7th Cir. 2013); Red Roof Franchising, LLC v Riverside Macon Grp., LLC, 2018 WL 558954, at *3 (S.D. Ohio Jan. 25, 2018); Stockade Cos., LLC v. Kelly Rest. Grp., LLC, 2017 WL 2375496, at *2 (W.D. Tex. May 31, 2017).

35. The First Circuit raised the question whether *eBay* eliminates the presumption of irreparable injury, but has declined actually to decide that question as a matter of law. Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc., 645 F.3d 26 (1st Cir. 2011).

36. *See, e.g.*, Commodores Ent. Corp. v. McClary, 648 F. App'x 771, 777 (11th Cir. 2016) ("In light of the Supreme Court's holding in *eBay*, a presumption of irreparable harm cannot survive."); Herb Reed Enters., LLC v. Fla. Ent. Mgmt., Inc., 736 F.3d 1239, 1250 (9th Cir. 2013); Ferring Pharms., Inc. v. Watson Pharms., Inc., 765 F.3d 205 (3d Cir. 2014); Salinger v. Colting, 607 F.3d 68, 80 (2d Cir. 2010). A leading commentator has criticized the Ninth Circuit's *Herb Reed* decision as being both "superficial and deeply flawed." McCarthy, *supra* note 9, § 30.47.30; *see also* Home Vestors of Am., Inc. v. Fantini, 2018 WL 4783963 (E.D.N.Y. Oct. 1, 2018); Dunkin' Donuts Franchising, LLC v. Claudia III, LLC, 2014 WL 3900569 (E.D. Pa. Aug. 11, 2014).

37. *See* H.R. Rep. No. 116-645, at 17–19; Bussert, *supra* note 7, at 139 ("As a result of *eBay* franchisors who seek injunctive relief in trademark cases would do well to assess carefully the law of the jurisdiction in which they will be pursuing the relief, and to ascertain whether or not affirmative evidence of irreparable harm will be required as well as the types and quantity of evidence of irreparable harm courts in that jurisdiction have found will satisfy that burden."); *see also* P. Hill, R. Hunziker, & J. Kirstein, *Injunctions Under TM Modernization Act: A Year in Review*, at 3, Covington (Jan. 28, 2022) https://www.cov.com/-/media/files/corporate/publications/2022/01/injunctions-under-tm-modernization-act-a-year-in-review.pdf ("Before the TMA was passed, trademark owners often faced uncertainty about the allegations and evidentiary showing necessary to prove irreparable harm, even in uncontested cases.") .

38. 15 U.S.C. § 1116(a) (Supp. III 2021).

owner seeking an injunction in an infringement case is entitled to a rebuttable presumption of irreparable harm upon establishing infringement at the proof stage, or showing of likely liability in the context of motions for temporary restraining orders or for preliminary injunctions.[39] This provision expressly abrogates court decisions that have applied *eBay* and *Winter* to trademark cases and eliminated the presumption of irreparable harm. Unfortunately, despite the urging of many industry organizations, including the American Bar Association, International Trademark Association, and American Intellectual Property Law Association, Congress declined to go further and provide concrete guidance as to the mechanics of the application of the presumption, including its weight and the proof required to establish and overcome it. Congress's failure to act is even more frustrating to trademark industry organizations and trademark owners as, before the TMA's passage, the House of Representatives Committee on the Judiciary expressly recognized the existence of these uncertainties.[40] As a result of Congress's inaction, in the two-plus years since the enactment of the TMA, application and effect of the presumption by courts have been uneven at best. The practical effect of this disparate treatment is that trademark owners remain incentivized to forum shop, an outcome the TMA's enactment was in theory designed to eliminate. Further discussion of post-TMA courts' approach to the presumption, as well as the issues that remain, is set forth below.

III. The Presumption Post-TMA

A. *Does the Presumption Shift the Burden of Proof or the Burden of Production?*

Following its enactment, several commentators noted that the TMA left open a possibly significant issue, namely, whether the restored (or confirmed) presumption shifted the burden of proof to a defendant against which it is asserted or, alternatively, whether it merely shifted the burden

39. *See* ReBath LLC v. Foothills Serv. Sols. Co., 2021 WL 2352426, at *11 (D. Ariz. June 9, 2021) ("[T]he recently enacted Trademark Modernization Act of 2020 ('TMA') amended [Section 35(a)] to provide a [franchisor] plaintiff seeking an injunction 'a rebuttable presumption of irreparable harm upon a finding of a violation.'" (quoting Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, § 226, 134 Stat. 1182 (2020)).

40. H.R. Rep. No. 116-645, at 19 ("In *Adidas* [Am. Inc. v. Sketchers USA, Inc., 890 F.3d 747, 759 (9th Cir. 2018)] and similar cases, it is unclear what additional evidence could or should be provided to establish irreparable harm given the evidence of record already demonstrating consumer confusion or loss of control over the brand. Thus, while the Ninth Circuit, for instance, states that '[e]vidence of loss of control over business reputation and damage to goodwill could constitute irreparable harm.' . . . When presented with evidence of actual consumer confusion, a district court nonetheless concluded that it 'simply underscores consumer confusion, not irreparable harm'—demonstrating an unwillingness to conclude that such confusion is the sort of irreparable harm typically addressed by equitable relief. In sum, trademark litigations in courts adopting *e-Bay* are faced with uncertainty over what constitutes sufficient evidence of irreparable injury." (citation omitted)).

of production.[41] Based on Congress's failure to address that issue, those commentators suggested that Federal Rule of Evidence 301 may provide a default rule that the shift is merely one of the burden of production.[42] Although few courts applying the presumption post-TMA have directly addressed this issue at any length, those that have appear to endorse the Rule 301 approach,[43] including, most notably, the Third Circuit's opinion in *Nichino America, Inc. v. Valent U.S.A. LLC*.[44]

Nichino America provides one of the more detailed analyses of this issue. *Nichino America* involved a dispute between two manufacturers of pesticides used in farming. The plaintiff offered a pesticide product under the Centaur mark and sued the defendant after it introduced the Senstar mark for its pesticide product. The plaintiff also moved for a preliminary injunction. Although the district court found that the plaintiff had established a likelihood of success on the merits and was therefore entitled to a rebuttable presumption of irreparable harm under the TMA, it also found the defendant had rebutted the presumption.[45] The plaintiff then appealed the denial of the preliminary injunction to the Third Circuit. At the outset, the Third Circuit, like the district court, acknowledged that the TMA created a rebuttable presumption of irreparable harm.[46] The Third Circuit added, however, that the TMA failed to explain how the presumption should be applied.[47] According to the court, in such cases, Federal Rule of Evidence 301 provided a default rule on how the presumption should be applied in federal cases.[48] The court added that Rule 301 only provided for the evidentiary burden of production to be shifted to the party against whom the presumption is directed.[49] That allocation did not shift the burden of persuasion, which remains on the party who had it originally.[50] With that framework in mind, the court provided the following "sketch" for applying the TMA's rebuttable presumption.[51]

> Step 1. Courts first consider the plaintiff's evidence only as it relates to the likelihood of success factor.

