Trademark’s eBay Problem

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Cover Page Footnote
Thank you to all of the librarians at New England Law, and Barry Stearns in particular, as well as to Tiffany Knapp, Meghan Bramhall, Brandon Arey, and Lyndsey Fiore for their tireless assistance in researching this Article. Thanks also to Guillaume van Rijckevorsel of Darts-ip and all the researchers there for their help in navigating the Darts-ip database. This Article also benefitted from comments received at the UNH IP Scholars Roundtable, and the 2015 Works in Progress Intellectual Property Colloquium.

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Trademark’s *eBay* Problem

Peter J. Karol*

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INTRODUCTION

To deny all remedy is to deny the right itself. Judges can deny any enforcement of the plaintiff’s right where the plaintiff has forfeited the right by his conduct, as in estoppel cases. Judges can also deny remedies on the basis of cost-benefit balances. But not so easy to think that the Congress means statutory rights to come and go in the discretion of a federal judge. Indeed, the concept of a right is at odds with the concept of discretion to deny the right.¹

This Article addresses the current debate over whether to extend, to trademark law, the rule in eBay, Inc. v. MercExchange, L.L.C. denying prevailing patent plaintiffs presumptive entitlement to injunctive relief.² Its central concern, however, is not whether or how eBay should apply to trademark law, but rather the way in which the debate resurfaces structural flaws undermining foundational provisions of the Lanham Act. Namely, the Act purports to grant ex ante exclusive rights to mark owners against all confusingly similar uses, but then reserves discretion to district courts to deny statutory injunctive relief without further guidance.³ This ambiguity, a familiar one to the broader subject area of statutory injunctions, is particularly acute in the trademark space because the Lanham Act conflictingly aimed both to codify state-based common law trademark practices, and to create a national statutory right.

Part I of this Article analyzes the debate over eBay’s place in trademark infringement law, revealing the trouble this issue has posed for federal courts and commentators alike.⁴ Subsequent decisions reveal deep conflicts at the appellate level and widespread confusion among the district courts. Commentators, too, seem unable to reach consensus. Practitioners and black letter trademark

¹ DAN B. DOBBS, LAW OF REMEDIES § 2.10, at 248 (2d ed. 1993).
⁴ This Article does not directly address what impact, if any, eBay has had on alternative Lanham Act causes of actions such as dilution, false advertising, and cybersquatting. Instead, it focuses on the core of trademark law—claims for infringement of registered and unregistered trademarks under 15 U.S.C. § 1114 and § 1125(a)(1)(A) (Lanham Act sections 32 and 43(a)(1)(A), respectively).
authorities, like Professor J. Thomas McCarthy, largely reject eBay as inconsistent with the purpose of trademark law and structure of trademark litigation. On the other end of the spectrum, some scholars have embraced eBay as a check on overzealous plaintiffs, including in the trademark space. Adding to the confusion, the available empirical data counterintuitively suggest that trademark injunction win rates have actually increased overall since eBay.

Part II seeks to locate the source of this difficulty and conflict. It first sets the groundwork by contrasting the nature of trademark and patent rights in order to reject a common reductive statutory argument for extending eBay to trademark law. It then seeks to contextualize the debate by positioning it as a particularly knotty instance of the intertwining of equitable discretion with statutory injunctive authority. In the trademark case, the Lanham Act purports to create a strong form of exclusive right in registered marks. Yet it then gives discretion to courts to deny injunctive relief even where plaintiff has demonstrated infringement of this exclusive right and shown likely continuing harm (to itself and the public). At the same time, it denies monetary relief except in exceptional cases.

The problem, at heart, is one of statutory construction. This Article thus turns to the drafting history of the Lanham Act to better understand how the drafters intended to reconcile exclusive trademark rights with judicial discretion. It argues that neither Congress nor the drafters of the Act provided a cogent explanation for granting a strong form of national, exclusive rights to trademark owners while denying a true entitlement to injunctive relief. Instead, this ambiguity was most likely a product of the Act’s long, haphazard drafting history, coupled with unresolved conflicts regarding the basic theory of the legislation. Specifically, rather than provide a logical and consistent explanation for how a regime of national trademark registration can coexist with geographically limited, state-created common law trademark rights, the Act buried the controversy (and placated opposition) by retaining some form of ex post judicial discretion to enforce the supposedly ex ante “exclusive” right.

This Article determines in Part III that the fairest reading of the Act and its history is that Congress intended to retain the equitable remedial practices in place in trademark cases at the time the Act
was passed as a check on national exclusivity given to mark owners. A review of those historical practices shows that courts presumed a prevailing trademark infringement plaintiff’s entitlement to injunctive relief, because of the tort’s continuing nature and the harms it caused to the plaintiff and the public. Courts, moreover, considered injunctive relief the “usual” remedy in trademark cases at the time. The presumption, however, was subject to equitable balancing, and defenses such as unclean hands or laches. This conclusion is consistent with the understanding of general remedies scholars who see statutory injunctive authority as a substitute for the irreparable harm or adequacy of damages rules, but not as any sort of categorical entitlement.

This Article concludes with the reflection that eBay, more than anything else, has revealed anew the Lanham Act’s deep internal conflicts—particularly the way in which it sought simultaneously to codify the common law of trademarks and create a national exclusive right. The trouble with eBay is another instance of the trouble with trademarks generally. Ultimately, though, the elaborate balance of presumptions and defenses achieved by the courts up until eBay likely comes closest to achieving the Act’s original, if murky, vision for statutory injunctions granted “according to the principles of equity.”

I. eBay’s Trademark Enigma

A. The eBay “Juggernaut”

In the spring of 2006, the U.S. Supreme Court shook the patent world by issuing its terse opinion in eBay, Inc. v. MercExchange, L.L.C. A “categorical” Federal Circuit axiom—that a prevailing patent infringement plaintiff was entitled to enjoin, permanently, the infringing use of its claimed invention—was suddenly and soundly rejected. In place of that rule, the Supreme Court insti

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7 eBay, 547 U.S. at 390.
8 Id. at 393–94 (citing MercExchange, LLC v. eBay, Inc., 401 F.3d 1323, 1338 (Fed. Cir. 2005)) (discussing the preexisting “general rule”).
tuted a test that it controversially characterized as reflecting “traditional” and “well-established” equitable principals: 9

[A] plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff 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. 10

Two concurrences followed the unanimous majority opinion. The first, written by Chief Justice Roberts, emphasized that while the Court was rejecting the Federal Circuit’s attempt to impose a “general rule” entitling plaintiffs to injunctive relief, it still approved of the historical practice of granting “injunctive relief upon a finding of infringement in the vast majority of patent cases.” 11

The second, by Justice Kennedy, suggested that the Court saw a need to give district court judges more remedial discretion in response to the newly emergent problem of patent trolls (“firms [that] use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”). 12

For reasons that will surely be subject of scholarly debate for some time, the eBay four-factor “juggernaut” of a test immediately then began its jurisprudential ascent. 13 As mapped out by Gergen, Golden, and Smith, courts soon extended eBay to cover preliminary injunctions and rejected any presumptions establishing that a party had met any element of the eBay test (such as the irreparable harm element). 14 Courts expanded their reach to other subject

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9 Id. at 391, 393.
10 Id. at 391.
11 Id. at 395 (Roberts, C.J., concurring).
12 Id. at 396 (Kennedy, J., concurring).
13 Mark P. Gergen et al., The Supreme Court’s Accidental Revolution? The Test for Permanent Injunctions, 112 COLUM. L. REV. 203, 206 (2012).
14 Id. at 217 (citing Salinger v. Colting, 607 F.3d 68, 77–78, 78 n.7 (2d Cir. 2010)); see also Abbott Labs. v. Andrx Pharm., Inc., 452 F.3d 1331, 1334, 1347 (Fed. Cir. 2006) (applying eBay to motion for preliminary injunction just weeks after eBay was issued).
areas both within and outside of the intellectual property field.\textsuperscript{15} Even state courts welcomed eBay.\textsuperscript{16} Despite, in short, some fairly serious scholarly doubts expressed as to the four-factor test’s provenance,\textsuperscript{17} internal logic,\textsuperscript{18} and sense,\textsuperscript{19} eBay ignited a remedial “revolution.”\textsuperscript{20}

B. eBay’s Trademark Mess in the Federal Courts

1. The Trademark Injunction Presumption Before eBay

Prior to eBay, almost all federal appellate courts presumed that a trademark plaintiff would be irreparably harmed by continuing trademark infringement.\textsuperscript{21} This rule generally governed both pre-

The conflation of permanent with preliminary injunctive relief practice is particularly troubling in the post-eBay case law. In the context of preliminary (as opposed to permanent) relief, the irreparable harm and adequacy rules “have an entirely different purpose, an entirely different effect, and an entirely different meaning.” Dobbs, supra note 1, § 2.5(1), at 127; see infra Section I.B.2.d (discussing this point in the context of statutory injunctions).

\textsuperscript{15} Gergen et al., supra note 13, at 214–19 (citing Monsanto Co. v. Geertson Seed Farms, 561 U.S. 139 (2010) (applying eBay to environmental and administrative law); Kartman v. State Farm Mut. Auto. Ins. Co., 634 F.3d 883 (7th Cir. 2011) (applying eBay to a diversity-based insurance class action)) (outlining expanding reach of eBay).

\textsuperscript{16} Id. at 215 n.51 (citing state cases applying eBay).

\textsuperscript{17} Id. at 214 (summarizing four ways in which the eBay test differs from “traditional equity: (1) the privileging of the four factors as elements of a canonical test; (2) the redundant statement of an irreparable-injury requirement; (3) the formulation of the test as a four-pronged one that requires separate establishment of each prong; and (4) the potential obliteration of even rebuttable presumptions with respect to satisfaction of any of the test’s prongs”).

\textsuperscript{18} Id. at 209–12 (detailing how the eBay test is both redundant (in that requirement one of irreparable injury is effectively the same as inadequacy of legal remedies) and wrongly labeled as factors (in that it establishes the four requirements as prongs of a “test” instead of factors in a balancing analysis)).

\textsuperscript{19} Id. at 249 (criticizing eBay for varying from “traditional equity” and advocating for a return of “the structured sets of presumptions and safety valves that have characterized traditional equitable practice [and that] seem more likely than a bare four-factor test to combine general predictability, specific flexibility, and targeted effect in a way that satisfactorily resolves social concerns across a broad spectrum of fact patterns and legal areas”).

\textsuperscript{20} Id. at 204 (noting that “[t]he law of equitable remedies is in the midst of an American revolution,” and identifying eBay as the cause).

liminary and permanent relief.\textsuperscript{22} As the Third Circuit put it in a leading case, “trademark infringement amounts to irreparable injury as a matter of law.”\textsuperscript{23}

Even, for instance, where an appellate court expressly deferred to a district court’s finding that no serious health risk to the public

\textsuperscript{129} (2d Cir. 2004) (noting that “proof of a likelihood of confusion establishes both likelihood of success on the merits and irreparable harm”); Genesee Brewing Co., Inc. v. Stroh Brewing Co., 124 F.3d 137, 142 (2d Cir. 1997) (discussing how a showing of a likelihood of confusion establishes irreparable harm and likelihood of success on the merits); Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc., 982 F.2d 633, 640, 644 (1st Cir. 1992) (“By its very nature, trademark infringement results in irreparable harm because the attendant loss of profits, goodwill, 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.”); Abbott Labs. v. Mead Johnson & Co., 971 F.2d 6, 16, 18 (7th Cir. 1992) (reciting the “well-established” presumption that injuries under the Lanham Act are irreparable because the economic losses of intangible harms (e.g., loss of goodwill and damage to reputation) are “virtually impossible” to determine); Wynn Oil Co. v. Am. Way Serv. Corp., 943 F.2d 595, 608 (6th Cir. 1991) (adopting the presumption of irreparable harm in trademark infringement actions); Vision Sports, Inc. v. Melville Corp., 888 F.2d 609, 612 n.3 (9th Cir. 1989) (noting that establishing that a likelihood of confusion in trademark infringement actions typically presumes that irreparable harm will be suffered if injunctive relief is not granted); Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397, 403 n.11 (8th Cir. 1987) (noting that proving actual damage or injury is not necessary to obtain injunctive relief, a plaintiff only needs to prove the likelihood of confusion to establish its right to an injunction); E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imps., Inc., 756 F.2d 1525, 1529–30 (11th Cir. 1985) (recognizing presumption and noting that “a sufficiently strong showing of likelihood of confusion may by itself constitute a showing of... a substantial threat of irreparable harm”); Black Hills Jewelry Mfg. Co. v. Gold Rush, Inc., 633 F.2d 746, 753 (8th Cir. 1980) (noting that a court may “presume irreparable injury from a finding of probable success in proving likelihood of confusion”);

\textsuperscript{22} Compare Kos Pharm., 369 F.3d at 726 (preliminary injunction), with Mutual of Omaha, 836 F.2d at 403 n.11 (permanent injunction).

\textsuperscript{21} S \& R, 968 F.2d at 378. One exception to this trend, discussed infra Section I.B.2.c, appears to have been the Fifth Circuit. Although some district courts in that circuit occasionally used language suggesting a presumption (see, e.g., Quantum Fitness Corp. v. Quantum Lifestyle Ctrs., L.L.C., 83 F. Supp. 2d 810, 831 (S.D. Tex. 1999)), the Fifth Circuit Court of Appeals nevertheless “avoided ‘expressly adopting this presumption of irreparable injury.’” Paulsson Geophysical Servs. Inc. v. Sigmar, 529 F.3d 303, 312 (5th Cir. 2008).
existed from the continuing sale of a cholesterol drug with a name confusingly similar to another, it still concluded that the district court clearly erred by not preliminarily enjoining use of the infringing mark.\(^{24}\) The lower court failed to consider the public’s right “not to be deceived or confused” independently of any right to be free from health risks.\(^{25}\) Indeed, the Court of Appeals did not even remand for further fact-finding on the issue, but rather instructed the lower court to enter an expedited preliminary injunction straight away.\(^{26}\)

Many circuits, prior to eBay, further guided their district courts to consider injunctive relief as “the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant’s continuing infringement.”\(^{27}\) General remedies case books similarly cited trademark infringement as a black letter example of a cause of action where injunctive relief is “especially important.”\(^{28}\)

\(^{24}\) Kos Pharm., 369 F.3d at 731–32.

\(^{25}\) Id.

\(^{26}\) Id.

\(^{27}\) Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1180 (9th Cir. 1988) (affirming district court’s grant of permanent injunction following summary judgment against terminated licensee). Scholars and courts have long debated whether the requirement that a plaintiff prove no adequate remedy at law (eBay prong two) is truly distinct from the requirement of showing that it would be irreparably harmed but for issuance of an injunction (eBay prong one). This can be particularly confusing when faced with pre-eBay permanent injunction cases, such as Century 21, which often do not follow the eBay analytic framework, but speak only of adequacy of non-injunctive relief, or irreparable harm, without discussion of the other factors. Except where otherwise stated, this Article will follow the lead of those scholars that consider the two requirements interchangeably, being more or less mirror images of each other (i.e., a party with no adequate remedy at law will, by definition, be irreparably harmed by the denial of an injunction). See Gergen et al., supra note 13, at 209 (“The test’s requirements of (1) irreparable injury and (2) inadequacy of legal remedies are redundant as these are, traditionally speaking, one and the same.”); Douglas Laycock, The Death of the Irreparable Injury Rule, 103 Harv. L. Rev. 687, 694 (1990) (“The two formulations are equivalent; what makes an injury irreparable is that no other remedy can repair it.”).

