Kilpatrick

8 KEY TAKEAWAYS

The Presumption of Irreparable Harm After the Trademark Modernization Act of 2020

Kilpatrick's Chris Bussert, a senior counsel with more than 30 years of experience in helping clients protect and defend their most important assets and brands, recently wrote the article "The Presumption of Irreparable Harm After the Trademark Modernization Act of 2020: Have All Issues Been Resolved?" for *The Franchise Law Journal*.

Mr. Bussert provides the following key takeaways from the article:

1

The Trademark Modernization Act of 2020 ("TMA") codified in Section 34(a) of the Lanham Act the long-standing common law principle that a trademark owner seeking injunctive relief in actions of trademark infringement under Section 32 of the Lanham Act is entitled to a rebuttable presumption of irreparable harm. That presumption arises upon the movant's 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.

2

The prevailing wisdom in enacting legislation confirming the existence of the presumption of irreparable harm is that it would eliminate the forum shopping in which many litigants engaged for many years after a number of courts called into question the existence of the presumption following two decisions by the U.S. Supreme Court.

3

Even with the TMA's confirmation of the presumption's existence, the likelihood that litigants will continue forum shopping remains high. Because of the TMA's failure to provide guidance about the weight properly given to the presumption or the quantum of evidence to rebut it, courts have exercised nearly unbridled discretion to assign the presumption whatever weight they desire. This has resulted in some courts characterizing the presumption as "heavy" and others characterizing it as "slight."

4

Courts have similarly exercised a broad range of discretion in analyzing the evidence introduced by defendants to rebut the presumption. And, although courts both before and after the TMA historically only allowed defendants to rebut the presumption by relying on equitable principles, the Third Circuit in *Nichino America, Inc. v. Valent, U.S.A. LLC*, 44 F.3d 180 (3d

fendants to rebut the presumption by relying on equitable principles, the Third Circuit in *Nichino America, Inc. v. Valent, U.S.A. LLC*, 44 F.3d 180 (3d Cir. 2022), recently ruled that a defendant could rebut the presumption by relying on a single likelihood-of-confusion factor.

4

5

Courts have also disagreed on the amount of evidence necessary to trigger the presumption, particularly in circuits like the Third, Seventh and Eighth that offer a less exacting likelihood-of-success standard such as "a greater than negligible" or "fair chance" of prevailing on the merits of a trademark infringement claim.

A surprising number of courts in virtually every circuit – and apparently litigants as well – have remained oblivious to the TMA's confirmation of the presumption of irreparable harm. As a result, some decisions reached by courts post-TMA have occasionally relied on other less favorable pre-TMA law of the circuit at issue.

6

7

Several recent decisions have also demonstrated the risk that trademark owners face where they relied 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 balance-of-harms prerequisite for injunctive relief.

The takeaway for trademark owners is that, although the presumption may provide a starting point for a successful injunctive relief effort, they should spare no effort in marshalling all available evidence of actual harm independent of the presumption to help ensure the success of that effort. Non-movants 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.

8

For more information, please contact:
Chris Bussert, cbussert@ktslaw.com

www.kilpatricktownsend.com

Related People



Kilpatrick

Christopher P. Bussert
t 404.815.6545
cbussert@kslaw.com