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41. *See* Davis & Weeks, *supra* note 3; William P. Atkins, *New TM Act's Irreparable Harm Presumption is Not a Panacea*, Pillsbury (Mar. 28, 2021) https://pillsburylaw.com/en/news-and-insights/trademark-modernization-act-pancea.html.
42. *Id.*
43. *See*, *e.g.*, Nichino Am., Inc. v. Valent U.S.A. LLC, 44 F.4th 180 (3d Cir. 2022); Pizza Inn, Inc. v. Allen's Dynamic Food, Inc., 2023 WL 3015297, at *5–6 (W.D. Okla. Apr. 19, 2023) (citing *Nichino Am.*); Sonic Indus., LLC v. Olympia Cascade Drive-Ins, LLC, 2022 WL 3654748, at *5 (W.D. Okla. Aug. 24, 2022) (citing *Nichino Am.*); Vital Pharms. v. PhD Mktg., Inc., 2021 WL 6881866, at *5 (C.D. Cal. Mar. 12, 2021) ("[P]resumption of irreparable harm acts as a procedural device which places the ultimate burden of production on the question of irreparable harm on the alleged infringer." (internal quotations omitted)); Two Hands IP LLC v. Two Hands Am., Inc., 563 F. Supp. 3d 290, 300 (S.D.N.Y. 2021).
44. *Nichino Am.*, 44 F.4th 180.
45. *Id.* at 183–84.
46. *Id*. at 184–85.
47. *Id.* at 185.
48. *Id.*
49. *Id.*
50. *Id.*
51. *Id.*

> Step 2. If the plaintiff's evidence establishes likely infringement or unfair competition, the TMA's presumption is triggered, and the burden of production shifts to the defendant to introduce evidence sufficient for a reasonable fact finder to conclude that consumer confusion is unlikely to cause irreparable harm.
>
> Step 3. If a defendant successfully rebuts the TMA's presumption by making this evidentiary showing, the presumption has no further effect. The burden of proof then returns to the plaintiff to point to affirmative evidence proving as a factual matter that irreparable harm is likely absent an injunction.[52]

Applying the foregoing multistep analysis to the facts before it, the Third Circuit agreed with the district court that the plaintiff had established a likelihood of success on the merits and was, therefore, entitled to a rebuttable presumption of irreparable harm which shifted the burden of production to the defendant.[53] However, it also agreed with the district court that the defendant had successfully rebutted the presumption, which shifted the burden of production back to the plaintiff.[54] And because the plaintiff had failed to adduce additional evidence of irreparable harm, the Third Circuit concluded that the district court's denial of injunctive relief was proper.[55]

B. *What Amount of Evidence of Success Triggers the Presumption?*

Another possibly significant issue relating to the presumption was identified by the district court in *Spark Therapeutics, Inc. v. Bluebird Bio, Inc.*[56] In that case, the plaintiff, who owned a number of Spark-formative marks in the medical field, sued the defendant as a result of its use of the slogan "Be the Spark" in connection with an educational campaign addressed to combatting sickle cell disease. At the outset, the court examined what level of success a plaintiff must show to establish the likelihood-of-success factor of the preliminary injunction test.[57] The court noted that under the TMA the presumption arises at the preliminary injunction stage upon the trademark owner's demonstrating likely success on the merits.[58] However, the statute failed to address whether the presumption would apply if a court concluded that a plaintiff has shown a significantly greater than negligible change of success on the merits, the minimum amount of likelihood of success necessary to obtain a preliminary injunction under that circuit's law, as opposed to the likelihood of success on the merits set forth in the TMA.[59]

The court observed that little case law directly addressed this question and what authority did exist arrived at different conclusions. By way of example, a California district court had found that the presumption applied only upon a plaintiff's establishing a likelihood of success and would not

52. *Id.*
53. *Id.* at 186–87.
54. *Id.*
55. *Id.* at 187; *see also* Section 3.D. *infra*.
56. Spark Therapeutics, Inc. v. Bluebird Bio, Inc., 2022 WL 605724 (D. Del. Jan. 25, 2022).
57. *Id.* at *20–21.
58. *Id*. at *20.
59. *Id*.

apply where the plaintiff merely raised serious questions as to the merits under the Ninth Circuit's sliding scale approach to the likelihood-of-success factor.[60] Yet other courts in the Seventh and Eighth Circuits had taken a different position. A district court in Wisconsin construed the TMA to mean that a preliminary injunction movant was entitled to the presumption by demonstrating "a greater than negligible chance of prevailing on the merits."[61] Similarly, an Iowa district court had held a plaintiff entitled to the statutory presumption upon a showing of only "a fair chance of prevailing on its trademark infringement claim at trial."[62] The *Spark* court concluded in the case before it that it was not necessary to decide that question and that it would assume irreparable harm is presumed upon a finding of a merely non-negligible likelihood of success, which the plaintiff had demonstrated in the case before the court.[63] It further concluded that the defendant had not rebutted the presumption.[64]

This "triggering" issue potentially may turn out to be challenging for other courts as well. Like the Third, Seventh, and Eighth Circuits, the Second Circuit also offers an alternative less exacting likelihood of success standard,[65] but courts there have yet to address whether the presumption is triggered when a trademark owner's evidence only meets that lower standard. Courts in the Fifth, Sixth, and Eleventh Circuits arguably face the opposite concern, as each of those courts requires the trademark owner to show an enhanced likelihood-of-success standard (i.e., substantial[66] or strong[67]). This raises the following question—is the presumption triggered if courts in those circuits find plaintiffs have established "only" a likelihood of success that is not deemed "substantial" or "strong?" This uncertainty as

60. *Id.* at *21 (citing Zamfir v. Casperlabs, LLC, 528 F. Supp. 3d 1136, 1150 (S.D. Cal. 2021)).

61. *Spark Therapeutics*, 2022 WL 605724, at *21 (quoting Kohler Co. v. Whistling Oak Apartments, *LLC*, 2021 WL 2434203, at *9 (E.D. Wis. June 14, 2021)).

62. *Spark Therapeutics*, 2022 WL 605724, at *21 (quoting Moon Seed, LLC v. Weidner, 2021 WL 2627455, at *6 (S.D. Iowa Apr. 22, 2021)). *But see* H&R Block, Inc. v. Block, Inc., 58 F.4th 939, 951 (8th Cir. 2023) (rejecting presumption because plaintiff had, at best, shown that factual questions exist about whether a consumer will likely be confused and nothing more than speculative harm); WRB, Inc. v. DAMM, LLC, 2022 WL 136914, at *9 (D. Minn. Jan. 14, 2022) (rejecting presumption because plaintiff at best had shown mere existence of factual question).

63. *Spark Therapeutics*, 2022 WL 605724, at *21.

64. These conclusions were ultimately found not to be dispositive of plaintiff's request for injunctive relief because it failed to establish the balance-of-harms element also weighed in its favor. *See infra* Section 3.G.

65. *See, e.g.*, City of New York v. Lopez, 2021 WL 6063839, at *2 (S.D.N.Y. Dec. 21, 2021) (finding a plaintiff may alternatively show a likelihood of success on the merits or "sufficiently serious questions going to the merits to make them fair ground for litigation" (citation omitted)).

66. Beatstars, Inc. v. Space Ape Ltd., 2022 WL 4128534, at *3 (W.D. Tex. Aug 26, 2022) (citing Big Tyme Invs., LLC v. Edwards 985 F. 3d 456, 463–64 (5th Cir. 2021)) (holding movant must establish substantial likelihood of success on the merits); Open Sea Distrib. Corp. v. Artemis Distrib., LLC, 2022 WL 4547961 (M.D. Fla. July 15, 2022) (citing *In re* Field Search Warrant & Application, 11 F.4th 1235, 1248 (11th Cir. 2021) (holding movant must establish substantial likelihood of success on the merits)).

67. Hydrojug, Inc. v. Five Below, Inc., 2022 WL 4017443, at *8 (N.D. Ohio Sept. 2, 2022) (citing Nat'l Credit Union Admin. Bd. v. Jurcevic, 867 F.3d 616, 622 (6th Cir. 2017) (stating movant must demonstrate a strong likelihood of success on the merits)).

to when the presumption triggers provides further impetus for trademark owners to forum shop.