\(^{28}\) Dobbs, supra note 1, § 2.1(2), at 59; see id. § 2.5(2), at 130 n.1 (listing trademark infringement as an example of a case where “injunctions are so routinely given that they are sometimes regarded as the normal remedy, to be given irrespective of the adequacy test”); id. § 2.9(2), at 228 (noting that trademark infringement is “especially well-adapted” to injunctive relief); see also Restatement (Second) of Torts § 938 cmt. b (AM. LAW INST. 1979) (citing trademark action as an example of a body of law where injunctions are granted regularly without case by case articulation).
The language in some cases went so far as to suggest that trademark infringement didn’t just satisfy one factor of a multi-factor test (such as irreparable harm), but actually entitled a prevailing plaintiff to an injunction in and of itself. That is, a plaintiff could more or less rest its case to enjoin infringing use after demonstrating likely confusion with a protected mark: “a court need only find that a defendant is liable for infringement or unfair competition for it to award injunctive relief.”

Many rationales have been given for the prevailing trademark plaintiff’s historic entitlement to either a presumption of irreparable harm or injunctive relief as such. The most common, often advanced by Professor McCarthy, suggests that it stems from the “inherently” irreparable nature of trademark infringement itself:

The basis of the presumption is that trademark infringement monetary relief is, in the language of equity, inherently “inadequate” and injury is “irreparable.” By showing a likelihood of success in proving a likelihood of confusion, plaintiff also shows that... it will probably lose control of its reputation because this reputation rests upon the quality of defendant’s activities as a result of a likelihood of confusion of purchasers. Such a likelihood of damage to reputation is by its nature “irreparable.”

As shown in his use of terms like “inherently” and “by its nature,” McCarthy’s highly influential view of the presumption is at heart categorical and definitional—it is based on what trademark infringement is, intrinsically.

Trademark law, under this view, secures control over a mark to one owner so as to avoid confusion to the public and to protect the

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30 5 McCarthy, supra note 21, § 30:47 (discussing preliminary relief).
value of the brand. But at heart it is the loss of control over one’s reputation, in and of itself, that is the quintessential harm that a cause of action for trademark infringement seeks to prevent. To McCarthy, the regime is set up, prophylactically, to assume that unintentionally losing control of one’s reputation to another is per se harmful.

The presumption of irreparable injury in trademark cases was also understood to be a specific case of the general remedial rule that plaintiffs will be irreparably harmed where damages are difficult to quantify, or where they would have to sue repeatedly for successive increments of damage (i.e., to prevent repeating or continuing infringement). Indeed, McCarthy draws on this latter rationale as support for enjoining future acts of infringement:

What would happen in a trademark infringement case if the court were to hold that damages were adequate to remedy the problem of defendant’s continued acts of confusing customers? If an injunction were denied, the court would be telling plaintiff to sit by and watch defendant continue to violate the law, infringe upon plaintiff’s proven rights and continue to confuse and deceive customers until such time as plaintiff decided to sue again for money damages as compensation for the past injury incurred. That would not be anything close to an “adequate” remedy.

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31 Cf. Dobbs, supra note 1, § 2.4(5) at 112 (“[T]he public interest represented by customer confusion weighs in favor of an injunction because it represents a cost being imposed by defendant’s conduct . . . .”).
32 Cf. Int’l Kennel Club of Chicago, Inc. v. Mighty Star, Inc., 846 F.2d 1079, 1091 (7th Cir. 1988) (“[W]e have held that ‘the owner of a mark is damaged by a later use of a similar mark which place[s] the owner’s reputation beyond its control, though no loss in business is shown.’” (emphasis omitted)).
33 Laycock, supra note 27, at 713–14 (listing trademark cases as a category of suit where damages are difficult to measure which supports a finding of irreparable injury); id. at 714 n.136; Dobbs, supra note 1, § 2.5(2), at 131, 134–35.
34 Laycock, supra note 27, at 714–15 (“Damages might not deter repeated violations, and mounting litigation costs might deter plaintiff from suing before they deterred defendant from violating the law.”).
35 See 5 McCarthy, supra note 21, § 30:2.
Although, as just described, the pre-*eBay* trademark presumption (whether to the irreparable harm factor or injunctive relief in general) was powerful and almost universal, it was never absolute or automatic. It was, that is, just a legal presumption always capable of being rebutted. Evidence that plaintiff delayed in bringing suit, for instance, has always been capable of overcoming the presumption of irreparable harm, particularly in the preliminary injunction context.

2. The Post-*eBay* Muddle

One attempts a taxonomy of disorder at one’s own peril, particularly when that disorder is shifting in real time. With that said, in the wake of *eBay* the federal circuit courts can be roughly arranged into four groups with respect to its application to trademark law: (i) those that read *eBay* to bar any use of presumptions in

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36 See J. Thomas McCarthy, *Are Preliminary Injunctions Against Trademark Infringement Getting Harder to Achieve?*, 14 INTELL. PROP. L. BULL. 1 (2009) (“Even if a presumption of irreparable injury is triggered, such a presumption can always be rebutted. Where the equities have balanced in the defendant’s favor, notwithstanding a showing of some confusion, a preliminary injunction has been denied. The traditional rule creates a presumption, not an entitlement . . . . As the Second Circuit remarked, the presumption of irreparable injury ‘leaves the door slightly ajar perhaps for those few cases in other trademark contexts where irreparable harm does not follow.’” (citing Church of Scientology Int’l v. Elmira Mission of the Church of Scientology, 794 F.2d 38, 42 (2d Cir. 1986); Citibank, N.A. v. Citytrust, 756 F.2d 273, 276 (2d Cir. 1985); SMJ Group, Inc. v. 417 Lafayette Restaurant LLC, 439 F. Supp. 2d 281, 293–94 (S.D.N.Y. 2006))].

37 Cf. FED. R. EVID. 301 (“In a civil case . . . the party against whom a presumption is directed has the burden of producing evidence to rebut the presumption. But this rule does not shift the burden of persuasion, which remains on the party who had it originally.”).

trademark injunction analyses; (ii) those that consider eBay applicable to trademark injunction cases, but remain noncommittal as to whether the presumption of irreparable harm might survive in some form or another; (iii) those seeming to endorse use of a trademark irreparable harm presumption after eBay; and (iv) those that have not directly addressed the applicability of eBay to trademark law leaving the district courts to fend for themselves.39

a) Circuits that Read eBay to Bar any Use of Presumptions in Trademark Injunction Analyses (Third and Ninth Circuits)

The Ninth Circuit has clearly led all others in its zeal to extend eBay to trademark law. In a 2013 preliminary injunction case, *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, it relied on eBay and its preliminary injunction analogue, *Winter v. Natural Resources Defense Council, Inc.*,40 to overrule prior precedent establishing the presumption of irreparable harm in trademark actions.41 As central support for extending eBay to trademark law, the court observed that the statutory language in both the Patent Act and Lanham Act are worded identically in giving the district courts power to grant injunctions in accordance with “the principles of equity.”42

Perhaps even more meaningful for trademark plaintiffs, the court went on to hold that “likely” and “actual” irreparable harm “must be demonstrated,” respectively, to obtain a preliminary and permanent injunction.43 Conclusory assertions, it underscored, of “loss of control” to the trademark owner and other “platitudes” that are “not grounded in any evidence” are insufficient to meet

39 A final category is those circuits where neither appellate courts nor lower tribunals have addressed the issue at all. As of the publication of this Article, those are limited to the Federal and D.C. Circuits.
41 *Herb Reed Enters., LLC v. Fla. Entm’t Mgmt.*, 736 F.3d 1239, 1248–49 (9th Cir. 2013). The court says that it “join[ed]” precedent set by the Eleventh Circuit (in *North American Medical*) and the Sixth Circuit in so holding; however, as described below, the cited opinions are far more equivocal on that point then the Ninth Circuit recognizes. *Id.*
42 *Id.* at 1249 (citing 35 U.S.C. § 283 and 15 U.S.C. § 1116(a)).
43 *Id.* Although the court expressly first references “copyright infringement” as to the preliminary injunction component, it immediately goes on to apply that standard to a preliminary trademark injunction. *Id.* at 1250.
this burden. Numerous courts have subsequently relied on that holding for the principle that the presumption of irreparable harm no longer exists in the Ninth Circuit.

It is difficult to understand why a prevailing trademark plaintiff should be required to show actual harm to receive a permanent injunction when the standard for liability has only ever required a showing of likely (not actual) confusion. When combined with the rule that requires a showing of actual confusion to receive monetary damages, this means that in the Ninth Circuit a finding of liability premised on likely confusion entitles you to no relief at all.

Following the Ninth Circuit, the Third Circuit also extended eBay and Winter to the Lanham Act, and overruled prior cases that had allowed for a presumption of irreparable harm. Although arising in a false advertising context, the expansive discussion within the opinion, and later cases, make clear that the court meant for it to apply with equal force to Lanham Act trademark infringement cases.

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45 See discussion infra Section II.A.1.
46 See discussion infra Section III.B.
48 Id. (noting that the Ninth Circuit’s extension of the eBay analysis to a trademark infringement claim is “[c]onsistent with our holding”); accord Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC, No. 14-3063, 2015 WL 4366571, at *8 n.15 (3d Cir. 2015) (rejecting, in dicta, party’s assertion that actual confusion can still create a presumption of irreparable harm, and citing Ferring Pharmaceuticals for rule that a party is
b) Noncommittal or Equivocating Circuits (First, Tenth, and Eleventh Circuits)

Appellate courts in the First, Tenth, and Eleventh circuits agree that eBay’s balancing test applies to trademark injunction practice, however these courts hedge as to what that means for the presumption of irreparable harm.

The Eleventh Circuit’s approach in North American Medical Corp. v. Axiom Worldwide, Inc. fully reveals this tension. The court expressly concluded that eBay, despite being a patent case, was “applicable” to the trademark infringement preliminary injunction motion before it.50 Contrary though to the understanding of the Ninth Circuit, which claimed to “join” the Eleventh when it went on to abrogate the presumption of irreparable harm,51 the court in North American Medical actually refused to extend its holding that far.52 Rather, twice using the unfortunately vague and discretionary term “may well,” it remanded to the district court to determine how eBay ought to apply under the facts of the case before it:

[T]he district court may well conclude on remand that it can readily reach an appropriate decision by fully applying eBay without the benefit of a presumption of irreparable injury, or it may well decide that the particular circumstances of the instant case bear substantial parallels to previous cases such that a presumption of irreparable injury is an appropriate

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51 Herb Reed Enters., LLC v. Fla. Entm’t Mgmt., 736 F.3d 1239, 1249 (9th Cir. 2013).
52 N. Am. Med., 522 F.3d at 1228 (“[W]e decline to address whether such a presumption is the equivalent of the categorical rules rejected by the Court in eBay.”).
exercise of its discretion in light of the historical traditions.53

Later courts, not surprisingly, have puzzled over the exact meaning of this command. Many district courts have taken it to mean that a district court in that circuit is “permitted” to presume irreparable harm, or not, at its discretion.54 Others understand the case effectively to have endorsed continuing use of an irreparable harm presumption after eBay, so long as that presumption is not used in a “categorical” approach.55 In a recent per curiam decision, the Eleventh Circuit went so far as to opine that, even after North American Medical and eBay, a showing of confusion still “ordinarily warrants injunctive relief,” and reversed a district court that had denied preliminary injunctive relief on a trademark infringement claim.56

The true divergence from the Ninth Circuit’s absolute approach is starkly revealed in another case involving “The Platters” trademark.57 A district court in Florida, in evaluating plaintiff Herb Reed’s request for a preliminary injunction against defendant vocal group’s use of a variant of that mark, first stated its understanding that North American Medical left the Eleventh Circuit’s “prior

53 Id.
54 See, e.g., Nane Jan, LLC v. Seasalt & Pepper, LLC, No. 2:14-cv-208-FtM-29CM, 2014 WL 5177655, at *7 (M.D. Fla. Oct. 14, 2014); Adidas AG v. adidas2013online.com, No. 13-24398-CIV, 2013 WL 6667043, at *7 (S.D. Fla. Dec. 17, 2013) (noting that under North American Medical, a court is “permitted” to presume irreparable injury or alternatively may proceed without its benefit, but here choosing not to rely on the presumption); see also Osmose, Inc. v. Viance, LLC, 612 F.3d 1298, 1320 (11th Cir. 2010) (noting that in a false advertising case, because the district court did not rely on a presumption of irreparable harm, there was no need to decide whether this presumption is still valid).
57 Herb Reed Enters., LLC v. World Famous Platters Rd. Shows I LLC, No. 8:14-cv-56-T-17AEP, 2014 U.S. Dist. LEXIS 22046, at *12–13 (M.D. Fla. Feb. 7, 2014) (declining to resolve whether the presumption is still valid in light of eBay and choosing not to apply it where plaintiff had established irreparable injury in any event).
precedent intact” and allowed it to presume irreparable harm. 58 Nevertheless, it did not need to do so because plaintiff adequately demonstrated irreparable injury by showing that defendants were using its mark and that such use “could potentially impact plaintiff’s reputation and goodwill.” 59 In short, in a case brought by the same plaintiff and involving the same mark at issue in the Ninth Circuit’s Herb Reed, a court in the Eleventh Circuit traversed the Ninth Circuit’s rule both by declaring the continued vitality of the presumption and by finding irreparable harm based on conclusory assertions of loss of goodwill and harm to reputation.

The First Circuit has followed a similar trajectory to the Eleventh, though omitting the problematic discretionary language used by the latter. It has clearly held that eBay’s “traditional equitable principals” apply to trademark cases. 60 Although it further opined that the case possibly “called into question” the longstanding presumption of irreparable harm, it expressly declined to rule on whether the presumption might nevertheless survive eBay in some form. 61 The court went on to pose this same question three separate times, without deciding it, in later cases. 62

District courts in the First Circuit have split on the application of the presumption. 63 A number cite the eBay factors but then go on to apply the old presumption, either in the alternative or to satisfy

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58 Id.
59 Id. at *13–14.
60 Voice of the Arab World, Inc. v. MDTV Med. News Now, In., 645 F.3d 26, 31–34 (1st Cir. 2011) (noting that “we see no principled reason why [eBay] should not apply in the present case,” and denying injunction where plaintiff delayed excessively in bringing suit).
61 Id. (“[W]e decline to decide whether the aforementioned presumption is analogous to the ‘general’ or ‘categorical’ rules rejected by the Supreme Court in eBay.”).
62 See, e.g., Swarovski Aktiengesellschaft v. Bldg. #19, Inc., 704 F.3d 44, 54 (1st Cir. 2013); Peoples Fed. Sav. Bank v. People’s United Bank, 672 F.3d 1, 9 n.11 (1st Cir. 2012) (“We reiterate here that there is a looming question as to whether this presumption can co-exist with the Supreme Court’s recent holding in [eBay].”); Mercado-Salinas v. Bart Enters. Int’l, 671 F.3d 12, 19 n.7 (1st Cir. 2011).
the irreparable harm prong.64 Others note the tension between the presumption and *eBay* and opt to perform a separate analysis for irreparable harm, often based on general assertions of damage to goodwill and reputation, rather than apply the presumption.65 One particularly uncertain court, after an analysis of the tension, noted that it could “comfortably extend the holding” of *eBay* to the case but then went on to apply the presumption.66 Others apply *eBay* with no mention of any presumption or discussion of its validity.67 Yet others still apply it, expressly rejecting the idea that *eBay* impacted the presumption of irreparable harm in trademark cases.68

Similar to the First Circuit, the Tenth Circuit heard arguments that a “prima facie case of trademark infringement establishes irreparable harm, per se” just one year after *eBay* was decided; however, the court declined to address *eBay*’s impact on the presumption as unnecessary for disposition of the case.69 Without clear appellate precedent supporting or overruling the presumption, the district courts in the Tenth Circuit have published decisions tracking the outcomes in the First Circuit. One district court applied the presumption, determining that *eBay* was distinguishable from trademark cases.70 Others list the equitable factors from *eBay* and apply

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69 Lorillard Tobacco Co. v. Engida, 213 Fed. App’x 654, 655–57 (10th Cir. 2007) (declining to consider how *eBay* affects the trademark irreparable harm presumption).