C. *The Weight Courts Give the Presumption*

Because the TMA failed to provide guidance about the weight properly given to the presumption or the quantum of evidence required to rebut it, courts have nearly unbridled discretion to assign the presumption whatever weight they desire. This undefined discretion has resulted in a broad range of views of the weight of the presumption from "slight" to "heavy."[68] And confusion as to the presumption's weight has not been alleviated by the language used by courts in characterizing the presumption, such as describing the presumption as a "bursting bubble."[69] Some courts have used that description to indicate that the presumption is slight, whereas others have indicated that the presumption is heavy.[70]

D. *Evidence Introduced by Defendants to Rebut the Presumption*

Like consideration of the weight that courts will give the presumption, courts similarly have exercised a broad range of discretion analyzing the evidence introduced by defendants to rebut the presumption. Courts assessing that evidence typically apply traditional principles of equity, including whether the plaintiff delayed in filing the underlying action or pursuing injunctive relief, a showing of purely pecuniary injuries, demonstration that the non-movant has or will soon cease the allegedly infringing activity, insufficient evidence of likely confusion or the existence of other evidence, including testimony by the plaintiff's witnesses suggesting the defendant's infringement has not caused or is likely to cause harm.[71] Although superficially easy to label, courts have varied greatly as to the application of these principles and the weight they will receive in the rebuttal analysis.

68. *Compare* Nichino Am., Inc. v. Valent U.S.A. LLC, 44 F.4th 180, 186 (3d Cir. 2022) (presumption is "slight evidentiary showing"), *with* Savage Tavern, Inc. v. Signature Stag, LLC, 589 F. Supp. 3d 624, 659 (N.D. Tex. 2022) ("The Lanham Act's bursting bubble presumption places a heavy thumb on the scale."); Theorem, Inc. v. Citrusbyte, LLC, 2021 WL 5750238, at *8 (C.D. Cal. Nov. 16, 2021) (stating defendant's burden of production to rebut the presumption is a heavy one); Heaven Hill Distilleries, Inc. v. Long Still Distilleries, Inc., 575 F. Supp. 3d 785, 812 (W.D. Ky. 2021) (presumption imposes a "heavy burden"); *see also* Rosati v. Rosati, 2021 WL 3666432, at *11 (N.D. Ill. Aug. 18, 2021) ("[T]here is good reason to believe [that] the presumption of irreparable harm in trademark actions enjoys even more force now than it did [under pre TMA law]."); Pizza Inn, Inc. v. Allen's Dynamic Food Inc., 2023 WL 3015297, at *6 (W.D. Okla. Apr. 19, 2023) (referencing *Nichino Am.*'s "slight evidentiary showing" in dicta).

69. The "bursting bubble" theory refers to an over 100-year-old legal principle under which a presumption is deemed to disappear when the presumed facts have been contradicted by credible evidence. *See* W. Thayer, Preliminary Treatise on Evidence 313–52 (1898); *see also* 9 J. Wigmore, A Treatise on the Anglo-American System of Evidence in Trials at Common Law § 2491(ii) (3d ed. 1940). Although both *Nichino America* and *Savage Tavern* have adopted the "bursting bubble" paradigm, they are at opposite ends of the spectrum on what that means insofar as the presumption's weight. *See supra* note 68.

70. *See id.*

71. Bussert & Faunce, *supra* note 4, at 13.

Delay by the plaintiff, an equitable principle typically argued more than any other by defendants based on the author's review of post-TMA cases, provides an objective lesson in the varied approaches applied by courts. First is the passage of time itself. Some courts are more lenient/understanding than others in the amount of time that a plaintiff delays in pursuing the underlying litigation or injunctive relief.[72] Those that adopt a more lenient approach have reasoned that pursuit of litigation and particularly preliminary injunctive relief is a "drastic remedy" and that a trademark owner need not "lead with its high trump" and its resort to less drastic non-litigation approaches to reaching a resolution should not be punished.[73] Even those applying a more exacting standard often assess whether the delay is "unreasonable," "undue," "unexcused," or "unjustifiable."[74] In that regard, some plaintiffs have successfully persuaded courts that their delay in pursing injunctive relief was reasonable or excused by one or more of the following: (1) the time the plaintiff was unaware of the defendant's infringement;[75] (2) time spent in the good-faith investigation of the defendant's activities;[76] (3) time spent engaging in settlement discussions with the defendant;[77]

72. Among trademark practitioners, Sandra Edelman has long been considered the definitive expert in examining delay in the context of seeking injunctive relief in trademark cases in works spanning over thirty years. *See generally* Fara S. Sunderji & Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: 2023 Edition*; 113 Trademark Rep. 633 (2023); Sandra Edelman & Fara S. Sunderji, *Delay in Filing Preliminary Injunction Motions: 2015 Edition*, 105 Trademark Rep. 1012 (2015); Sandra Edelman, *Delay in Filing Preliminary Injunction Motion: 2009 Edition*, 99 Trademark Rep. 1074 (2009); Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: Update 2002*, 92 Trademark Rep. 647 (2002); Robert Raskopf & Sandra Edelman, *Delay in Filing Preliminary Injunction Motions: How Long Is Too Long*, 80 Trademark Rep. 36 (1990).

73. *Heaven Hill Distilleries, Inc.*, 575 F. Supp. 3d at 842; Hydrojug, Inc. v. Five Below, Inc., 2022 WL 4017443, at *6, *18 (N.D. Ohio Sept. 2, 2022); *accord* Kohler Co. v. Whistling Oak Apartments, LLC, 2021 WL 2434203, at *9 (E.D. Wis. June 14, 2021).

74. *See*, *e.g*, Storage Concepts, Inc. v. Incontro Holdings, L.L.C., 2021 WL 1789205, at *3 (D. Neb. May 5, 2021); BD Performing Arts v. B.A.C. Musical Instruments, LLC, 2022 WL 1215191, at *4 (N.D. Cal. Apr. 25, 2022); S&P Glob., Inc. v. S&P Data LLC, 619 F. Supp. 3d 445, 469–70 (D. Del. Aug 4, 2022); Hope Organics LLC v. Preggo Leggings LLC, 2021 WL 5919367, at *11–12 (S.D.N.Y. Dec. 15, 2020); Luckenbach Tex., Inc. v. Sklosas, 2022 WL 5568437, at *4 (W.D. Tex. July 8, 2022).

75. City of New York *ex rel.* FDNY v. Henriquez, 2023 WL 2186340, at *26 (E.D.N.Y. Feb. 23, 2023); Spark Therapeutics, Inc. v. Bluebird Bio, Inc., 2022 WL 605724, at *20 (D. Del. Jan. 25, 2022); Guru Teg Holding, Inc, v. Maharaja Farmers Mkt., Inc., 581 F. Supp. 3d 460, 469 (S.D.N.Y. 2021) (finding plaintiff's ignorance of defendant's competing product may explain delay); *Hope Organics*, 2021 WL 5919367, at *14.

76. *Compare City of New York*, 2023 WL 2186340, at *26 (stating "plaintiff's making good-faith efforts to investigate" may justify delays in seeking relief), *and Guru Teg*, 581 F. Supp. 3d at 469, *and* Zest Anchors, LLC v. Geryon Ventures, LLC, 615 F. Supp. 3d 1206, 1238 (C.D. Cal. 2022), *aff'd in part*, *rev'd in* part, 2023 WL 2783175 (9th Cir. Apr. 5, 2023), *with* Harley's Hope Found. v. Harley's Dream, 2022 WL 1154526, at *3 (D. Colo. Apr. 19, 2022), *and* Beatstars, Inc. v. Space Ape Ltd., 2022 WL 4128534, at *4–5 (W.D. Tex. Aug. 26, 2022).

77. *Compare Hope Organics*, 2021 WL 5919367, at *11 n.14, *and Hydrojug*, 2022 WL 4017443, at *18, *and* Instructure, Inc. v. Canvas Techs., Inc., 2022 WL 43829, at *14 (D. Utah Jan. 5, 2022); UV RML NL Assets, LLC v. Coulter Ventures, LLC, 2021 WL 5706870, at *12 (C.D. Cal. Oct. 22, 2021) (stating presumption is not rebutted despite the fact that the parties engaged in settlement discussions over two years and plaintiff was overly optimistic in their success), *with* Two Hands IP LLC v. Two Hands Am., Inc., 563 F. Supp. 3d 290, 300–01 (S.D.N.Y. 2021), *and* Icleen v. Blue Air, A.B., 2021 WL 6104397, at *13 (C.D. Cal. Oct. 4, 2021).