70 Basis Int’l Ltd. v. Research in Motion Ltd., 827 F. Supp. 2d 1302, 1310, 1310 n.5 (D.N.M. 2011) (noting that *eBay* does not change the presumption of irreparable harm because unlike patent cases, “trademark cases involve intangibles like the trademark owner’s reputation and goodwill”).
the presumption of irreparable harm, without discussing its continuing validity. Some dodge the question by deciding that regardless of its validity, plaintiff met its burden to show irreparable harm. Other district courts decline to apply it in light of eBay.

c) Circuits Endorsing Use of a Presumption After eBay (Fourth, Fifth, and Sixth Circuits)

Neither the Fourth, Fifth, nor Sixth Circuit has issued an opinion directly analyzing and affirming the propriety of a presumption of irreparable harm in trademark cases following eBay. Yet, in different ways, each has given some form of approval to its continued application.

Of all the Circuits, the Sixth comes closest to preserving, after eBay, a rule of law that presumes irreparable harm to flow from a finding of likely confusion. In three separate opinions subsequent to eBay the Sixth Circuit has relied upon the presumption or its equivalent to find irreparable harm to support a plaintiff’s entitlement to injunctive relief against a trademark infringer. In one

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74 See, e.g., CFE Racing Prods., Inc. v. BMF Wheels, Inc., 2015 WL 4174649, at *18 (6th Cir. July 13, 2015) (observing that irreparable harm exists in a trademark case where a party shows that it will lose control of its reputation; remanding to district court to increase scope of injunction); Lucky’s Detroit, LLC v. Double L., Inc., 533 F. App’x 555, 555, 560 (6th Cir. 2013) (affirming grant of permanent injunction, and concluding that “there is sufficient evidence that customers will be confused by both parties’ use of the marks, and thus Double L made a sufficient showing that it would suffer irreparable harm if LD continues to use the mark”); Lorillard Tobacco Co. v. Amouri’s Grand Foods, Inc., 453 F.3d 377, 381–82 (6th Cir. 2006) (stating just two weeks after eBay that “our Circuit requires no particular finding of its likelihood [of irreparable harm] to support injunctive
case, in the very next sentence after recitation of the eBay factors the Court cites to the leading pre-eBay presumption case in the Sixth Circuit, stating, “In trademark infringement cases, a likelihood of confusion or possible risk to the requesting party’s reputation satisfies the irreparable injury requirement.”

District courts within the Sixth Circuit seem by and large to have gotten the message that the presumption of irreparable harm remains alive and well there. These courts generally cite to the eBay factors for the overall test used to determine the propriety of injunctive relief, and then proceed to find the irreparable injury element presumptively satisfied by trademark infringement itself. One court, after remarking that the Sixth Circuit does not require a showing of irreparable harm to support injunctive relief in trademark cases, supported the irreparable harm element with other evidence in any event. In two cases, the defendants had argued that eBay necessitated disposing of the presumption in trademark cases; in both, the courts did not rule on the continued vitality of

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75 Lucky’s, 533 F. App’x at 555 (citing Wynn Oil Co. v. Am. Way Serv. Corp., 943 F.2d 595, 608 (6th Cir. 1991)). Two other cases from the Sixth Circuit are consistent with use of presumptions in finding irreparable harm, but remain more or less silent on the issue. See L.F.P.IP, LLC v. Hustler Cincinnati, Inc., 533 F. App’x 615, 621 (6th Cir. 2013) (citing eBay factors and stating without elaboration that “[t]he district court’s injunction appropriately enjoined Jimmy’s practice of willfully infringing Larry’s trademarks and protected the public from confusion arising from his use of the marks”); Audi AG v. D’Amato, 469 F.3d 534, 550 (6th Cir. 2006) (citing eBay factors and holding that irreparable injury flows from consumers purchasing counterfeit goods).


77 End Prod. Results, LLC v. Dental USA, Inc., No. 12-11546, 2014 WL 897363, at *6 (E.D. Mich. Mar. 6, 2014) (citing Lorillard Tobacco for proposition that Sixth Circuit does not require irreparable harm to support injunctive relief, and alternatively reciting evidence of potential lost sales and customers as support for irreparable harm).
the presumption, but instead found or failed to find irreparable harm on other grounds.78

The Fourth Circuit, for its part, issued indirect support of the application of the presumption in reviewing the opinion of a district court that had cited the four-factor test from eBay, but also had clearly applied the presumption to satisfy the irreparable harm prong of that test.79 The majority vacated the injunction, but solely in order to limit its scope to the Fourth Circuit under principals of comity.80 A concurring and dissenting judge on the panel (who would have left the injunction in place nationally) observed that the district court applied the “proper legal test” under eBay, a point which that judge understood not to be challenged by the majority opinion.81

District courts in the Fourth Circuit have split on the continued viability of the presumption. A number still apply it, usually to satisfy the irreparable harm prong of the eBay test.82 Some note a tension caused by eBay, but apply the presumption anyways.83 Others

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80 Georgia-Pacific, 781 F.3d at 717.

81 Id. at 727–28 (Shedd, J., concurring in part and dissenting in part). The same judge also approvingly cited the pre-eBay case Lone Star Steakhouse, a leading pro-trademark presumption case in that circuit, asserting that “[w]hen trademark infringement has been proven, ‘an injunction is the preferred remedy to insure that future violations will not occur.’” Id. at 727 (citing Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 939 (4th Cir. 1995)). The circuit’s only other consideration of eBay in the context of the Lanham Act involved a false advertising case. See PBM Prods., LLC v. Mead Johnson & Co., 639 F.3d 111, 126–27 (4th Cir. 2011).


cite eBay and eschew mention of a presumption, but nonetheless engage in a short-cut analysis using the fact of likely confusion and potential harm to reputation to meet the irreparable injury requirement.84

The Fifth Circuit poses particular challenges. On the one hand, the circuit has observed that it “avoided expressly adopting” any presumption of irreparable harm even prior to eBay.85 Under that logic, one would assume that the circuit would fall in line rather easily with those that have abrogated the presumption. Instead, however, the one appellate court to directly rule on the issue, in Abraham v. Alpha Chi Omega, actually cited eBay but then endorsed the pre-eBay position of Professor McCarthy: “All that must be proven to establish liability and the need for an injunction against infringement is the likelihood of confusion—jury is presumed.”86 Although the case involved an admittedly esoteric issue of the burden of proving entitlement to a trademark injunction when faced with a strong laches defense, it still seems fair to conclude that the Fifth Circuit amazingly went from having no presumption of irreparable harm in trademark infringement actions prior to eBay to adopting a presumption that likely confusion is injurious after it.87

District courts in the Fifth Circuit have struggled with how to adopt the circuit court’s guidance. Some have read the Abraham case to limit eBay’s ban on presumptions to patent actions, and instead to adopt a rule that a showing of likely confusion allows a plaintiff to presume irreparable injury for purposes of meeting the

85 Paulsson Geophysical Servs. v. Sigmar, 529 F.3d 303, 312 (5th Cir. 2008) (declining to address whether a presumption should be allowed after eBay where the facts supported a finding of irreparable harm regardless).
86 Abraham v. Alpha Chi Omega, 708 F.3d 614, 627 (5th Cir. 2013) (quoting 5 McCarthy, supra note 21, § 30:2).
87 Abraham, 708 F.3d at 626–27.
first prong of the eBay test. Others approach the issue a bit more cautiously by applying a presumption in effect without actually using the term. One court reached in the other direction, and refused to apply any presumption under the Fifth Circuit’s earlier statement that it intentionally avoided doing so. Still others note the existence of the presumption, but find no irreparable harm for other reasons or support the finding of irreparable harm with other evidence.

d) Circuits that Have Not Directly Addressed the Applicability of eBay to Trademark Law but Where District Courts Have Attempted to Do So (Second, Seventh, and Eighth Circuits)

Neither the Second, Seventh, nor Eighth Circuit has directly addressed eBay’s application to trademark law. Of these three, the Second Circuit has come closest to doing so, in a leading copyright preliminary injunction opinion Salinger v. Colting, penned by Judge Calabresi. There the court observed, in dicta, that it could “see no reason” why eBay’s “central lesson” (i.e., that a court deciding

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92 607 F.3d 68, 78–80 (2d Cir. 2010).
whether to issue an injunction must not “presume that a party has met an element of the injunction standard”) would “not apply with equal force to an injunction in any type of case.” Nevertheless, successor panels have resisted fully adopting this position in trademark cases where not necessary for the holding.94

The lack of direct appellate guidance has not prevented district courts in the Second, Seventh, and Eighth Circuits from staking out a range of (often contradictory) positions on the applicability of \textit{eBay} to trademark law. In the Second Circuit, many lower courts understand the (non-binding) \textit{Salinger} opinion effectively to prohibit the use of presumptions of irreparable harm in trademark injunction practice.95 Some courts, citing to \textit{Salinger} and \textit{eBay} for the rule that irreparable injury cannot be presumed, work around this by stating (contrary to the Ninth Circuit view) that showing a loss of control over the reputation of a mark can establish irreparable injury.96 Some note that \textit{Salinger} and \textit{eBay} call into question the

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93 Id. at 78 n.7. In \textit{Flava Works, Inc. v. Gunter}, the Seventh Circuit similarly held that, although \textit{eBay} was a case about patents rather than copyrights and about permanent rather than preliminary injunctions, it was persuaded by \textit{Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.}, 654 F.3d 989, 995–96, 998 (9th Cir. 2011), and \textit{Salinger v. Colting}, 607 F.3d 68, 82 (2d Cir. 2010), that \textit{eBay} governs a motion for a preliminary injunction in a copyright case, as well. \textit{Flava Works, Inc. v. Gunter}, 689 F.3d 754, 755 (7th Cir. 2012).

94 \textit{Benihana, Inc. v. Benihana of Tokyo, LLC}, 784 F.3d 887, 895–97 (2d Cir. 2015) (citing \textit{Salinger} standard in breach of trademark license suit and affirming finding of irreparable harm based on underlying facts without discussion of a presumption); U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc., 511 F. App’x 81, 85 (2d Cir. 2013) (declining to decide whether a presumption of irreparable harm can apply after \textit{eBay} in a trademark infringement context where district court found irreparable harm without applying a presumption).


presumption’s continuing vitality, but establish irreparable harm with other evidence in the record.\textsuperscript{97} It appears that the majority of district courts in the Second Circuit, however, are still applying the presumption without regard to any tension created by eBay or Salinger.\textsuperscript{98} One court went so far as to cite the Salinger case for the proposition that eBay applies with equal force to trademark cases, but then immediately went on to observe that irreparable harm “is automatically satisfied by [plaintiff] prevailing on its trademark claim.”\textsuperscript{99} In the Seventh and Eighth Circuits, many district courts reference and analyze the four factors from the eBay decision, but nevertheless apply the presumption of irreparable harm without addressing its validity.\textsuperscript{100} Some apply the four-factor test from eBay the injunction shows that it will lose control over the reputation of its trademark . . . because loss of control over one’s reputation is neither “calculable nor precisely compensable.” Thus, it will often be the case that a party’s demonstration of a likelihood of success on a trademark claim will also show a threat of irreparable harm.” (internal citations omitted) (quoting Mrs. U.S. Nat’l Pageant, Inc. v. Miss U.S. Org., LLC, 875 F. Supp. 2d 211, 226–27 (W.D.N.Y. 2012)); Mitchell Grp. USA LLC v. Nkem Udeh, No. 14-cv-5745, 2014 U.S. Dist. LEXIS 143001, at *5 (E.D.N.Y. Oct. 7, 2007) (reading Salinger to bar presumptions of irreparable harm, but nevertheless finding irreparable injury for trademark infringement based on jury findings of likelihood of consumer confusion); Fabville Laundry Tech., GmbH v. Lavatec, Inc., No. 3:13-CV-56 SRU, 2014 WL 663047, at *1 (D. Conn. Nov. 21, 2014) (finding irreparable injury established by showing a likelihood of confusion); Boost Worldwide, Inc. v. Talk Till U Drop Wireless, Inc., No. 5:14-CV-86 MAD/TWD, 2014 WL 5026777, at *3 (N.D.N.Y. Oct. 8, 2014) (likelihood of consumer confusion sufficient to establish irreparable harm); optionsXpress, Inc. v. optionsXpress Inc., No. 14-CV-956 PKC, 2014 WL 3728637, at *4 (S.D.N.Y. July 28, 2014); Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193, 215 (S.D.N.Y. 2014) (noting that the court may presume irreparable harm, and a plaintiff need not prove it separately, when a likelihood of confusion has been established).


\textsuperscript{100} See, e.g., Coach, Inc. v. 3D Designers Inspirations, No. 4:14-cv-04092-SLD-JEH, 2014 WL 4901683, at *4, *6 (C.D. Ill. Sept. 29, 2014) (listing eBay factors and finding irreparable injury prong satisfied because trademark infringement harms “are by their
without mention of presumptions, instead citing potential harm to goodwill or loss of control of the trademark as evidence of irreparable harm.\textsuperscript{101} Others cite to the presumption of irreparable harm, question its continuing vitality after \textit{eBay}, but cautiously proceed to find irreparable harm from that same potential harm to goodwill and loss of control over the mark (seemingly using the presumption as a finger on the scale for plaintiff even if technically no longer good law).\textsuperscript{102} Still others register serious doubts as to presumption’s force after \textit{eBay}, but hold for defendant on other grounds (e.g., due to delay in bringing suit, balance of the harms in defendant’s favor, and other factors).\textsuperscript{103} Many district courts simply pre-


\textsuperscript{102} See, e.g., Zeltiq Aesthetics, Inc. v. Brown Health Relaxation Station LLC, No. 13-C-575, 2014 WL 1818154, at *3 n.1 (E.D. Wis. May 6, 2014) (‘‘While that presumption may no longer be valid, the difficulty in assessing the damages associated with the harm to Zeltiq’s reputation and loss of goodwill supports a finding that Zeltiq has sustained irreparable harm.’’); Buffalo Wild Wings Int’l, Inc. v. Grand Canyon Equity, LLC, 829 F. Supp. 2d 836, 845–46 & n.6 (D. Minn. 2011) (questioning presumption after \textit{eBay} and granting motion for preliminary injunction based on assertions of loss of control in holdover franchisee context); Gold’s Gym Licensing, LLC v. K-Pro Mktg. Grp., Inc., No. 09-CV-1211 (PJS/RLE), 2009 WL 2253247, at *2–3 (D. Minn. July 28, 2009) (questioning presumption, but ultimately applying it because (1) trademarks represent a type of intangible asset, the loss of which can create irreparable harm, and (2) the defendant failed to oppose the motion and argue that no presumption should apply).