(4) time spent perfecting their rights in the subject mark by, for example, obtaining registrations and cleaning up chain of title issues;[78] (5) unique circumstances such as Covid;[79] (6) pendency of a related administrative proceeding;[80] (7) effecting service under the Hague Service Convention;[81] or (8) showing that a defendant's infringement has expanded or escalated over time.[82] But even arguments that generally receive better reception often fail where the evidence shows the alleged infringer definitively and unequivocally advised the trademark owner early on that it intended to move forward with its infringement unabated.[83]

On the flip side of the ledger, a number of defenses asserted by alleged infringers have failed to rebut the presumption or otherwise have met with mixed success. For example, alleged infringers successfully demonstrating that trademark owners' delays were unreasonable have in some cases still failed to rebut the presumption because they failed to show that the delay prejudiced them.[84]

Alleged infringers relying on other traditional equitable factors to rebut the presumption have met with mixed success. These factors include:

- the trademark owner has an adequate pecuniary remedy;[85]
- the alleged infringer has or will cease the allegedly infringing activity;[86]

78. Travel Gig, LLC v. Sharing Servs. Glob. Corp., 2022 WL 17495991, at *6 (D. Mont. Dec. 8, 2022); *Storage Concepts*, 2021 WL 1789205, at *4; *Guru Teg*, 581 F. Supp. 3d at 469.

79. *See, e.g.*, *Storage Concepts*, 2021 WL 1789205, at *4; *see also* Nutra Health, Inc. v. HD Holdings, Atlanta, Inc., 2021 WL 5027800, at *14 (N.D. Ga. May 28, 2021) (relying on pre-TMA law)).

80. Spark DSO, LLC v. Ormco Corp., 2022 WL 613165, at *4 (E.D. Pa. Mar. 2, 2022).

81. Concord Music Grp., Inc. v. Stax Pty Ltd., 2023 WL 2977495, at *6 (C.D. Cal. Apr. 6, 2023).

82. *Compare* Tari Labs, LLC v. Lightning Labs, Inc., 2023 WL 2480739, at *11 (N.D. Cal. Mar. 13, 2023), *and* Sports Mktg. Monterrey Grp. LLC v. Socias Services US Inc., 2023 WL 2671379, at *20–21 (N.D. Cal. Mar. 27, 2023), *vacated*, 2023 WL 3184399 (N.D. Cal. Apr. 25, 2023), *and* Vans, Inc. v. Walmart, Inc., 2022 WL 1601530, at *13 (C.D. Cal. Mar. 31, 2022), *and* Zest Anchors, LLC v. Geryon Ventures, LLC, 615 F. Supp. 3d 1206, 1238 (C.D. Cal. 2022), *aff'd in part*, *rev'd in part*, Nos. 22-55704, 22-55778, 2023 WL 2783175 (9th Cir. Apr. 5, 2023), *with Two Hands*, 563 F. Supp. 3d at 300.

83. *See, e.g.*, Real USFL, LLC v. Fox Sports, Inc., 2022 WL 1134487, at *11 (C.D. Cal. Apr. 14, 2022); *Two Hands*, 563 F. Supp. 3d at 300–01; Sunless Inc. v. Palm Beach Tan, Inc., 2021 WL 4777439, at *6 (N.D. Ohio June 30, 2021).

84. *See Storage Concepts*, 2021 WL 1789205, at *3 ("Defendants had ample notice of [plaintiff's] consistently-held intention to challenge their use of the mark and had no reason to be lulled into thinking that [plaintiff] would abandon its position, making prejudice to them unlikely."); *see also Vans, Inc.*, 2022 WL 1601530, at *13 ("[D]elay is but a single factor to consider in evaluating irreparable injury . . . ." (citation omitted)).

85. *Compare Real USFL*, 2022 WL 1134487, at *11, *and* Ontel Prods. Corp. v. Brownstone Res., LLC, 2021 WL 6103538, at *6 (C.D. Cal. Aug. 20, 2021), *with* Freedom Funding Grp., Inc. v. Freedom FundingGroup, L.L.C., 2022 WL 3681281, at *20 (D.N.J. Aug. 25, 2022), *and* Powerlift Door Consultants v. Shepard, 2021 WL 2911177, at *6 (D. Minn. July 12, 2021).

86. *Compare* Vital Pharms. v. PhD Mktg., Inc., 2022 WL 2952495, at *5 (C.D. Cal., July 26, 2022) (finding no evidence defendant will never begin selling the infringing products again), *and* Vans, Inc. v. MSCHF Prod. Studio, Inc., 602 F. Supp. 3d 358, 372 (E.D.N.Y. 2022) ("Defendants repeated assurances they will not develop, promote, or advertise allegedly infringing products during the pendency of the litigation failed to reassure the court plaintiffs will be secure from further harm absent injunctive relief." (citation omitted)), *and* Yedi, Inc. v. Universal

- statements by the trademark owner's witnesses suggesting that the alleged infringer's infringement has not caused, or is not likely to cause, harm;[87]
- a long period of minimal use of the trademark owner's mark[88] or coexistence of the subject marks;[89] and
- the trademark owner has allegedly engaged in unclean hands.[90]

On the other hand, where the plaintiff cannot provide sufficient evidence of likely confusion under the multi-factor trademark infringement analysis adopted by a particular circuit, courts have uniformly ruled in defendant's favor, irrespective of any other arguments or evidence presented by the plaintiff.[91]

Cases both before and after the TMA in which the presumption of irreparable harm has been applied have historically only allowed defendants to rebut the presumption by reliance on one or more of the foregoing *equitable* principles. Up until very recently courts had generally rejected defendants' efforts to rehash evidence considered in the likelihood-of-confusion analysis to rebut the presumption of irreparable harm.[92] However, the Third Circuit

Connect Wholesale, 2022 WL 3137930, at *5 (C.D. Cal. June 22, 2022), *and* Rebath LLC v. Foothills Serv. Sols. Co., 2021 WL 2352426, at *11 (D. Ariz. June 9, 2021) ("[T]ermination of the conduct does not moot the need for an injunction where recurrence is possible."), *and* Kinsley Tech. Co. v. Ya Ya Creations, Inc., 2021 WL 2227394, at *4 (C.D. Cal. May 3, 2021), *with* Mountain Mike's Pizza, LLC v. SV Adventures, Inc., 2021 WL 6136178, at *3–4 (E.D. Cal. Dec. 29, 2021), *and* Robinson v. Best Price Distribs., 2022 WL 3013131, at *4 (C.D. Cal. June 14, 2022); *see also* AirWair Int'l Ltd. v. ITX USA LLC, 2021 WL 5302922, at *3 (N.D. Cal. Nov. 15, 2021) (stating defendant faces a "formidable burden" of showing voluntary cessation is effective or that infringement "could not be reasonably expected to recur") (citation omitted).

87. *Compare* Proactive Env't Prods. Int'l, LLC v. Pine Env't Servs., LLC, 2021 WL 3025481, at *15 (M.D. Fla. May 20, 2021), *and* Spark DSO, LLC v. Ormco Corp., 2022 WL 613165, at *4 (E.D. Pa. Mar. 2, 2022), *with* Heaven Hill Distilleries, Inc. v. Long Still Distilleries, Inc., 575 F. Supp. 3d 785, 814 (W.D. Ky. 2021) (finding statements not probative because defendant's business just opened to the public).

88. *Real USFL*, 2022 WL 1134487, at *11.

89. *Spark DSO*, 2022 WL 613165, at *4 (holding two-year coexistence of the parties' brands demonstrates plaintiff is not suffering any harm to its business); Thrive Natural Care, Inc v. Le Vel Brands, LLC, 2021 WL 2548688, at *4 (C.D. Cal. Apr. 28, 2021) (two-year coexistence); *but see* Concord Music Grp., Inc. v. Stax Pty, Ltd., 2023 WL 2977495, at *6 (C.D. Cal. Apr. 6, 2023) (finding alleged five-year coexistence not determinative because plaintiff was unaware of defendant's mark for much of that time).

90. Breeze Smoke LLC v. Yatin Enters., Inc., 2023 WL 3070893, at *11 (W.D. Mich. Apr. 25, 2023) (rejecting defendant's reliance on "unlawful use doctrine"); Zest Anchors, LLC v. Geryon Ventures, LLC, 615 F. Supp. 3d 1206, 1239 (C.D. Cal. 2022); *Heaven Hill Distilleries*, 575 F. Supp. 3d at 842.

91. *See, e.g.*, Kava Culture Franchise Grp. Corp. v. Dar-Jkta Enters., LLC, 2023 WL 3121893, at *6 (M.D. Fla. Apr. 27, 2023); MC3 Invs. LLC v. The Local Brand, Inc., 2023 WL 2947437, at *11 (N.D. Fla. Mar. 13, 2023); Anonomatic, Inc. v. Skyflow, Inc., 2023 WL 149054, at *2 (N.D. Cal. Jan. 10, 2023); Reliant Cap. Sols., LLC v. Ram Payment, LLC, 2022 WL 17082525, at *10 (S.D. Ohio Nov. 18, 2022); Grubhub Inc. v. Kroger Co., 2022 WL 2774986, at *5 (N.D. Ill. May 25, 2022); Spark DSL, LLC v. Warnco Corp., 2022 WL 613165, at *4–5 (E.D. Pa. Mar. 2, 2022); Proactive Env't Prods. Int'l, LLC v. Pine Env't Servs., LLC, 2021 WL 3025481, at *15 (M.D. Fla. May 20, 2021).

92. *See, e.g.*, CiCi Enters. LP v. Fogel Enters., Inc., 2023 WL 2731048 (N.D. Tex. Mar. 30, 2023) (rejecting defendant's "falling back" on their likelihood of success argument to rebut the

in *Nichino America* recently ruled that a defendant could (and did) rebut the presumption by relying on a single element of that analysis.[93] As indicated above, *Nichino America* involved a dispute between two pesticide manufacturers. The plaintiff also moved for a preliminary injunction after the defendant introduced its competing product, which was denied by the district court and affirmed by the Third Circuit.

In assessing the plaintiff's likelihood of success on the merits, the Third Circuit endorsed the district court's analysis of the plaintiff's infringement claim utilizing the ten-factor test adopted by the court in *Interpace Corp. v. Lapp, Inc.*,[94] which included an assessment of consumer purchasing habits (*i.e.*, whether the purchasing consumers were members of the general public or "sophisticated").[95] The Third Circuit observed that the district court concluded five of the *Lapp* factors favored the plaintiff, two were neutral and three (overall degree in similarity, consumer purchasing habits and the defendant's intent) favored the defendant.[96] Based on that tally, both the district court and Third Circuit found the plaintiff had established a likelihood of success on the merits and was entitled to a presumption of irreparable harm under the TMA.[97]

But then the district court and Third Circuit deviated from established law when they turned to whether the defendant had rebutted that

presumption); PHS W., LLC v. ServerLift Corp., 2023 WL 2238738, at *4 (D. Minn. Feb. 27, 2023); Kohler Co. v. Whistling Oak Apartments, LLC, 2021 WL 2434203, at *9 (E.D. Wisc. June 14, 2021) ("Simply rehashing arguments regarding the plaintiff's likelihood of success cannot serve to rebut the presumption.").

93. Nichino Am., Inc. v. Valent U.S.A. LLC, 44 F.4th 180, 186 (3d Cir. 2022).

94. Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 462–63 (3d Cir. 1983). The *Lapp* factors assess the following in determining whether trademark infringement has occurred:

> (1) The degree of similarity between the trademark owner's mark and the alleged infringing mark;
>
> (2) The strength of the trademark owner's mark;
>
> (3) The price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
>
> (4) The length of time the defendant has used the mark without evidence of actual confusion arising;
>
> (5) The intent of the defendant in adopting the mark;
>
> (6) The evidence of actual confusion;
>
> (7) Whether the goods, competing or not competing, are marketed through the same channels of trade and advertised through the same media;
>
> (8) The extent to which the target of the parties' sales efforts are the same;
>
> (9) The relationship of the goods in the minds of consumers, whether because of the near-identity of the products, the similarity of function, or other factors; and
>
> (10) Other facts suggesting that the consuming public might expect the prior owner to manufacture both products, or expect the prior owner to manufacture a product in the defendant's market, or expect that the prior owner is likely to expand into the defendant's market.

Id.

95. *Nichino Am.*, 44 F.4th at 184.

96. *Id.*

97. *Id.* at 186.

presumption. Rather than resorting to an analysis of traditional principles of equity, both courts instead allowed defendant to conflate the likelihood of confusion and irreparable harm elements and rely on a single *Lapp* factor (i.e., that the relevant consumers were sophisticated buyers who exercise great care in purchasing pesticides) to rebut the presumption.[98] Stated another way, after concluding that this likelihood of confusion factor along with others that favored defendant was insufficient to overcome plaintiff's likelihood of success on the merits, that same factor alone was deemed sufficient to rebut the presumption. *Nichino America* may turn out to be an aberration for trademark owners going forward. However, it is now controlling law in the Third Circuit and should other courts adopt the Third Circuit's conflated analysis, the presumption's weight will be weakened further, possibility to the point of nonexistence.[99] This result seems consistent with the *Nichino America* court's intent, as that court characterized the presumption as only a "slight evidentiary showing"[100] and added that only "a small quantum of evidence" was required to rebut it.[101]

E. *Other Factors Affecting the Irreparable Harm Analysis*

Aside from the primary factors discussed above, several secondary factors have affected the conclusions that courts have reached on the presumption of irreparable harm post-TMA. Cases in which the defendant defaults in the underlying action[102] or is found engaged in counterfeiting[103] often operate to galvanize the presumption and the court's resulting conclusion that it has not been rebutted. Similarly, where the defendant has acted intentionally and with knowledge of the plaintiff's trademark[104] or is found to be engaged

98. *Id.* at 187.

99. *See* Pizza Inn, Inc. v. Allen's Dynamic Food, Inc., 2023 WL 3015297, at *6 (W.D. Okla. Apr. 19, 2023) (court referencing *Nishino America's* "slight evidentiary showing" and noting that defendants had failed to make even that showing in their efforts to rebut the presumption). At least one commentator has advocated that consumer perception surveys used to prove no appreciable likely confusion between the marks at issue can also be used to rebut the presumption. Atkins, *supra* note 41.

100. *Nichino Am.*, 44 F.4th at 186.

101. *Id.* at 187 n.10.

102. *See, e.g.*, Kelly Toys Holdings, LLC v. Alialialill Store, 2022 WL 1948311, at *7 (S.D.N.Y. May 19, 2022) (holding that if "defendant defaults, a court may infer that the defendant is willing to, or may continue its infringement" (citation omitted)); Moonbug Ent. Ltd. v. A20688, 2022 WL 1239586, at *2 (S.D.N.Y. Apr. 26, 2022); Hill v. Dinges, 2021 WL 4935649, at *6–7 (N.D. Fla. Sept. 13, 2021); Under Armour, Inc. v. Exclusive Innovations, Inc., 2021 WL 2042320, at *6 (D. Md. May 21, 2021) (where the defendant failed to participate in the litigation, there is a threat of continued infringement, and money damages are not sufficient).

103. *See, e.g.*, Kelly Toys Holdings, 2022 WL 1948311, at *7; Muhammad Ali Enters., LLC v. 4YouCanvas, 2022 WL 1695310, at *3 (N.D. Ga. Jan. 26, 2022) (finding the counterfeit products are likely of inferior quality to plaintiff's goods); Luxottica Grp. S.P.A. v. Thornton, 2022 WL 2167685, at *9 (C.D. Cal. May 2, 2022).