\textsuperscript{103} See, e.g., Plasti Dip Int’l Inc. v. Rust-Oleum Brands Co., No. 14-1831 (JRT/SER), 2014 WL 7183789, at *6–7 (D. Minn. Dec. 16, 2014) (finding persuasive the Third and Ninth Circuit view that \textit{eBay} overrode the presumption of irreparable harm but not reaching such a holding, and denying motion for preliminary injunction on other grounds including as balance of harms favoring defendant); Real-Time Reporters. P.C. v. Sonntag Reporting Servs., No. 13 C 5348, 2013 WL 5818460, at *1–2 (N.D. Ill. Oct. 29, 2013) (questioning whether the presumption or irreparable harm is valid in light of \textit{eBay}, but finding the point moot because plaintiff’s delay in bringing suit would overcome the
sume irreparable harm without mention of eBay. One court cited eBay for the principal that patentees can no longer presume irreparable harm from showing a likelihood of success on the merits, but then went on to indicate (in dicta and without other explanation) that a showing of likely confusion would still entitle a trademark plaintiff to a presumption of irreparable harm.

e) The Empirical Evidence Reveals No Decrease in Trademark Injunction Win Rates After eBay

Perhaps not surprising considering all the doctrinal confusion it has created, the empirical evidence suggests that trademark injunction win rates at the federal district courts do not conform to predictable patterns after eBay. One might have hypothesized, for instance, that both preliminary and permanent trademark injunction win rates would decline after courts had enough time to assimilate eBay into trademark law. After all, while some courts have rejected eBay as inapplicable to trademark law, those courts should not really experience any shift in trademark injunction grant rates. They essentially kept pre-eBay case law in place. Others, however, have adopted it, which should doctrinally make injunctions more difficult to attain in those regions. Putting this all together, it would suggest at least some downward pressure nationally on trademark injunction win rates.

But the data hardly bear that out. If anything, in fact, trademark injunction win rates for prevailing, classic trademark infringement plaintiffs have increased slightly overall in the post-eBay world. In particular, while win rates for prevailing trademark infringement presumption regardless); City Cycle IP, LLC v. Caztek, Inc., No. 12-1285 (JNE/SER), 2012 WL 3656443, at *3–4 n.6 (D. Minn. Aug. 24, 2012) (acknowledging that it is not clear whether a presumption of irreparable harm from trademark infringement still exists after eBay, but denying motion for preliminary injunction where defendants had already ceased use of accused infringing marks).


plaintiffs seeking a permanent injunction have declined just slightly in the last decade, this decline is dwarfed by a substantial increase in win rates for trademark infringement plaintiffs seeking a preliminary injunction.

According to the Darts-ip platform, for the three years prior to eBay, prevailing trademark infringement plaintiffs in the federal district courts (i.e., those for whom likelihood of confusion had been found in a claim of trademark infringement) went on to receive a preliminary injunction in about fifty-three percent of cases, and a permanent injunction ninety-five percent of the time, for a combined win rate of about sixty-eight percent. An analogous report for a recent three year period (May 15, 2012–May 15, 2015), by contrast, reveals that plaintiffs in the same position received a preliminary injunction about sixty-four percent of the time, and a permanent injunction ninety-three percent of the time, for a combined win rate of about seventy-nine percent.

In other words, while win rates for those seeking permanent injunctions against the use of a confusingly similar mark declined by about two percent after eBay, preliminary injunction movants saw about an eleven percent increase in the rate at which they were granted injunctions against trademark infringement.

f) A Note on Preliminary Versus Permanent Injunctive Relief

In concluding this review of the post-eBay muddle, it is worth highlighting one distinction not focused on by any circuit court to date. Namely, none of the appellate courts considering whether to apply eBay to trademark law have distinguished materially between

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106 See Search Performed Using Darts-ip (on file with author). The 2003–2006 data set identified sixty-seven cases in this timeframe where a preliminary injunction was considered where confusion had been found in a “standard/classic” trademark infringement claim, and thirty-nine cases for a permanent injunction. Id. Darts-ip does not consider trade dress infringement or dilution in its category of “standard/classic” trademark infringement. The database includes both published and unpublished cases.

107 Id. Based on the same criteria, the 2012–2015 data set identified eighty-nine cases in this timeframe where a preliminary injunction was considered where confusion had been found in a “standard/classic” trademark infringement claim, and 103 cases for a permanent injunction. Id.

108 Id.
preliminary and permanent relief. Rather, the Ninth Circuit’s approach is typical, where it held that what applies in the permanent injunction context applies “with equal force” in preliminary injunction practice. 109 This follows the general tendency among post-*eBay* and *Winter* federal courts to more or less ignore the distinction for purposes of eliminating presumptions. 110

For many remedies scholars, however, the distinction between requests for preliminary relief before the merits of a suit have been determined, and permanent relief after, is vast and critical. 111 This holds especially true in the realm of statutory injunctions, 112 where Congress may have meant to provide a presumptive entitlement to an injunction to enforce a statutory right after a determination on the merits, but not intended to disrupt any provisional relief practices. 113 It is far more problematic, for instance, to place a burden of production on a defendant one week after a complaint has been filed than one week after a full trial on the merits following on years of discovery. 114

109 Herb Reed Enters., LLC v. Fla. Entm’t Mgmt., 736 F.3d 1239, 1249 (9th Cir. 2013).
110 See supra note 14.
111 See, e.g., Laycock, supra note 27, at 692 (“Preliminary relief is best considered as a separate issue, only distantly related to the choice of remedy at final judgment.”).
112 See discussion infra Section II.A.2.
113 Remedies scholars generally recommend against mechanically applying rules designed for permanent injunctions to preliminary ones, particularly in the realm of injunctions authorized by statute (i.e., those at issue in *eBay* and the Lanham Act). See, e.g., DOBBS, supra note 1, § 2.10, at 246 (criticizing rules “spread without much thought” from permanent to provisional injunction cases). Dobbs explains:

> It is quite doubtful that a statute authorizing injunctions without irreparable harm is also intended to authorize a lunch-time restraining order without a showing of irreparable harm. The adequacy or irreparable harm rules serves a very different purpose in preliminary injunction and TRO cases. In those cases it guards against serious loss due to an inadequate hearing.

Id.
C. eBay in the Eyes of Commentators

1. Responses in the Trademark Community

Commentators associated with the everyday practice of trademark law, including Professor McCarthy and practicing attorneys, generally protest against extending eBay to trademark law. Writing in 2009, for instance, McCarthy attacked eBay’s applicability to plaintiff’s entitlement to preliminary trademark injunctions.\textsuperscript{115} Unlike in patent and copyright law, in the trademark realm “once a probability of proving likelihood of confusion is shown, the trademark owner’s business goodwill and reputation are in jeopardy . . . the plaintiff’s reputation is in the hands of the defendant.”\textsuperscript{116} Moreover, the presumption was always rebuttable and never absolute, thus leaving room for (in his view) the exceptional case where irreparable harm does not follow from likely confusion.\textsuperscript{117} In sum, “Like trying to un-ring a bell, trying to use dollars to ‘compensate’ after the fact for damage to business goodwill and reputation cannot constitute fair or full compensation. Damage to business reputation and good will is inherently ‘irreparable.’”\textsuperscript{118}

A team of franchise and related law practitioners offer a variation on this theme, which might be thought of as the distinction-without-a-difference view.\textsuperscript{119} Upon review of a range of trademark

\footnotesize{\textsuperscript{115} McCarthy, \textit{supra} note 36, at 1, 4; see also 5 McCarthy, \textit{supra} note 21, § 30:47.70 (“I do not believe that the presumption of irreparable injury traditionally followed in trademark preliminary injunction cases is in any way inconsistent with the letter or the spirit of the Supreme Court’s eBay decision.”).}

\footnotesize{\textsuperscript{116} McCarthy, \textit{supra} note 36, at 1, 4.}

\footnotesize{\textsuperscript{117} Id.}

\footnotesize{\textsuperscript{118} Id. This view is largely in accord with that of other commentators. See, e.g., David H. Bernstein & Andrew Gilden, No Trolls Barred: Trademark Injunctions After eBay, 99 TRADEMARK REP. 1037, 1037 (2009) (“eBay should not be used to eviscerate the normal presumption of irreparable harm that attaches upon a showing of liability in trademark cases. . . . [T]he rationales underlying trademark protection[s] are sufficiently distinct from those motivating patent and copyright protections . . . .”); Jeffrey M. Sanchez, Comment, The Irreparably Harmed Presumption? Why the Presumption of Irreparable Harm in Trademark Law Will Survive eBay and Winter, 2011 B.Y.U. L. REV. 535, 555–65 (concluding, under similar reasoning, that the presumption of irreparable harm should and will survive in trademark cases post-eBay).}

\footnotesize{\textsuperscript{119} See Ronald T. Coleman, Trishanda L. Treadwell & Elizabeth A. Lloyd, Applicability of the Presumption of Irreparable Harm After eBay, 32-SUM FRANCHISE L.J. 3, 11 (Summer 2012).}
and franchise cases in which district courts struggled to accommodate eBay under a consistent theory, the authors conclude that regardless of whether courts discontinue application of a “formal” presumption after eBay, the case “should not fundamentally alter the outcome” in most injunction suits. 120 This is because, in practice, “the same evidence showing success on the merits will often support a finding of irreparable harm.” 121

2. Other Scholarly Responses
See Differing Roles for eBay in Trademark Law

A more nuanced academic view comes from Professor Sandra Rierson. 122 In a piece penned just a few years after eBay, Rierson effectively agrees with McCarthy’s position that a presumption of irreparable harm still makes intuitive sense in a “traditional” infringement case, such as where defendant “passes-off” its goods as those of plaintiff. 123 She draws a distinction, however, between such cases and what she refers to as “propertized version[s] of trademark law,” 124 where application of eBay might have value in the trademark arena. 125 It may be better to be cautious and eschew

120 Id.
121 Id. Along these lines, a number of trade pieces written in the wake of eBay advise trademark litigants to take a belt-and-suspenders approach. They generally note substantial uncertainty as to whether and how eBay will be applied in trademark cases, and then advise trademark plaintiffs to submit evidence supporting assertions of harm to protect them in the event that the court declines to give the traditional presumption. See, e.g., Steven J. Barber, Presumption of Irreparable Harm: An Analysis of Developments After eBay, ASPATORE, 2009 WL 3358959, at *8 (Oct. 2009); Jonathan Hudis et al., Why Trademark and Copyright Counsel Should Heed the Patent Precedent of the Supreme Court, 2 LANDSLIDE 15, 18 (2009); 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-AUG ORANGE COUNTY LAW 18, 23 (2008). This is consistent with the distinction-without-a-difference view that the same result should attain with or without a presumption (just with an extra step of re-submitting, at the remedy stage, the evidence already establishing likelihood of confusion).
123 Id. at 165.
125 Rierson, supra note 122, at 165.
presumptions where the theory of trademark liability is premised on newer, less generally accepted, and more de minimis types of confusion and trademark harm, such as post-sale and initial interest confusion,\textsuperscript{126} and dilution.\textsuperscript{127}

Some scholars have supported a more or less total extension of \textit{eBay} to other fields, including trademark law.\textsuperscript{128} In an article approaching \textit{eBay} from a general remedies perspective, for instance, Anthony DiSarro concludes that, at least in a preliminary injunction context, the \textit{eBay} approach is fairer to defendants because otherwise they are “being precluded from doing something even though there has been no adjudication that such conduct is unlawful.”\textsuperscript{129} Authors such as DiSarro focus primarily on the procedural unfairness of preliminary injunction motions across all types of federal cases, citing plaintiffs’ unilateral control over the timing of the motion and related expedited discovery, the pressure on defendants to defend cases while still investigating the facts, and the misuse of preliminary injunctions as a “platform for future threats of contempt” to drive settlement.\textsuperscript{130}

Such arguments, though convincing within their sphere, seem more of an attack on the procedural device of preliminary injunction motions and have little to say about the internal logic of trademark law. At a minimum, they have almost no applicability to permanent trademark injunctions issued after liability has definitively been confirmed on the merits (the posture of the \textit{eBay} case itself).\textsuperscript{131}

\textsuperscript{126} \textit{Id.} at 181. Bernstein takes direct issue with this approach, suggesting that if the problem is a doubtful theory of liability, then the solution should be to recast or overturn the theory of liability and not to tinker with remedies. Bernstein & Gilden, \textit{supra} note 118, at 1069 (“Expanding \textit{eBay} to trademark law to minimize the consequences of questionable decision-making exacerbates bad law by creating even worse law.”).

\textsuperscript{127} \textit{Rierson, supra} note 122, at 183–84.

\textsuperscript{128} \textit{See, e.g.}, DiSarro, \textit{supra} note 114, at 84 n.194, 97 (2012) (approvingly characterizing the Eleventh Circuit as “intimating” in the \textit{North American Medical} case that \textit{eBay} should bar presumptions of irreparable harm).

\textsuperscript{129} \textit{Id.} at 97.

\textsuperscript{130} \textit{Id.} at 53.