104. *See, e.g.*, BGC Inc. v. Robinson, 2022 WL 2915703, at *5 (N.D. Cal. July 25, 2022) ("Defendants had prior knowledge of BGC's Mark, which strongly supports a conclusion that they are trading on the goodwill in the Mark . . . ."); Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc., 2022 WL 1439105, at *4 (E.D. Va. May 6, 2022); Reflex Media Inc. v. Richmeetbeautiful Holding, Ltd., 2022 WL 4237965, at *5 (D. Nev. Sept. 14, 2022).

in particularly unlawful or unsavory activity,[105] courts have been strongly inclined to find the presumption has not been rebutted.

Of interest to the franchise community are cases involving "holdover" franchisees. On the one hand, many courts have found that a terminated franchisee's continued use of a franchisor's trademarks constitutes irreparable injury without further discussion.[106] Other courts have reached similar conclusions based on evidence that the terminated franchisee's goods or services were substandard and/or were historically problematic.[107] On the other hand, some courts post-TMA have arguably been receptive to a franchisee's efforts to rebut the presumption of irreparable harm by providing evidence that its goods and/or services post-termination are at least equivalent to those provided prior to termination. For example in *Kahala Franchising, LLC v. Real Faith, LLC*,[108] a case involving a Pinkberry terminated holdover franchisee, Kahala sued and moved for a preliminary injunction seeking to enjoin the franchisee's continued use of Kahala's trademarks. Despite finding that Kahala had established a likelihood of success on the merits and was entitled to a presumption of irreparable harm under the TMA, the court denied Kahala's motion, finding that the franchisee had rebutted the presumption.[109] In particular, the court found the franchisee had demonstrated that despite termination it continued to operate a "successful franchise" and that there was no indication the franchisee was running the franchise "in a way that fails to meet Kahala's standards and expectations regarding the Pinkberry brand."[110] "Without any evidence indicating that [the franchisee] was running the franchise in a deficient manner," the court concluded that

105. *See*, *e.g.*, Google LLC v. Saeed, 2023 WL 3122179, at *2–3 (S.D.N.Y. Apr. 25, 2023) (holding defendants engaged in a "Malware Distribution Enterprise . . . threaten[ing] the security of the Internet"); Savage Tavern, Inc. v. Signature Stag, LLC, 589 F. Supp. 3d 624, 660 (N.D. Tex. 2022) (defendant's bar involved, among other things, "vibrator races" in which sex toys are switched on, then placed on an inclined track to see which gets to the end of the track first).

106. *See*, *e.g.*, Just Between Friends Franchise System, Inc. v. Gibson, 2023 WL 2496584, at *6 (N.D. Okla. Mar. 14, 2023); Pizza Hut, LLC v. Ronak Foods, LLC, 2022 WL 3544403, at *45 (E.D. Tex. June 17, 2022); Sonic Indus., LLC v. Olympia Cascade Drive-Ins, LLC, 2022 WL 3654748, at *6 (W.D. Okla. Aug. 24, 2022); *see also* City of New York *ex rel.* FDNY v. Henriquez, 2023 WL 2186340, at *28 (E.D.N.Y. Feb. 23, 2023) ("[T]he Court cannot look past the unique circumstances of this trademark case, in which the [defendants] requested assistance from and collaboration with [plaintiff], . . . initially using [plaintiff's] [m]arks with his permission, but then becoming a direct competitor by subsequently using, without [plaintiff's] permission, the identical [mark]."); *see also* Rosati v. Rosati, 2021 WL 3666432, at *12 (N.D. Ill. Aug. 18, 2021) (defendant's continued use of plaintiff's intellectual property without a valid license could place in jeopardy plaintiff's ability to enforce its trademark rights against future infringers).

107. Sonic Indus., 2022 WL 3654748, at *6; *see also* CiCi Enters. LP v. Fogel Enters., Inc., 2023 WL 2731048, at *8 (N.D. Tex. Mar. 30, 2023) ("A bad experience at one location of what is appeared to be a related, uniform chain may influence the consumer to view the entire chain poorly.").

108. Kahala Franchising, LLC v. Real Faith, LLC, 2022 WL 1605377 (C.D. Cal. May 20, 2022).

109. *Id.* at *4.

110. *Id.*

any harm suffered by Kahala was not irreparable or otherwise more than merely pecuniary.[111]

Kahala attempted to counter the franchisee's showing by claiming irreparable harm as a result of its inability to control the franchisee's continued use of its trademarks.[112] The court, however, was unmoved and concluded that, without evidence that the franchisee provided product offerings that were inferior, the potential for irreparable harm was "too weak to support injunctive relief."[113] Courts outside of the franchise field also have debated the issue of the perceived quality of the defendant's goods or services in addressing irreparable harm.[114]

Some courts have also refused to grant a franchisor's request for injunctive relief where the purposed holdover franchisee is able to demonstrate a substantial question exists as to whether the parties' franchise agreement was properly terminated.[115] This was one of the issues addressed by the court in *Mid Atlantic Restaurant Corp. v. Gumby 1105, Inc.*,[116] a case involving the Smithfield's Chicken 'N Bar-B-Q franchise system. After the franchisor brought the suit against the franchisee, the parties filed cross motions for a preliminary injunction.[117] The franchisor sought to bar the franchisee from, among other things, the continued use of the franchisor's trademarks and

111. *Id.*

112. *Id.* at 4–5.

113. *Id.* The quality of services issue is currently being actively debated between the Second Circuit and a federal court in Connecticut. *Compare* Colony Grill Dev., LLC v. Colony Grill, Inc., 2022 WL 950950, at *3 (2d Cir. Mar. 30, 2022) (finding a trademark owner's loss of control of the trademark may result in harm even if the alleged infringer is running a successful business), *with* Colony Grill Dev., LLC v. Colony Grill, Inc., 2023 WL 2674437, at *8 (D. Conn. Mar. 29, 2023) ("Defendants have shown that there is no evidence that any product sold by them differs in any way from the products authorized by the trademark for sale or fails to conform to any such quality standards or procedures."). This case seems destined for a return to the Second Circuit on this and other issues related to plaintiff's request for injunctive relief.

114. *Compare* City of New York *ex rel.* FDNY v. Henriquez, 2023 WL 2186340, at *28 (E.D.N.Y. Feb. 23, 2023) (finding any conference using plaintiff's marks without plaintiff's consent, input and coordination, would be, if not lower in quality, different in quality and will cause confusion), *and* Terex South Dakota, Inc. v. Sinoboom N. Am., LLC, 2021 WL 4296030, at *16 (S.D. Tex. Aug. 16, 2021) (holding plaintiff showing of a lack of control over quality of the defendant's goods or services constitutes immediate and irreparable harm despite the actual quality of the goods and services), *with* M1 Holdings Inc. v. Members 1st Fed. Credit Union, 2022 WL 17487942, at *11 (N.D. Ill. Dec. 7, 2022) (finding no evidence that defendant's reputation and quality are inferior such that confusion would reflect negatively on plaintiff), *and* BD Performing Arts v. B.A.C. Musical Instruments, LLC, 2022 WL 1215191, at *4 (N.D. Cal. Apr. 25, 2022), *and* Two Hands IP LLC v. Two Hands Am., Inc., 563 F. Supp. 3d 290, 301 (S.D.N.Y. 2021).

115. Mid Atl. Rest. Grp. v. Gumby 1105, Inc., 2021 WL 3687029 (E.D.N.C. Aug. 19, 2021). *But see* CiCi Enters. LP v. Fogel Enters., Inc., 2023 WL 2731048, at *15 n.3 (N.D. Tex. Mar. 30, 2023) (rejecting defendant's contention that CiCi's termination of the franchise agreement was "pretextual"); Powerlift Door Consultants, Inc. v. Sheppard, 2021 WL 4261251, at *2–3 (D. Minn. Sept. 20, 2021) (holding former distributor failed to demonstrate a likelihood of success on its argument that the agreement was unlawfully terminated).