3. The Property Versus Liability Rules Literature

Focusing its attention on the patent or copyright spaces, the community of intellectual property scholars focused on whether property (i.e., injunction-based) or liability (i.e., damages-based) rules regimes should govern protections for intangible property has remained relatively silent on the trademark front after eBay.\(^{132}\) Mark Lemley and Philip Weiser, for instance, do not mention trademarks in their post-\textit{eBay} work on the subject.\(^{133}\) Similarly, articles focused on the scope of injunctive relief, or the conceptual relationship between intellectual property rights and infringement remedies, after \textit{eBay} tend to take patent or copyright infringement as their centerpieces (often ignoring trademark law entirely).\(^{134}\)

While a number of respected law and economics scholars tackled trademark issues before \textit{eBay} was decided, their pieces tended to focus (naturally, given the law at the time) on the question of liability for trademark infringement rather than a court’s remedial options, effectively assuming that a finding of trademark infringement meant that defendant had to desist use.\(^{135}\) Professor Richard Epstein remains a notable exception to this trend. He specifically analyzed the fit between trademark law and real property rules both before, and then again after \textit{eBay}, concluding in both

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\(^{135}\) See, \textit{e.g.}, William Landes & Richard A. Posner, \textit{Trademark Law: An Economic Perspective}, 30 J. LAW ECON. 265, 300–06 (1987) (focusing analysis on when and why likely confusion and infringement are found in trademark law, and assuming the grant of an exclusive right in such a case, rather than on when and why the remedy of an injunction is given as a remedy); Glynn S. Lunney, Jr., \textit{Trademark Monopolies}, 48 EMORY L.J. 367, 391–95 (1999) (equating expansions in likelihood of confusion standard to expansions in exclusive rights of use).
cases that the rules governing trademarks should parallel those governing real property.\textsuperscript{136}

4. Trademark Infringement as Trespass or Nuisance?

Moving along the tracks laid by Professor Epstein, one reductive but potentially useful way to frame a future property/liability rules inquiry in the trademark space would be to ask whether trademark infringement is more conceptually akin to real property trespass (the archetypal property rule regime) or nuisance (a fluid doctrine associated with more remedial flexibility).\textsuperscript{137}

On one hand, it might seem closer to the former in that the trademark right is designed to put control of a valued and socially useful resource (the trademark) in the hands of only one person or entity so as to assure that the resource is consistently and efficiently maintained. Like physical resources, trademarks can lose their value rapidly when exposed to multiple incompatible uses—centralized control by a single actor is fundamental to the system.\textsuperscript{138}

\textsuperscript{136} See Richard A. Epstein, The Disintegration of Intellectual Property? A Classical Liberal Response to a Premature Obituary, 62 STAN. L. REV. 455, 484–86 (2010) [hereinafter Epstein, Disintegration] (observing, after eBay, that trademark law “better comport[s] with the libertarian model of property” than even patent and copyright, and generally asserting that the rules of infringement and exclusion for intellectual property should parallel those for trespass in real property (citing Richard A. Epstein, Intellectual Property: Old Boundaries and New Frontiers, 76 IND. L. J. 803, 827 (2001) (“For trade names and trademarks the land model carries over without a hitch.”))). In both cases, the key to Epstein’s argument is that trademarks, like real property, are given an indefinite duration for good reason. Putting a strong brand into the public domain destroys its source-associative function, and thus its value, without any offsetting benefit to rivals or the public. Thus, like real property, trademarks best keep their value in private hands, and are appropriately not subject to “arbitrary limit(s) on the duration of the interest.” Id. at 484. Patents and copyrights, by contrast, do enrich the public domain once given over to it, thus justifying a limit to the term of exclusivity and slightly differentiating their regime of legal protection from that of real property and trademark law. Id.

\textsuperscript{137} See generally JOSEPH WILLIAM SINGER ET AL., PROPERTY LAW: RULES, POLICIES, AND PRACTICES § 2.2 (6th ed. 2014) (describing hybrid property/liability rule nature of nuisance remedies). It is, of course, hotly contested whether there is any value or accuracy in analogizing real to intellectual property. See Epstein, Disintegration, supra note 136, at 456 (describing debate).

\textsuperscript{138} Landes & Posner make this trademark/trespass comparison more or less explicitly in their 1987 article:
In presumptively granting an injunction against trespass, we generally avoid asking the real property owner to demonstrate why her use of her own property is more valuable than the trespasser’s attempted use of that same property precisely because we believe the real property regime works best when we defer to the property owner’s use decisions.139 So too, one might argue, trademark law prior to eBay presumptively abstained from weighing the relative value of uses made by the trademark owner and infringer because the regime was designed to delegate such decisions solely to the owner.

On the other hand, trademark infringement law might seem a closer cousin of nuisance than trespass. Nuisance, traditionally understood, involves a non-trespassory invasion of another’s interest in the private use and enjoyment of land.140 As such, it involves interference with the owner’s use of her property, but not a physical intrusion onto it.141

So too, we might say, trademark infringement is best understood as an interference with an owner’s trademark resulting from another’s noninvasive use of a similar mark on its own goods. Like a nuisance claim, the infringer’s use of a confusingly similar mark

To perform its economizing function a trademark . . . must not be duplicated. To allow another maker of decaffeinated coffee to sell its coffee under the name ‘Sanka’ would destroy the benefit of the name in identifying a brand of decaffeinated coffee made by General Foods . . . . It would be like allowing a second rancher to graze his cattle on a pasture the optimal use of which required that only one herd be allowed to graze.

Landes & Posner, supra note 135, at 269.

139 See Smith, supra note 132, at 1759–60 (“Property law delegates the choice among these [uses] to the owner, without the need for the law to evaluate or even to specify in advance what these uses are. When a use falls squarely within this implicitly defined set, the question is not evaluating use A versus use B, but whether officials are well-placed to do this first-order decision making at all. Instead, officials can enforce the law’s second-order decision to delegate the first-order decision to the owner.”).

140 RESTATEMENT (SECOND) OF TORTS § 821D (AM. LAW INST. 1979).

141 Id. § 821D cmt. d; see, e.g., Johnson v. Paynesville Farmers Union Co-op. Oil Co., 817 N.W.2d 693, 704 (Minn. 2012) (“Traditionally, trespasses are distinct from nuisances: ‘the law of nuisance deals with indirect or intangible interference with an owner’s use and enjoyment of land, while trespass deals with direct and tangible interferences with the right to exclusive possession of land.’” (quoting DAN B. DOBBS, THE LAW OF TORTS § 50, at 96 (2000))).
on its own goods does not literally prevent the trademark owner from doing what it was doing before. The infringer is not entering the plaintiff’s factory and putting its mark on the trademark owner’s t-shirts. Rather, the affixation of a like label to distinct physical goods causes an indirect harm to plaintiff’s interests (and consumer welfare generally) by creating consumer confusion and a weaker brand. As such, we are really asking an infringement (like a nuisance) defendant effectively to “internalize the external harms that its operation causes.” Under such a model, we might be more willing to embrace eBay’s remedial flexibility in trademark law, allowing damages to substitute for injunctive relief as courts sometimes do in nuisance cases.

II. WHY HAS EBAY POSED SUCH PROBLEMS FOR TRADEMARK LAW?

Part I of this Article demonstrated the havoc eBay has played with the law of injunctive relief in trademark infringement cases. This Part seeks to better understand why eBay has been so hard for federal courts to assimilate in the trademark space. After discussing some preliminary considerations, this Article then turns to the statute itself and its legislative history to search for an explanation for eBay’s challenges. It proposes that courts are struggling to digest eBay because the Lanham Act is a particularly thorny example of a well-known and hard problem with statutory injunctions. Namely, how should a court reconcile a statutory mandate, enforceable by injunction, with background equitable discretion?

In the Lanham Act’s case, the problem is exacerbated by deep divisions regarding the underlying purpose of the legislation. In the push and pull between backers of a new, truly national federal

142 SINGER ET AL., supra note 137, at 377.

143 For an example of this, of course, one need look no further than the famed (and still controversial) case Boomer v. Atlantic Cement Co., 26 N.Y.2d 219, 228 (1970) (vacating injunction and instead granting permanent damages in private nuisance suit brought against polluting cement company by neighboring homeowners). But see Douglas Laycock, The Neglected Defense of Undue Hardship (and the Doctrinal Train Wreck in Boomer v. Atlantic Cement), 4 J. TORT L. 1, 7, 29–32 (2012) (characterizing Boomer as “a terrible opinion” and proposing, instead, renewed use of the undue hardship defense in place of the supposed remedial innovations of Boomer and eBay).
trademark law, and those wishing to subordinate the Lanham Act to the longstanding primacy of state-based common law trademark rights, the drafters worked out a compromise. Specifically, the Lanham Act would grant an exclusive use right to registrants throughout the entire United States, but the judiciary would retain discretion over whether and how to enforce it against infringers. But the drafters failed to give any guidance as to how those competing concerns were to be reconciled, other than by looking to pre-Lanham Act equity practices.

The statutory scheme is further taxed in the Lanham Act’s case by the extreme difficulty of attaining monetary relief. Uncertainty in the calibration of the injunctive relief remedy is magnified many times over by not consistently awarding money damages in the ordinary case of infringement.

A. Preliminary Considerations

1. Debunking the No-Principled-Reason-Not-To Shortcut

Before analyzing the Lanham Act and its history, it is helpful to dispose of one reflexive argument often made about eBay, and to place the law of equitable injunctive relief in some context. To begin with, some might consider it obvious that eBay should apply with equal force to trademark as to patent law. After all, the operative statutory provisions, as the Ninth Circuit observed, use identical language in giving the district courts power to grant injunctions in accordance with “the principles of equity.” 144 And both are forms of what we call intellectual property. Why shouldn’t all courts just say, along with the First Circuit, “We see no principled reason why [eBay] should not apply” in a trademark case, and leave it there? 145 Beyond the obvious counterpoint that courts in practice are wildly inconsistent on this issue (which cuts against any suggestion of an easy answer), there are at least five reasons why what’s

144 See supra notes 41–42.
145 Voice of the Arab World, Inc. v. MDTV Medical News Now, Inc., 645 F.3d 26, 31–34 (1st Cir. 2011); see also Salinger v. Colting, 607 F.3d 68, 78 n.7 (observing that “we see no reason that eBay would not apply with equal force to an injunction in any type of case”).
good for patents (and copyrights) cannot simply be equated to what’s good for trademarks.

First, the entire operating principle behind U.S. trademark law differs from that of copyright and patent law. Unlike the latter, the former is not a property interest granted by the government in order to encourage creative activity.\textsuperscript{146} Trademark law, rather, is a form of regulation against unfair competition and a means of protecting the integrity of information about products and services in the consuming marketplace.\textsuperscript{147} For this reason, the U.S. Congress is not allowed to regulate trademarks under the U.S. Constitution’s patent and copyright clause; but rather must resort to the commerce clause for its constitutional authority.\textsuperscript{148}

Second, although concerns about “trademark bullying” do abound these days,\textsuperscript{149} trademark law has experienced nothing like the non-practicing entity (i.e., patent troll) phenomenon endemic to patent law (and which motivated at least some of the justices in deciding eBay itself).\textsuperscript{150} There are a number of reasons for this,\textsuperscript{151} but

\textsuperscript{146} See \textit{In re Trade-Mark Cases}, 100 U.S. 82, 93–94 (1879) (“Any attempt, however, to identify the essential characteristics of a trade-mark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties. The ordinary trade-mark has no necessary relation to invention or discovery.”); cf. Pfaff v. Wells Elecs., 525 U.S. 55, 63 (1993) (“[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time.”).

\textsuperscript{147} Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163–64 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, ‘reduces the customer’s costs of shopping and making purchasing decisions,’ for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.” (internal citations omitted)).

\textsuperscript{148} \textit{In re Trade-Mark Cases}, 100 U.S. at 93–94 (rejecting the Copyright Clause in the Constitution as a basis for authority for Congress to regulate trademarks).


a leading one is surely that (unlike patents), trademark rights do not arise upon discovery or invention but only upon actual use. Trademark law, that is, requires a bona fide practicing entity before rights will be enforced.

Third, as detailed below, monetary relief is far harder to attain in trademark law than in patent or copyright law. Whereas trademark law generally requires a heightened showing of “actual confusion” just to attain monetary relief, patent law statutorily mandates at least a reasonable royalty as a baseline, and copyright law maintains a sophisticated regime of statutory damages. This counsels against mechanically extending a remedial rule from patent or copyright law to trademark law.

Fourth, unlike a claim of patent infringement (which requires no showing of harm as part of an affirmative case for liability),

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151 See Michael S. Mireles, Trademark Trolls: A Problem in the United States?, 18 CHAP. L. REV. 815, 827–67 (2015) (offering eight reasons why trademark trolls will not emerge as a problem in the United States). Mireles includes, among his reasons, the extension of eBay to trademark law. Id. at 856. However, as discussed throughout Section I.B.2 of this Article, courts in trademark cases have hardly been universal in adopting eBay.

152 “A patent is granted in exchange for a patentee’s disclosure of an invention, not for the patentee’s use of the invention. There is no requirement in this country that a patentee make, use, or sell its patented invention.” Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1547 (Fed. Cir. 1995) (citing Continental Paper Bag Co. v. E. Paper Bag Co., 210 U.S. 405, 424–30 (1908)).

153 See Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 413 (1916) (“[T]he right grows out of use, not mere adoption.”); Sengoku Works Ltd. v. RMC Int’l, 96 F.3d 1217, 1219 (9th Cir. 1996) (“To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services.”); 2 MCCARTHY, supra note 21, § 16:11 (“Unlike patent law, rights in trademarks are not gained through discovery or invention of the mark, but only through actual usage.”).

154 That entity need not be the mark owner, as use can be substantiated through a controlled licensee. 15 U.S.C. § 1055 (2012).

155 See infra Section III.B.

156 See 35 U.S.C. § 284 (“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less that a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.”) (emphasis added).


158 See 35 U.S.C. § 271 (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention . . . infringes the patent.”); Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 484 (1964) (“[I]t has often and clearly been held that unauthorized use, without more, constitutes infringement.”).
trademark infringement claims require plaintiff to show likely confusion in order to prevail in the liability phase.\textsuperscript{159} Prevailing trademark plaintiffs, unlike patent plaintiffs, have thus already made some demonstration of likely harm prior to qualifying for a remedy. Any rule mandating a further showing of harm after the patent infringement liability phase thus needs some added justification in the trademark infringement context.

Finally, and most abstractly, trademarks are conceptually a far more conditional form of property interest than patents or copyrights. They are protected not as things in themselves, but for the goodwill they represent,\textsuperscript{160} for the commercial magnetism they have attained, under “the law’s recognition of the psychological function of symbols.”\textsuperscript{161} For this reason, trademark rights are only assertable appurtenant to the goods or services with which they are used, and unlike patents and copyrights have no legal validity as rights in gross.\textsuperscript{162}

There may well be sound reasons to extend the rule of eBay to trademark cases. All of the above “principled” distinctions between trademark law and patent and copyright law, however, counsel strongly against simply waving a hand at the problem by sug-

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\textsuperscript{159} See 15 U.S.C. § 1114(1) (“Any person who shall . . . use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark . . . in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant . . . .” (emphasis added)); Boston Duck Tours, LP v. Super Duck Tours, LLC, 531 F.3d 1, 12 (1st Cir. 2008) (“To succeed on a claim of trademark infringement, a plaintiff must establish (1) that its mark is entitled to trademark protection, and (2) that the allegedly infringing use is likely to cause consumer confusion.”). This is equally true for infringement of an unregistered mark under 15 U.S.C. § 1125 (Lanham Act section 43(a)). See, e.g., Tana v. Dantanna’s, 611 F.3d 767, 773 (11th Cir. 2010) (finding that the same essential two elements sustain a prima facie case of trademark infringement under section 43(a)).

\textsuperscript{160} Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 414 (1916) (“[T]he trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business.”); see also United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918).

\textsuperscript{161} Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co. 316 U.S. 203, 205 (1942).

\textsuperscript{162} United Drug, 248 U.S. at 97 (“[T]he fundamental error of supposing that a trademark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.” (internal citations omitted)).
gesting that there is “no principled reason” not to extend a patent remedies case to trademark law.

2. Equity, Discretion, and Statutory Injunctions

It will also be helpful, before turning to the Lanham Act and its creation, to place the issue of equitable injunctive relief in historical context. To begin with, it is clearly true that, at least as understood by U.S. courts, “flexibility rather than rigidity” is the “essence of equity jurisdiction.” Thus, the decision to grant or deny injunctive relief has long been committed to the federal district courts’ “sound discretion.”