116. Mid Atl. Rest. Corp. v. Gumby 1105, Inc., 2021 WL 3687029 (E.D.N.C. Aug. 19, 2021).

117. *Id.* at *1.

the continued operation of the franchise in contravention of the "properly terminated" franchise agreement.[118] The franchisee, on the other hand, sought, among other things, to prevent what it contended was the improper termination of the franchise agreement.[119] The court held that neither party had passed the first hurdle of demonstrating a likelihood of success on the merits of their respective claims and that both motions must be denied.[120] As to the franchisor's motion, the court determined that at this stage it could not determine whether the franchisor's purported termination of the franchise agreement was proper.[121] This finding was arguably bolstered by the franchisor accepting lease and royalty payments from the franchisee after the formal expiration of the franchise agreement.[122] Moreover, although the court recognized that, in typical trademark infringement cases irreparable harm is presumed, there was no allegation here "that the quality, service or food being provided by [the franchisee was] not in line with the franchisor's standards."[123] The court added that, without any such allegation, any potential harm could be addressed by monetary damages.[124]

Courts have also disagreed on the weight and significance of evidence introduced by plaintiffs to establish actual harm. By way of example, some courts have found averments or testimony of loss of control and reputation of the trademark owner to be adequate.[125] Others have given little weight to such averments and evidence and have required trademark owners to provide concrete evidence of the harm caused.[126] Somewhat surprisingly, courts on occasion have also diverged on a trademark owner's evidence of actual confusion. Some have embraced that evidence in finding irreparable harm.[127]

118. *Id.* at *3.
119. *Id.*
120. *Id.*
121. *Id.*
122. *Id.*
123. *Id.*
124. *Id.*
125. Hatzoloh Inc. v. Hatzalah of Palm Beach, Inc., 2022 WL 730959, at *7 (S.D. Fla. Feb. 8, 2022); Viacom Int'l Inc. v. Pixi Universal, 2022 WL 909865, at *12 (S.D. Tex. Mar. 25, 2022); Vans, Inc. v. MSCHF Prod. Studio, Inc., 602 F. Supp. 3d 358, 372 (E.D.N.Y. 2022).
126. H&R Block, Inc. v. Block, Inc., 58 F.4th 939, 951–52 (8th Cir. 2023) ("To demonstrate irreparable harm, H&R Block must show harm that 'is certain and great and of such imminence that there is a clear and present need for equitable relief.'"); Two Hands IP LLC v. Two Hands Am., Inc., 563 F. Supp. 3d 290, 301 (S.D.N.Y. 2021) (conclusory statements of loss of reputation and goodwill constitute an insufficient basis for a finding of irreparable harm); Fred Hall Shows, Inc. v. Hall, 2022 WL 17886042, at *5 (C.D. Cal. Nov. 16, 2022); Ontel Prods. Corp. v. Brownstone Res., LLC, 2021 WL 6103538, at *6 (C.D. Cal. Aug. 20, 2021); M1 Holdings Inc. v. Members 1st Fed. Credit Union, 2022 WL 17487942, at *11 (N.D. Ill. Dec. 7, 2022).
127. *See*, *e.g.*, Theorem, Inc. v. Citrusbyte, LLC, 2021 WL 5750238 at *8–9 (C.D. Cal. Nov. 16, 2021); Dewberry Eng'rs Inc. v. Dewberry Grp., Inc., 2021 WL 8322351, at *2 (E.D. Va. Oct. 14, 2021); Suzie's Brewery Co. v. Anheuser-Busch Cos., LLC, 519 F. Supp. 3d 839, 854 (D. Or. 2021) (finding three consumer declarations together with other evidence sufficient to show a likelihood of irreparable harm); Consumerdirect, Inc. v. Pentius, LLC, 2022 WL 1272243, at *11 (C.D. Cal. Mar. 25, 2022).

Other courts have taken a more cautionary approach and sometimes openly scrutinized the timing, amount, and type of that confusion evidence.[128]

F. *Courts' Awareness of the TMA*

A surprising number of courts in virtually every circuit—and apparently litigants as well—have remained oblivious to the changes imposed by TMA as to the presumption of irreparable harm, although the incidence of this unfamiliarity appears to be diminishing.[129] Accordingly, trademark owners would do well to inform courts in their briefing of the TMA's existence and their reliance on the TMA's restoration/confirmation of the presumption. Otherwise, decisions may be reached by the court relying on *eBay* and *Winter* or other less favorable pre-TMA law of the circuit at issue.[130]

G. *The Presumption's Impact on the Balance-of-Harms Element*

Finally, several recent decisions have also demonstrated the risks that trademark owners face where they rely solely on the presumption of irreparable harm to establish the balance-of-harms element in the preliminary injunction analysis. Not only does the trademark owner risk having the non-movant rebut the presumption, but also some courts have found a trademark owner's reliance on the presumption alone to be inadequate to claim the upper hand in the analysis of the balancing-of-hardships prerequisite for injunctive relief.[131] This represents a departure from the approach many

128. *H&R Block*, *Inc.*, 58 F.4th at 950–51 (stating "while the record supports possible confusion by some consumers, there is a paucity of evidence to rise to the level of substantial confusion by an appreciable number of ordinary consumers"); Sunless Inc. v. Palm Beach Tan, Inc., 2021 WL 4777439, at *6 (N.D. Ohio June 30, 2021) (holding three isolated complaints received in the past are compensable through money damages); Engine Cap. Mgmt., LP v. Engine No. 1 GP LLC, 2021 WL 1372658, at *12 (S.D.N.Y. Apr. 12, 2021) ("Evidence of consumer confusion is not equivalent to evidence of irreparable harm."); *see also Two Hands*, 563 F. Supp. 3d at 301 (citing *Engine Cap. Mgmt.*, 2021 WL 1372658).

129. *See*, *e.g.*, Leather Bros., Inc. v. Springhaus, LLC, 2022 WL 2584457 (M.D. Fla. Mar. 21, 2023); Richardson v. Cascade Skating Risk, 2022 WL 833319 (D.N.J. Mar. 21, 2022); Gibson Brands, Inc. v. Armadillo Distrib. Enters., Inc., 2022 WL 3008501 (E.D. Tex. July 28, 2022); Sycamore Brewing, LLC, v. Stone Brewing Co., 2022 WL 1185875 (W.D.N.C. Apr. 21, 2022); A. Simon & Sons, Inc. v. Simonfurniture Int'l, Inc., 2021 WL 6144611 (D. Mass. Nov. 19, 2021); Glenn H. Curtiss Museum of Loc. Hist. v. Confederate Motors, Inc., 2021 WL 514229 (W.D.N.Y. Feb. 11, 2021); Chi. Mercantile Exch. Inc. v. ICE Clear US, Inc., 2021 WL 3630091 (N.D. Ill. Aug. 7, 2021); Sec. USA Servs., Inc. v. Invariant Corp., 2021 WL 2936612 (D.N.M. July 13, 2021).

130. *See* K. Kroll, *Trademark Litigation: Congress Reinstated the Presumption of Irreparable Harm in Trademark Cases*, Winthrop & Weinstine (Sept. 1, 2021), https://winthrop.com/bold-perspectives/trademark-litigtions-congress-reinstated-the-presumption-of-irreparable-harm-in-lanham-act-cases (observing that in the first nine months after the enactment of the TMA a majority of courts remained unaware of the reinstatement/confirmation of the presumption and that it is likely the result would have been different in a number of cases had the movants notified the court of the change in the law).

131. *See*, *e.g.*, Concord Music Grp., Inc. v. Stax Pty Ltd., 2023 WL 2977495, at *7–8 (C.D. Cal. Apr. 6, 2023); Spark Therapeutics, Inc. v. Bluebird Bio, Inc., 2022 WL 605724, at *22 (D. Del. Jan. 25, 2022); Kohler Co. v. Whistling Oak Apartments, *LLC*, 2021 WL 2434203, at *10–14 (E.D. Wis. June 14, 2021).

courts adopted pre-TMA as they usually held that when defendants were shown to have improperly used a plaintiff's trademark, the threat and harm to the plaintiff outweighed the threat and harm to the defendants.[132]

The court's analysis in *Kohler Co. v. Whistling Oak Apartments*[133] is instructive of the current approach adopted by some courts. *Kohler* involved a dispute between the owner of the well-known Whistling Straits golf course and an apartment complex operated six miles away that operated under the name Whistling Oak. Kohler alleged that the Whistling Oak name infringed on its Whistling Straits mark. After finding that Kohler had sustained its burden that it "had a better than negligible chance of showing a likelihood of confusion" *and* that defendant had failed to rebut the resulting presumption of irreparable harm, the court still denied Kohler's motion for a preliminary injunction based on its assessment of the balance-of-harms element.[134] At the outset, the court observed that a finding at that stage of the litigation that harm was irreparable was not a finding that harm was "substantial."[135] Despite finding that any potential injury to the defendant should a preliminary injunction issue was minimal, the court held Kohler was still not entitled to a preliminary injunction because it had relied only on the presumption that it would be harmed and because other evidence in the case suggested that the degree of actual injury to Kohler was at most minimal.[136]

The result in *Kohler* was echoed by a California federal court more recently in *Concord Music Group, Inc. v. Stax Pty Ltd*.[137] That case involved a dispute between the parties' respective uses of the mark STAX. The plaintiff used the STAX mark in connection with published music and branded merchandise. The defendant used the STAX mark in connection with apparel. At the outset, the court found that the plaintiff had established a likelihood of success on the merits of its trademark infringement claim based on "two controlling *Sleekcraft* considerations," similarity of the marks and relatedness of the goods, as well as defendant's intent.[138] Based on plaintiff's showing a

132. *See e.g.*, CiCi Enters. LP v. Fogel Enters., Inc., 2023 WL 2731048, at *8 (N.D. Tex. Mar. 30, 2023) (citing Ramada Franchise Sys., Inc. v. Jacobcart, 2001 WL 540213, at *3 (N.D. Tex. May 17, 2001)). Courts have further reasoned that any harm to the defendant is "self inflicted," a product of its infringement, and that "courts afford little weight to self-inflicted harms when conducting the balancing inquiry." Pizza Inn, Inc. v. Allen's Dynamic Food, Inc., 2023 WL 3015297, at *6 (W.D. Okla. Apr. 19, 2023) (citing Equitable Nat'l Life Ins. Co. v. AXA Equitable Life Ins. Co., 434 F. Supp. 3d 1227, 1255 (D. Utah 2020)); S&R Corp. v. Jiffy Lube Int'l, Inc., 968 F. 2d 271, 379 (3d Cir. 1992) ("[Franchisee] is certainly harmed by the threat of loss of his franchise, but his self-inflicted harm is far outweighed by the immeasurable damage done [to the trademark holder] by the infringement of its trademark.").

133. Kohler Co. v. Whistling Oak Apartments LLC, 2021 WL 2434203 (E.D. Wis. June 14, 2021).

134. *Id.* at *11, *13–14 (citation omitted).

135. *Id.* at *10.

136. *Id.* at *12–14.

137. Concord Music Group, Inc. v. Stax Pty Ltd., 2023 WL 2977495 (C.D. Cal. Apr. 6, 2023).

138. *Id.* at *4 (citation omitted). The court analyzed the plaintiff's trademark infringement claim under the eight-factor test adopted by the court in AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979).

likelihood of success on the merits, the court found that plaintiff was entitled to a presumption of irreparable harm under the TMA.[139]

Defendant argued that the presumption was rebutted by, among other things, plaintiff's delay in initiating the underlying action as the parties' products at that point had coexisted in the U.S. marketplace for over five years.[140] The court concluded that this delay was not fatal to plaintiff's injunctive relief claim because nothing suggested that plaintiff was aware of defendant's products for the majority of that time.[141]

After finding that defendant had not rebutted the presumption of irreparable harm, the court then turned to the balance-of-harms factor.[142] Initially, the court observed that plaintiff had simply relied on the existence of irreparable harm but had made no showing with respect to any hardship that it faced or was likely to face because of defendant's infringing conduct.[143] The court then reexamined the alleged lengthy coexistence of the parties' products and reasoned that any claim of hardship was diminished further by the fact that plaintiff and defendant appeared to have operated in the United States for five years with no demonstratable evidence of actual confusion, decreased revenues, or any ascertainable impact attributable to defendant's alleged infringement.[144] In contrast, the record established that granting the proposed injunction would force defendant to cease selling the products at issue in the United States and incur costs to insure its compliance.[145] Given the lack of evidence of plaintiff's hardship, the anecdotal evidence regarding the products' historic peaceful coexistence and evidence of the harm defendant would face if an injunction were to issue, the court concluded a preliminary injunction was not warranted as it would alter the status quo more than preserve it.[146]

The message here is that trademark owners would do well to pair reliance on the presumption of irreparable harm with affirmative factual evidence and testimony of actual harm, as doing so will materially improve their prospects of prevailing on both the irreparable harm and balancing of harm elements and in ultimately securing injunctive relief.[147]

139. *Concord Music Group*, 2023 WL 2977495, at *6.
140. *Id.*
141. *Id.*
142. *Id.* at *7.
143. *Id.*
144. *Id.*
145. *Id.*
146. *Id.* at *8.
147. *See, e.g.*, City of New York *ex rel.* FDNY v. Henriquez, 2023 WL 2186340, at *29 (E.D.N.Y. Feb. 23, 2023); Sports Mktg. Monterrey Group, LLC v. Socios Servs. US Inc., 2023 WL 2671379, at *21 (N.D. Cal. Mar. 27, 2023); Suzie's Brewery Co. v. Anheuser-Busch Cos., 519 F. Supp. 3d 839, 855 (D. Or. Feb. 9, 2021); AKF Futures LLC v. Boyd Street Distro LLC, 2021 WL 4860513, at *4 (C.D. Cal. Sept. 15, 2021); Cisco Sys. Inc. v. Wuhan Wolon Commc'n Tech. Co., 2021 WL 4962661, at *7 (N.D. Cal. July 23, 2021).

IV. Conclusion

Although well intentioned and generally well received by trademark owners, the confirmation/restoration of the presumption of irreparable harm embodied in Section 34(a) of the Lanham Act has not been as big a boon for those owners as had been hoped. Because Congress failed to provide further guidance on the presumption's weight, as well as on the evidence submitted to rebut it, decisions tend to be highly factually specific and often rest on a court's initial perception of the matter before it and the broad discretion it then exercises. This lack of certainty and predictability was recently perhaps best summarized by Magistrate Judge Jeffrey Cole of the U.S. District Court for the Northern District of Illinois who observed: "Like much of the law, this preliminary injunction analysis is inexact and hardly a science."[148] He added:

> Once all the equitable factors are before the judge, however, a classic discretionary decision must be made involving how much weight to give individual components of the calculus and to what direction the balance of equity tips. . . . Ultimately, the district judge has to arrive at a decision based on a subjective evaluation of the import of the various factors and a personal, intuitive sense about the nature of the case.[149]

The takeaway for trademark owners is that, although the presumption may provide a starting point for a successive injunctive relief effort, they should spare no effort in marshalling all available evidence of actual harm to help ensure the success of that effort. Nonmovants should undertake a similarly robust effort in their opposition to develop equitable evidence that may rebut the presumption along with, at least for the time being in the Third Circuit, likelihood of confusion factors weighing in their favor.

148. Park Ridge Sports, Inc. v. Park Ridge Travel Falcons, 2022 WL 1643840, at *13 (N.D. Ill. Jan. 5, 2022).

149. *Id.* (quoting Jones v. Markiewicz-Qualkinbush, 842 F.3d 1053, 1060 (7th Cir. 2016)); *see also* Grubhub, Inc. v. Kroger Co., 2022 WL 2774986, at *5 (N.D. Ill. May 25, 2022) ("[T]he ultimate decision in weighing and balancing these factors requires a high degree of discretion on the part of the district judge.").