It is equally true, however, that district court discretion has long been channeled through various evidentiary and procedural devices; “structured sets of presumptions and safety valves,” as a team of scholars recently put it. General equitable discretion, for instance, has long been limited by presumptions for and against irreparable injury. Equitable discretion, moreover, has traditionally been bounded by the existence of the underlying right itself, and a plaintiff’s general entitlement to at least some effective remedy.

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164 Id.; Tenn. Valley Auth. v. Hill, 437 U.S. 153, 193 (1978) (“It is correct, of course, that a federal judge sitting as a chancellor is not mechanically obligated to grant an injunction for every violation of law. . . . As a general matter it may be said that ‘since all or almost all equitable remedies are discretionary, the balancing of equities and hardships is appropriate in almost any case as a guide to the chancellor’s discretion.’” (quoting DAN B. DOBBS, REMEDIES 52 (1973))); Dobbs, supra note 1, § 2.1(1), at 57 (“One other striking characteristic of equity and equitable remedies is a high degree of discretion.”).
165 Gergen et al., supra note 13, at 249; cf. Dobbs, supra note 1, § 2.4(7), at 116 (“[T]o get a better picture of the discretion exercised by judges in equitable remedy cases, we should recognize that the modern American judge does not exercise unlimited discretion.”).
166 See Gergen et al., supra note 13, at 220–25 (discussing twentieth century presumptions of irreparable injury for trespass in the cutting of timber, physical encroachment, breaches of contract to sell land, violations of restrictive covenants, copyright and trademark infringement, and against irreparable injury for general breaches of contract and dispossesson of chattels).
167 Dobbs, supra note 1, § 2.4(7), at 119 (“Equity courts never claimed the power to deny a plaintiff’s legal rights except by substantive defenses like estoppel. . . . [E]quity should not exercise discretion to deny even purely equitable remedies where equitable
Thus, while it would have been more or less unheard of for a nineteenth or early twentieth century intellectual property statute to grant an absolute entitlement to an injunction against infringers,\(^{168}\) thereby eviscerating any discretion by the court, it would have been considered perfectly normal to presume that continuing intellectual property infringement is an inherently irreparable harm, not compensable by monetary relief.\(^{169}\) In short, simply because “the hallmark of equity is its flexibility” it does not hold that the use of presumptions is inconsistent with injunctive relief.\(^{170}\)

This is particularly true with respect to that subset of injunctions issued pursuant to statutory authority, known as statutory injunctions.\(^{171}\) Often these statutes authorize or require an injunction, but appear at the same time to retain equitable discretion to some degree, thus raising the “major issue” of how discretion and statutory purpose are to be reconciled.\(^{172}\) As the remedies scholar Dan Dobbs explains, courts regularly answer the statutory injunction riddle by adopting what is in effect a presumption: “the statute might be understood to say to the judge, ‘Issue the injunction when this statute is violated, unless you find some traditional equitable reason to deny it and the reason you find is consistent with this sta-

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\(^{168}\) Cf. Gergen et al., supra note 13, at 226–30 (“Even when denial of an injunction will result in irreparable injury to the right holder and such injury completes a prima facie case for injunctive relief, courts have traditionally refused to issue an injunction when such relief will place an undue hardship on the right violator.”).

\(^{169}\) See infra Section III.A; see also 2 JOSEPH STORY, COMMENTARIES ON EQUITY JURISPRUDENCE, AS ADMINISTERED IN ENGLAND AND AMERICA 209–10 (2d ed. 1839) (“It is quite plain, that, if no other remedy could be given in cases of patents and copy-rights, than an action at law for damages, the inventor or author might be ruined by the necessity of perpetual litigation, without ever being able to have a final establishment of his rights.”).

\(^{170}\) DiSarro, supra note 114, at 54. Nor, for that matter, is injunctive relief nearly as “extraordinary” a remedy in practice as often described in theory. See Laycock, supra note 27, at 689. Although courts often refer to specific relief as a most extraordinary exception to the usual rule favoring damages, that is “wildly wrong as a description of what courts do.” Id. As Laycock concluded after an extensive empirical study a few decades ago: “Injunctions are routine, and damages are never adequate unless the court wants them to be.” Id. at 692.

\(^{171}\) See generally DOBBS, supra note 1, § 2.10, at 243.

\(^{172}\) Id. § 2.10, at 246.
tute’s goals.’”173 Indeed, many courts view statutory authorization of an injunctive remedy “as a substitute for the irreparable injury rule, so that, at least prima facie, a statutory injunction can go even if the plaintiff would otherwise be denied relief because he has an adequate remedy at law.”174 One scholar goes so far as to conclude, after a thorough review of equity practice in the modern statutory injunction setting, that “a court has no discretion or authority to exercise equitable powers so as to permit violations of statutes to continue.”175

The Lanham Act, of course, is a federal statute, and in expressly authorizing (but clearly not mandating) injunctive relief it is best classed as a specie of statutory injunction.176 Viewed in this light, eBay’s trademark problem is actually just one more instance of the “major issue” identified by Dobbs of reconciling statutory injunctions and equitable discretion.177 Perhaps then the most jurisprudentially unusual thing about the courts’ struggle to adapt eBay to trademark law is not their inconsistency, but rather their failure to acknowledge the historically vexing nature of the inquiry and prior attempts at solutions.

B. The Lanham Act’s Duality

Not surprisingly, the venerable question of how to reconcile a statute authorizing injunctive relief with background discretion is, “At least in the first instance . . . an issue of statutory construction.”178 Thus, this Article now turns to the Lanham Act itself to understand how it meant for judges to wield the discretion it authorized.

Two familiar statutory provisions rest at the center of trademark law’s eBay problem. Section 33 of the Lanham Act (“Registration

173 Id. § 2.10, at 246–47.
174 Id. § 2.10, at 243. See also Zygmunt J.B. Plater, Statutory Violations and Equitable Discretion, 70 CAL. L. REV. 524, 532 (1982) (“The case law reflects a remarkable, though unheralded, consistency over the past fifty years: cases hold that statutes dispositively define the nature of prohibited and permitted conduct, thereby removing one entire area of discretion from the courts.”).
175 Id. at 525–26.
176 Id. at 528–29.
177 DOBBS, supra note 1, § 2.10, at 246.
178 Id.
on principal register as evidence of exclusive right to use mark; defenses”) states the basic principle of exclusivity:

Any registration . . . shall be prima facie evidence . . . of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration . . . but shall not preclude another person from proving any legal or equitable defense or defect . . . which might have been asserted if such mark had not been registered.179

Decades of interpretation have of course added layers of meaning to the text, but as a starting point the language literally purports to grant a prevailing registrant the exclusive right to use its mark with the goods or services listed in its registration. The rights of the registrant are carved away by myriad exceptions,180 but the statutory baseline is an exclusive entitlement.

The immediately succeeding provision, section 34 of the Lanham Act (“Injunctive Relief”), could not be more contrary in spirit:

The several courts . . . shall have power to grant injunctions, according to the principles of equity181 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.182

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180 As Justice Stevens pointed out in his well-known dissent in Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc., the Lanham Act expressly identifies over twenty situations in which infringement of even an incontestable mark is permitted. 469 U.S. 189, 206 (1985) (Stevens, J., dissenting); see id. at 206 n.1 (listing exceptions).

181 This phrase is nearly identical to that in the Patent Act interpreted in eBay. See 35 U.S.C. § 283 (“The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.”).

182 15 U.S.C. § 1116. The reference to 15 U.S.C. § 1125(a) (Lanham Act section 43(a)) at the end of the provision expressly brings claims based on unregistered rights with its ambit, along within dilution and cybersquatting (Lanham Act sections 43(c) and (d)).
Here, there is no mention of exclusivity. Rather, it speaks in terms of the federal courts’ “power” to grant injunctions under “principles of equity” and upon “reasonable” terms. It is ex ante discretion, codified. The closest the text comes to even acknowledging the prior provision’s exclusive use right is in the final oblique phrase just quoted, referring to “any right” of the registrant. That, however, serves as a limit on the court’s ability to grant injunctions (they may only be granted so as to prevent rights violations, and not for other reasons). Utterly absent is any directive to protect a prevailing registrant’s exclusivity. How, then, can we explain this at least facial inconsistency?

C. The Lanham Act’s Erratic Legislative History

1. The Early Drafts: State Law Rights Invested with a National Reach

The early hearings on the first predecessor bills to what became the Lanham Act were surprisingly vibrant affairs. Infused with a clubby chumminess, and filled with colorful characters referencing Molière and joking about the “late German Army,” transcript notations of “[Laughter]” are not uncommon. The old boy atmosphere, however, masks substantial dissent surrounding what were bills beset by internal inconsistencies on critical issues.
Namely, the central question of what it means to grant a national exclusive use right to a common law-based trademark.

On one hand, the Senate’s initial Ernst bill of 1924 purported to do little more than codify the common law of trademarks, including the recently-Supreme-Court-endorsed common law principle that trademark rights can by definition extend no further than the geographic reach of that usage in trade.\(^{188}\) The definitions section, for instance, ended with the firm declaration that “Except as otherwise expressly provided, this act is declaratory of the common law as to trade-marks . . . and in case of doubt its provisions are to be construed accordingly.”\(^{189}\) Consistent with this, proponents of the bill repeatedly described it (perhaps disingenuously) before the committee as merely “procedural” in nature,\(^{190}\) a codification of the common law,\(^{191}\) and modestly intended only to unify and clarify in one statute the confusing array of federal trademark bills already in force.\(^{192}\)

\(^{188}\) S. 2679, 68th Cong. §31 (1924). For the referenced Supreme Court precedent see \textit{Hanover Star Milling Co. v. Metcalf}, 240 U.S. 403, 416 (1916) (“Since it is the trade, and not the mark, that is to be protected, a trade-mark . . . extends to every market where the trader’s goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article.”). \textit{But see} Hearings on S. 2679, supra note 186, at 55 (statement of James T. Newton) (admitting that the bill goes “a little bit beyond” \textit{Hanover Star Milling}, which involved only unregistered rights, by investing registrations with a national reach, and speculating that the drafters “anticipated what we believe the court would decide”).

\(^{189}\) Hearings on S. 2679, supra note 186, at 16.

\(^{190}\) \textit{Id.} at 47 (statement of Edward S. Rogers) (stating that “section 18 is procedural entirely”); \textit{Id.} at 75 (statement of Arthur C. Fraser) (stating that the bill works “by way of simplifying procedure in trade-mark matters”); \textit{Id.} at 66–67 (“This registration does not grant any rights. It is simply the public record of a claim of right, which on examination, by the Patent Office, appears to be well-founded. . . . The act if passed will simply perpetuate the present law in the main, but will make it more clear and elaborate it in certain respects . . . .”).

\(^{191}\) \textit{Id.} at 55 (statement of James T. Newton) (“We have tried to formulate what the courts have held to be the trade-mark law. I am sure there is nothing in this bill that is contrary to any decision of a court of last resort. The bill is really a formula of the words in those decisions.”).

\(^{192}\) \textit{Id.} at 4 (statement of Am. Bar Ass’n) (describing need of “co-ordination and codification” of “scattered” “Federal statutory law of trade-marks”). In introducing the successor House Bill, H.R. 6248, its main proponent, Edward S. Rogers, similarly represented to the joint committee:

[S]ince there is no Federal common law, we have sought in this bill only to apply the common law of trade-marks to commerce, over
In stark contrast to these demure (and state-law-friendly) characterizations of the early legislation was the operative text of its core provisions. Under the original Senate bill, an applicant for registration of a valid trademark, after declaring that he was “entitled to the exclusive use of the trade-mark in the United States,” would receive a registration that was “prima facie evidence of ownership” and “constructive notice to all persons.” The proposed remedial provisions clarified the reach and power of this exclusive right in no uncertain terms: An infringer “shall be liable . . . to an injunction restraining infringement of such registered trade-mark,” which, subject only to the rights of registered concurrent users, “shall extend throughout the United States and shall not be limited to be merely coextensive with the territory within which such owner has used such registered trade-mark.”

The entire design here, utterly contrary to the common law, was structured to give brand owners the clear, national, and, critically, exclusive right to use the subject mark with the registered goods and services. This tension was not lost on dissenters, who specifically objected to the inconsistency of granting national exclusive rights, enforced by a nationwide injunction, while purporting to maintain the more territorially localized common law.

which Congress has jurisdiction. We have not attempted to create anything or to grant anything to anybody, but simply to preserve evidence so that the common law would afford quicker and more complete protection.

Hearings on H.R. 6248, supra note 184, at 24 (statement of Edward S. Rogers).

See Hearings on S. 2679, supra note 186, at 6–7.

Id. at 7.

Id. at 8.

Id. at 13.

Id. at 77 (statement of Edward S. Rogers) (“The purpose [of section 18(h)] was, of course, to make the right as nearly national as possible.”).

See, e.g., id. at 77, 134–35 (statement of Robert Watson) (inquiring about section 18(h) and noting the difficulty of making registered trade mark rights exclusive national rights while still maintaining fidelity to the common law’s requirement that trademark rights can only extend to the reaches of plaintiff’s actual use of the mark). Robert Watson proposed as a solution striking out the “claim for exclusive right to the United States” in the applicant’s declaration. Id. at 135; see id. at 55 (statement of James T. Newton) (“After completing the bill there were a good many prominent members of the bar, undoubtedly sound in their reasonings in general, who objected to the bill . . . .”)
The drafters responded by offering some amendments in the next year’s version of the bill, known as the Vestal bill, which attempted to counter the strength of the exclusive right by making the injunction remedy more discretionary. But these changes did not appear to placate the dissenters. They continued to complain, for instance, that “[t]he bill has one purpose . . . and that is to nationalize trade-mark ownership by registration; to take this common-law right which arises in the States . . . put it through the rolls and hand him out something that extends, like a copyright all over the United States.” Karl Fenning, chairman of what is now the American Intellectual Property Law Association, similarly observed, “Registration is in derogation of the common law” and criticized the inconsistency of purporting to invest registered trademarks with national exclusivity while claiming to preserve the common law scheme.

Meaningful criticism was, as shown, brought against the self-contradictory nature of the Ernst and Vestal bills. The bills’ leading proponent, Edward Rogers, and others, moreover, tried to add in

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199 Specifically, the Hearings on H.R. 6248 tracked most of the statutory language described above. See supra notes 179–82 and accompanying text. The mandatory “shall” in the injunction remedy, however, were softened to discretionary “may” in the House version. See Hearings on H.R. 6248, supra note 184, at 8 (“The remedy of injunction against infringement of the registered trade-mark may extend throughout the United States or any lesser territory, as may be determined by the court according to the circumstances of the case, and need not be limited to be merely coextensive with the territory within which the owner has used such registered trade-mark . . . .” (emphasis added)).

200 Hearings on H.R. 6248, supra note 184, at 138 (statement of Robert Watson). Relying on Roger’s own statements at the 1925 hearings to support his cause, Watson argued that the proposed 1926 legislation was intended to derogate substantially from the common law despite its claims otherwise. See id. at 136.

201 Id. at 127 (statement of Karl Fenning). He continues by lamenting: The common law is the thing which the courts enforce at the present time . . . . The common law still controls. Now, having put in these 35 sections this bill says, “nothing in this act shall prevent, lessen, impede, or avoid any remedy at law or in equity which any party aggrieved by any wrongful use of any trade-mark may have had at common law.” . . . That is, we go through all this fol de rol, and when we get through we say we don’t mean anything. You all go back to the common law and start right where you are.

Id. Fenning instead advocated for a more consistently federalized bill that would actually “put some teeth into” the registration scheme. Id. at 130.
some discretion to check that criticism. Far more early controversy, however, was generated by the unrelated deposit provisions.\textsuperscript{202} Thus, while the Vestal bill twice passed the House and was reported favorably by the relevant Senate committee, it never became law.\textsuperscript{203}

2. The Middle-Period Drafts: A True Attempt at Nationalization

Ten years and a number of intervening attempts later the drafters, still lead by Edward Rogers, tried a different approach at reconciling the conflict between federal exclusivity through registration and the common law model of use-based fragmentation. By 1937, a new problem was perceived to have arisen in trademark law—namely, the rise of compulsory state trademark registration regimes.\textsuperscript{204} States, allegedly to generate Depression-era revenue, had begun passing laws effectively requiring registration in that state for marks used there.\textsuperscript{205} Businesses that failed to register could see their marks appropriated by those that did. Thus, for instance, Rogers explained that a major pharmaceutical company might find itself forced to register each of its 100-odd brands in each such state, at no small expense to itself.\textsuperscript{206}

The solution, according to the first true “Lanham” bill, H.R. 9041 of 1938,\textsuperscript{207} was finally to create a truly “substantive” federal trademark law that would regulate all interstate commerce and supersede state law.\textsuperscript{208} The bill dropped any mention of tracking the

\textsuperscript{202} Id. at 12, 17 (statement of A.C. Paul) (describing opposition from Henry Thomson (founder of the search company) and the United States Trade Mark Association (now known as “INTA”)); id. at 73–78 (statement of Walter C. Hughes) (objecting to the bill).

\textsuperscript{203} Id. at 12; id. at 11–12 (outlining mandatory state registration phenomenon).

\textsuperscript{204} Id. at 11–12 (statement of Henry D. Williams); see also id. at 15 (“We propose . . . doing away with the present arrangement wherein the trade-mark rights rest solely on the common law, or the common law as modified by State statutes. The scheme is stupendous in its effects.”).

\textsuperscript{205} Trade-marks: Hearings on H.R. 9041 Before the Comm. on Patents, Subcomm. on Trade-Marks, 75th Cong. 11 (1938) [hereinafter Hearings on H.R. 9041] (statement of Edward S. Rogers).

\textsuperscript{206} See id. at 12.

\textsuperscript{207} H.R. 9041, 75th Cong. (1938).

\textsuperscript{208} See Hearings on H.R. 9041, supra note 203, at 14 (statement of Henry D. Williams); see also id. at 15 (“We propose . . . doing away with the present arrangement wherein the trade-mark rights rest solely on the common law, or the common law as modified by State statutes. The scheme is stupendous in its effects.”).
“common law,”209 and instead made it “unlawful” to “use in commerce” any mark likely to be confused with a registered mark.210 The scope was truly national, with certificates of registration “effective throughout the United States.”211 Infringers remained “liable—to (1) an injunction restraining infringement of such registered trade-mark” throughout the United States, enforceable by any court having jurisdiction.212 The sole remedial exception was a limited prior user affirmative defense.213 The goal was clear—to pass “a single statute which makes trade-mark property more secure, to the full extent of Congressional power over it.”214 Representative Fritz Lanham himself thought the Act, if passed, would go so far as to preempt the trademark field (what he called “an assertion of domination of interstate commerce by Congress”) to the exclusion of state law.215

Dissenting commentators likewise saw this first Lanham draft as a “stupendous” shift.216 A representative for the Boston Patent Law Association saw it as a “complete change in the theory of trade-marks” in that it would “substitute for [the common law] a creation of an artificial monopoly in a trade-mark by an act of registration.”217 This same commentator added that “the remedies

209 See, e.g., H.R. 9041 § 43 (eliminating the language mandating interpretations consistent with the common law).
210 Id. at pmbl.
211 Id. § 8.
212 Id. §§ 34(a)(1), 38.
213 Id. § 34(b).
214 Hearings on H.R. 9041, supra note 203, at 11, 13 (statement of Edward S. Rogers); see also id. at 25 (statement of John A. Dienner) (advocating for creation of a true “Federal trade-mark”); id. at 62 (statement of U.S. Trade-mark Ass’n) (supporting Congress “entering into the field of substantive trade-mark law” with the Lanham bill). More than one colloquy at the hearing concerned whether trademark rights are properly understood as a “property right”; however, even by 1938 this was considered to be an age-old and largely immaterial dispute. See, e.g., id. at 50 (statement of Edward S. Rogers) (“Of course there has been a dispute always as to whether a trade-mark was property or not. . . . What we are trying to do by this measure is to give greater security to that property, and whether it is property or not, it is certainly a right, and it is a right to be secured against fraud, and that is all that any trade-mark is, in its last analysis.”); cf. id. at 53 (Rogers himself considered trademarks as property, and infringements as trespasses to that property).
215 Id. at 45 (statement of Rep. Fritz G. Lanham).
216 Id. at 15 (statement of Henry D. Williams).
217 Id. at 38 (statement of Harrison F. Lyman).
which it provides for the infringement of this artificially created right are very stringent and are far-reaching.”

Even Rogers, however, ultimately stopped short of embracing the most extreme implications of such a federalized and property-tized piece of legislation as the first Lanham bill—namely, an absolute entitlement for a registrant to stop infringing uses. For all his advocacy for strengthening the “trade-mark property” right, he still understood the bill as giving some level of remedial discretion to the courts.

In particular, Rogers was asked by Chauncey P. Carter, a strong proponent of retaining a state-based common law trademark rights regime, to clarify what limits if any there were to a registrant’s apparently absolute right to an injunction in a case, for instance, of a geographically remote junior user that cannot show “damages.” In language that is, at best, unclear, Rogers responded:

A man does not get an injunction unless he has a right which is immediately likely to be infringed, or unless he is immediately likely to be subjected to irreparable damage. Nobody wants to change the practice of a court of equity by this or any other statute. Section 1 [establishing liability] simply means that here is recognition. If you are damaged you are entitled to any remedy that any man who has a right of action is entitled to. It does not prejudice any case. It is a wide organic section, providing that certain acts are held to be objectionable.

Rogers seems here to be suggesting that background rules of equity, including the rule that denies equitable relief until irreparable harm is imminent, inherently limited the otherwise absolute exclusive right in the draft text of then section 1 (the operative pro-

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218 Id. at 43; see also id. at 30 (statement of Chauncy P. Carter) (objecting that “there is no reservation of common-law rights” in draft legislation).
219 See generally id. at 30–36.
220 Id. at 69–70 (hypothesizing a local registrant in Washington, D.C. that seeks to enjoin a use in Oregon or California).
221 Id. at 71 (statement of Edward S. Rogers).
vision barring infringement generally). But Rogers nowhere attempts to explain how these background rules of equity are to be reconciled with the registrant’s otherwise unqualified (“wide organic”) national right to prevent other uses of the registered mark for any goods listed in the registration.

Rogers was of course speaking here ex tempore, so his remarks must be taken with caution. Nevertheless, these remarks are critical. They are the most direct statement, throughout the twenty-five year legislative history, of a drafter’s vision of the statutory discretion to grant or deny trademark injunctions with which the district courts were to be empowered in the Lanham Bill.

Indeed, the very next draft of the text, H.R. 4744 of March 1939, effectively codified Roger’s understanding—discussed above—that equitable discretion inherently existed in the district courts to enforce the injunction remedy. Namely, the new text gave federal courts “power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable.” This language (then section 33) has remained unchanged to the present day where it can be found in section 34 of

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222 In requiring “immediacy” Rogers seems to have intended to track the usual rule of equity that harm must be “imminent” (if not actual) before a court will issue an injunction. See 5 Barry A. Lindahl, Modern Tort Law: Liability and Litigation § 46:12 (2d ed. 2002) (A court of equity “is empowered to prevent imminent injury if there is sufficient reason to anticipate such injury and the court is satisfied that irreparable damage would result unless injunctive relief is granted, even though the complainant may not yet have suffered injury as a result of the actual or threatened violation.”).

223 One explanation is that Rogers was prefiguring, in essence, the Dawn Donut doctrine. See Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358, 364 (2d Cir. 1959). Under that doctrine, a registrant cannot enjoin a geographically remote junior user of a confusingly similar mark prior to the time when the registrant is likely to expand into the junior user’s market. See id.; cf. Carter, supra note 5, at 790–95 (discussing Dawn Donut’s relation to the theory of federal trademark law). Rogers’ response, and the ensuing amendment to the text, however, were far broader in reach than just the Dawn Donut geographically remote junior user context.

224 One explanation for this equivocation is that Rogers is acting as a slippery strategist here, telling the Congressmen what he thinks they want to hear in order to push his bill through.

225 H.R. 4744, 76th Cong. (1939).

226 Id. § 33.
the current Lanham Act.\textsuperscript{227} It is the very language at the heart of the eBay trademark troubles.

Next to no mention, however, was made of this change in the three-day House hearings on the new bill, H.R. 4744, introduced six months later.\textsuperscript{228} The House Subcommittee on Trade-Marks, chaired by Representative Lanham, painstakingly marched one by one through each provision of that draft.\textsuperscript{229} Yet, apart from Representative Lanham’s opening explanation, “A number of controversies were ironed out in those [1938] hearings and this bill is predicated on the results of those hearings,” the hearings give no explanation as to the meaning of this change to section 33. Indeed, section 33 is not once referenced by name in the 216 pages of transcript.\textsuperscript{230} Either way, like all others before it, H.R. 4744 never made it into law, however the equitable discretion language of section 33 remained.\textsuperscript{231}

3. The Final Drafts: A Patchwork Compromise Lacking Explanation

The robust attempts at a truly substantive and preemptive federal trademark bill in the late 1930s retreated in the 1940s to, once again, a modest proposed grant of so-called “remedial rights” or “procedural rights” designed to be more in harmony with the common law of trademarks.\textsuperscript{232} The comments of Daphne Robert, who took over as ABA spokesperson for the bill before Congress, regarding innovations in the bill are most notable for their understated nature. The main change from prior law, she noted, would be “an incentive to register” through the potential of attaining incontestability.\textsuperscript{233} Robert failed to refer to the statutory remedies in her

\textsuperscript{228} See generally H.R. 4744, 76th Cong. (1939).
\textsuperscript{230} See generally id.
\textsuperscript{231} See, e.g., H.R. 6618, 76th Cong. §33 (1939).
\textsuperscript{232} Trade-marks: Hearings on H.R. 82 Before the Subcomm. on the Comm. on Patents, 78th Cong. 20 (1944) [hereinafter Hearings on H.R. 82] (statement of Daphne Robert). By 1944, Robert had taken over from Edward Rogers as the ABA’s leading advocate for new trademark legislation.
\textsuperscript{233} Id. at 21.
opening comments, noting just that registrants would be “entitled to protection” against imitations of a mark.234

Reflective of the more tentative approach of the later drafts, H.R. 82 (which, in all material points, became the Lanham Act) gave conflicting direction as to the exclusive rights given to a registrant.235 On one hand, the language of the bill (as with the ultimate statute) gave to registrants the prima facie “exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate,”236 and “commerce” was defined to include “all commerce which may lawfully be regulated by Congress.”237 In other words, the registrant was facially entitled to the exclusive right to use the registered mark with the listed goods throughout the entire U.S. interstate economy. On the other hand, as discussed earlier regarding the final statutory language, the remedial section concerning injunctions, section 34, permissively gave courts the “power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable.”238

That remedial discretion and the grant of exclusive rights might conflict was not lost on the committee members at the hearing. When asked point blank by the Chair of the senate committee, Senator Claude Pepper, whether the bill entitled the registrant to “the exclusive right to use the trade mark throughout the United States,”239 Leslie Frazer, the First Assistant Commissioner of Patents, denied that was the case. According to him, whether such a registrant “could successfully enjoin someone” was for “a court of equity to determine.”240 Senator Pepper then openly criticized the

234 Id. at 24. A subsequent commentator was similarly terse in describing the relief available to registrants as “greater” under the new act than the old. Id. at 29 (statement of Henry J. Savage).
235 H.R. 82, 78th Cong. (1944).
236 Id. § 7(b).
237 Id. § 45.
238 Id. § 34.
240 Id. (statement of Leslie Frazer).
bill for failing to clarify “the effect of registration” which he thought ought to be determined “as matter of law.”

The equivocal nature of the bill is further underscored by fundamental disagreement among commentators as to the meaning of these provisions. Some criticized it for failing “to get better protection” for registrants who justifiably “expected to get a deed of title in their trade mark.” Others, most particularly representatives of the Department of Justice’s Antitrust Division, attacked it on precisely opposite grounds as a “radical” change in the nature of trademark rights in the United States “from protection as a mark as an indication of the origin of product to that of protecting an exclusive right in the name of the product itself.” The final language of the Lanham Act as passed, still with us today, effectively codified the split at the hearings by incorporating the exclusive rights and equitable discretion language discussed above without further clarification.

III. MAKING SENSE OF THE CURRENT MUDDE

As shown, there is next to no explication in the Lanham Act’s legislative history regarding what Rogers meant when, in discussing limits to a registrant’s exclusive national right, he observed, “Nobody wants to change the practice of a court of equity by this or any other statute.” As the drafters immediately proceeded to amend the bill to add the key “according to the principles of equity” language in the very next draft, it becomes critical to understand those same “practice[s].” What, then, was the equity practice of courts in trademark cases in the late 1930s and early 1940s when the Lanham Act was being shaped?

241 Id. (statement of Sen. Claude Pepper). The colloquy continues for pages in the transcript, as the committee and commentators try in vain to make sense of the conflict.
242 Id. at 37, 42 (statement of Paul Struven).
243 Id. at 58 (statement of Department of Justice). A Columbia professor at the hearing similarly described it as “go[ing] too far in the direction of creating new property rights which may be mischievous.” Id. at 107 (statement of Milton Handler).
244 Hearings on H.R. 9041, supra note 203, at 71 (statement of Edward S. Rogers).
A. Trademark Injunction Practice at the Time of the Lanham Act

Much as they did just prior to eBay, courts of the first half of the twentieth century generally presumed that trademark infringement caused continuing harm and thus enjoined defendants, under their equitable powers, from ongoing infringement without requiring further proof of injury, actual confusion, or bad faith intent. This was particularly true for so-called “technical trademarks” which were registrable under earlier acts and included most of what we consider valid trademarks now, but excluded categories such as descriptive marks that have acquired distinctiveness and service marks. Even, however, in cases of unfair competition for non-technical trademarks, which unlike technical trademark infringement claims required an affirmative showing of fraud or

245 See Lawyers Title Ins. Co. v. Lawyers Title Ins. Corp., 109 F.2d 35, 43 (D.C. Cir. 1939) (“Generally the prior appropriator may enjoin use of an identical name by a subsequent arrival.... In such circumstances little evidence of injury, actual or probable, is needed—the mere identity makes it practically inevitable. From this fact comes the idea that a conclusive presumption of unfairness and injury exists. On such facts the presumption should be conclusive. Fair trade protection requires it.”); see also Feil v. Am. Serum Co., 16 F.2d 88, 90 (8th Cir. 1926) (“[N]either a fraudulent intent to injure the complainant nor an actual misleading of the public need to be proved. They will be and are presumed.”); Nat’l Picture Theatres v. Found. Film Corp., 266 F. 208, 211 (2d. Cir. 1920) (“[T]he necessary consequences of such a colorable imitation of plaintiff’s name as is defendant’s is deception of the public; and, finally, no equity is shown against plaintiff’s prompt demand. Therefore as matter of law plaintiff was entitled to injunction.”); Peninsular Chem. Co. v. Levinson, 247 F. 658, 663 (6th Cir. 1917) (reversing lower court and ordering entry of injunction); Coca-Cola Co. v. Carlisle Bottling Works, 43 F.2d 101, 109 (E.D. Ken. 1929) (“[W]hen a trade mark is calculated to deceive an intent to deceive will be presumed and an injunction to prevent its use will be granted, even if no one has actually been deceived” (quoting 26 WILLIAM M. MCKINNEY, RULING CASE LAW §52, at 874 (1920))).

246 See Scriven v. North, 134 F. 366, 375 (4th Cir. 1904) (“There are certain elements of property right in a technical trade-mark... and proof of actual intention to injure is dispensed with, and injunction goes as of course....”); Gannert v. Rupert, 127 F. 962, 963–64 (2d Cir. 1904) (enjoining infringement of technical trademark; actual damage need not be shown for injunction to issue). For an overview of the pre-Lanham Act distinction between technical and non-technical trademarks see 1 MCCARTHY, supra note 21, § 4:4.
bad faith for liability to attach, the regular remedy upon a finding of liability remained an injunction.

Pre-Lanham Act courts of course retained discretion ultimately to grant or deny injunctions, which were never an absolute entitlement, under estoppel principals, or as a result of equitable balancing and undue hardship analyses. But then, just as now, that discretion was “coerce[d]” by underlying rules of law. One can thus comfortably conclude that, prior to the Lanham Act, courts in the United States had been presuming a prevailing plaintiff’s entitlement to injunctive relief in trademark cases in some form since the time Congress passed the first trademark statute in 1870.

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248 Scriven, 134 F. at 380–81 (“We are of [the] opinion that the complainants have filed [sic] to establish a valid technical trade-mark; but, inasmuch as the testimony shows unfair competition, which entitles them to an injunction, it is deemed unnecessary to discuss the distinctions which seem to differentiate this case from one of trade-mark, pure and simple—the foundation principle upon which relief is granted being substantially the same and the like remedy invoked.”); see also Samson Cordage Works, 211 F. at 611 (reversing denial of preliminary injunction in unfair competition case).
249 Layton Pure Food Co. v. Church & Dwight Co., 182 F. 24, 32 (8th Cir. 1910) (stating, in a trademark case, “a court of equity will not move to enforce one’s rights who has knowingly delayed to enforce them so long that the defendant in reliance upon the owner’s acquiescence in his violation of them has made such investments and so changed his position that it would be more inequitable to enforce the owner’s rights than to leave them in the state in which he has been content to permit them to be for an unreasonable length of time,” and rejecting defense on facts of case); see, e.g., Pennzoil Co. v. Crown Cent. Petroleum Corp. 50 F. Supp. 891, 897 (D. Md. 1943) (denying injunction in part because delay in enforcement suggested that plaintiffs did not truly believe themselves prejudiced by the infringement). But see Menendez v. Holt, 128 U.S. 514, 523 (1888) (noting that delay alone is generally not a valid reason to deny an injunction against continuing infringement, and that laches alone, without any estoppel, bars only monetary relief).
250 Int’l Film Serv. Co. v. Associated Producers, 273 F. 585, 588 (2d Cir. 1921) (denying preliminary injunction in unfair competition case where defendant invested substantially in the title of its play and did not use plaintiff’s similar title intentionally).
251 Nat’l Picture Theatres v. Found. Film Corp., 266 F. 208, 210–11 (2d Cir. 1920) (reversing denial of preliminary injunctive relief in trademark case).
252 See, e.g., Menendez, 128 U.S. at 523 (affirming grant of injunction despite period of delay in seeking enforcement; “the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked.”). This tradition in the United States is quite longstanding. The influential early trademark treatise writer William Henry Browne observed about trademark remedies in 1873 that, “it is not essential that the article should be inferior in quality, or that the individual should fraudulently represent it, so as to impose upon the public; but if, by representation, it be so assimilated as to be taken in the
This is consistent with the view of the first Restatement of Torts, published the very same year, 1938, in which Rogers made his statements about equity practice in trademark cases.253 Using clearly discretionary language, the central section governing injunctive relief in trademark infringement and unfair competition cases allows that courts “may” grant an injunction against infringers.254 The comments explicating this discretion, though, make clear that “equitable relief,” not damages, is the “usual form of relief” in trademark cases “and an injunction is the usual relief granted.”255

Consistent with general theories of equity and irreparable harm discussed previously, the 1938 Restatement’s injunction default in trademark cases was based on the express understanding that trademark infringement is a continuing course of harmful conduct and that damages are difficult to measure.256 Indeed, “if repetition of [defendant’s] conduct is likely, an injunction will issue against him though he acted in good faith and even in ignorance of the plaintiff’s interest” and even if defendant has ceased its wrongful conduct.257

B. Connecting Trademark Injunction Practice to the High Bar for Monetary Relief

Also consistent with the Lanham Act’s injunction-default mindset, the Act has long been understood to deny monetary relief
in ordinary infringement cases. The lion’s share of Lanham Act cases deny monetary relief (including both an accounting of defendant’s profits and consequential damages) to prevailing infringement plaintiffs unless they can show “something more” than infringement itself. Professor McCarthy accurately sums up the advice plaintiffs’ attorneys have long counseled their trademark clients: “[O]btaining a strongly worded injunction should be viewed as a ‘win’ in a trademark infringement case and that recovery of a monetary award of any kind is problematical.”

Courts, for instance, embrace the Lanham Act’s invitation to subject monetary relief (like injunctive relief) to “principles of equity” and rarely grant such relief “without some evidence of fault or knowingly performing illegal acts.” In *Pebble Beach Co. v. Tour 18 I Ltd.*, for instance, the Fifth Circuit affirmed the denial of profits to a prevailing infringement plaintiff due to the absence of

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258 See, e.g., *A & H Sportswear v. Victoria’s Secret Stores*, 166 F.3d 197, 209 (3d Cir. 1998) (finding no basis to award damages or impose royalty fees where prevailing infringement plaintiff offered no evidence of lost profits or other harm); *Int’l Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc.*, 80 F.3d 749, 750, 753 (2d Cir. 1996) (affirming denial of damages to prevailing infringement plaintiff absent evidence of actual confusion or pecuniary harm; remanding for consideration of whether defendant acted in bad faith thereby entitling plaintiff to accounting of profits); *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537–40 (2d Cir. 1992) (holding that damages are not available to prevailing infringement plaintiff absent showing of actual confusion or intentionally deceptive acts, and an accounting of profits not available absent showing of “willful deception”). Common fact patterns where courts do allow monetary relief for trademark infringement claims include willful passing off, see, e.g., *Klein-Becker USA, LLC v. Englert*, 711 F.3d 1153, 1163 (10th Cir. 2013) (awarding $673,988.17 as defendant’s profits where defendant infringed willfully), and in the related holdover licensee context, see, e.g., *Ramada Inns, Inc. v. Gadsden Motel Co.*, 804 F.2d 1562 (11th Cir. 1986). Courts often also award statutory damages for counterfeiting pursuant to their independent authority under 15 U.S.C. § 1117(c) (2012). See, e.g., *Luxottica Group, S.p.A. v. Casa Los Martinez Corp.*, No. 1:14-cv-22859-JAL, 2014 WL 4948632, at *6 (S.D. Fla. Oct. 2, 2014) (listing various awards). For an extensive and thoughtful review of monetary relief in trademark cases see James K. Koelmay, Jr., *Monetary Relief for Trademark Infringement under the Lanham Act*, 72 TRADEMARK REP. 458 (1983).

259 5 *McCarthy*, supra note 21, § 30:58.

260 Id.

261 § 1117(a) mandates that any monetary award remains subject to the principles of equity. *See 15 U.S.C. § 1117(a); Maltina Corp. v. Cawy Bottling Co.*, 613 F.2d 582, 584–85 (5th Cir. 1980).

262 5 *McCarthy*, supra note 21, § 30:58.
evidence of “palming off,” “diverted sales,” or “willfulness.” 263 Likewise, where a plaintiff seeks consequential damages, as opposed to an equitable accounting, most courts require a showing of actual confusion, not just the likely confusion needed to prevail on the merits for liability purposes. 264

The rule denying monetary relief in the usual trademark case, it should be underscored, was equally potent at the time of the Lanham Act’s passage. Indeed, a leading historic case for the proposition that monetary relief requires a heightened showing of bad conduct beyond just infringement (such as fraud or palming off) was decided in 1947 (the same year the Lanham Act was passed) under the old 1905 Act. 265 In a case of ordinary trademark infringement, an injunction was deemed enough “to satisfy the equities of the case.” 266

As these pre-Lanham Act cases also show, the difficulties of attaining monetary relief are closely tied to the relative (historic) ease

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263 Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 555 (5th Cir. 1998) (citing Champion Spark Plug Co. v. Sanders, 331 U.S. 125, 131 (1947)). As a general rule of thumb, trademark plaintiffs see an accounting of defendant’s profits as the preferred form of monetary relief, due to the extreme difficulty of proving lost sales or other forms of consequential damage in a non-willful infringement case. See Fishman Transducers, Inc. v. Paul, 684 F.3d 187, 194 (1st Cir. 2012) (“Various damage theories are available, but proving causation and amount are very difficult unless the two products directly compete (an issue to which we return), and most cases that go beyond injunctive relief involve an attempt to recoup the infringer’s profits.”).

264 See, e.g., Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513, 525 (10th Cir. 1987) (“Although damages may be awarded for a violation of section 43(a), the award is distinguishable from injunctive relief, because plaintiff bears a greater burden of proof of entitlement. Likelihood of confusion is insufficient; to recover damages plaintiff must prove it has been damaged by actual consumer confusion or deception resulting from the violation.”).

265 Champion Spark Plug, 331 U.S. at 131 (affirming denial of accounting).

266 Id. at 131–32; see also Hemmeter Cigar Co. v. Congress Cigar Co., 118 F.2d 64, 71–72 (6th Cir. 1941) (granting injunction but denying accounting where “no actual wrongful intent to injure appellant has been shown, and no substantial damage seems yet to have been inflicted upon appellant from the use by appellee of the trade-mark”); RESTATEMENT (FIRST) OF TORTS § 744 cmt. b (AM. LAW INST. 1938) (“If repetition of his conduct is likely, an injunction will issue against him though he acted in good faith and even in ignorance of the plaintiff’s interest. But in such a case, damages and an accounting of profits are not awarded.”).
of attaining an injunction. To the extent that eBay upends that assumption, these denial-of-monetary-relief cases need to be seriously reconsidered. Indeed, it is fair to say that in regions such as the Ninth Circuit, where eBay has been understood to put the burden on prevailing trademark plaintiffs to show irreparable harm and justify injunctive relief, those prevailing plaintiffs have the presumptive entitlement to neither money nor an injunction even where they have met all of the elements for liability.

Put another way, a plaintiff that has shown that a defendant’s mark is likely to be confused with its valid, registered mark has established infringement of a statutory exclusive right under the Lanham Act. Yet, without adducing more evidence (i.e., of actual confusion, irreparable harm, etc.), it is not eligible for any relief. This comes very close to the scenario described by Dobbs in the epigraph of this Article: “To deny all remedy is to deny the right itself. . . . [It is] not so easy to think that the Congress means statutory rights to come and go in the discretion of a federal judge.” But that is the very result that arises when eBay is extended with full force to trademark law.

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267 Cases denying monetary relief almost universally assume that a prevailing plaintiff will still be entitled to injunctive relief. *Champion Spark Plugs*, 331 U.S. at 132; *Brunswick*, 832 F.2d at 525; *Hemmeter Cigar*, 118 F.2d at 71–72.

268 The Third Restatement of Unfair Competition does appear to relax any intentionality requirement for proof of damages, as opposed to an accounting of profits. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. j (AM. LAW INST. 1995). Nevertheless, the cases remain few where a prevailing trademark infringement plaintiff can attain damages upon a mere showing of likely confusion because of how difficult those damages are to prove. *See*, e.g., *Fishman Transducers*, Inc., 684 F.3d at 194 (“[D]amages can be awarded without a finding of willfulness. But damages awards turn out to be comparatively rare in trademark cases primarily, it appears, because of the difficulty of proving them.”).


270 DOBBS, supra note 1, § 2.10, at 248.

271 In the eBay case itself, the Supreme Court purported to address this apparent doctrinal inconsistency on the patent side by pretending that it didn’t exist. More particularly, the Supreme Court criticized the Federal Circuit for essentially confusing a right with a remedy: eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388, 392 (2006) (“According to the Court of Appeals, this statutory right to exclude alone justifies its general rule in favor of permanent injunctive relief. But the creation of a right is distinct from the provision of remedies for violations of that right.” (internal citations omitted)). While it is of course true that the two are analytically distinct, that does not mean that courts should take no effort to harmonize rights with remedies. The two are intimately
One final quirk to consider is the interplay of trademark’s high monetary relief hurdle with element two of eBay’s “traditional” test for injunctive relief: the inadequacy of monetary damages at law. Together, they create a jarring feedback loop. Namely, element two suggests that the harder it is to attain monetary relief, the easier it should be for a plaintiff to attain injunctive relief. But courts based their historically heightened standard for monetary relief in trademark cases (discussed above) in large part on the ease and adequacy of attaining injunctive relief. In short, the Lanham Act’s current scheme for relief in trademark cases appears to be as follows: a plaintiff’s entitlement to injunctive relief depends on that plaintiff’s entitlement to monetary relief which depends on that plaintiff’s entitlement to injunctive relief, ad infinitum.

**CONCLUSION**

As shown, thanks to the efforts of its federal-minded and strong-trademark-rights proponents, the Lanham Act promised registrants ex ante exclusive use rights for registered goods and services throughout all interstate commerce. When pushed in the hearings to defend the absolute nature of such a right by those who envisioned the Lanham Act as a codification of state-based common law trademark practice, however, those same proponents backed away and claimed that the exclusive right was actually substantially limited (sub silentio) by the inherent equitable discretion of district courts to determine when and how to enforce such a right through an injunction. In the immediate successor bill, we suddenly saw the implied understanding made express, with lan-

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272 eBay, 547 U.S. at 391. This factor is particularly ill-suited to application in trademark cases. As discussed above, see supra note 263, the leading form of monetary relief sought in trademark cases is an accounting of defendant’s profits—an equitable remedy. This is not a remedy at law. When courts apply eBay prong two to trademark cases, did the Supreme Court mean for them only to focus on the adequacy of consequential damages, as opposed to all the various (equitable and non-equitable) forms of monetary relief the Act allows?

guage added granting ex post discretion to the courts. Nowhere did anyone attempt to explain how to reconcile these fundamentally divergent, if not flatly inconsistent, visions of trademark exclusivity.

In the decades after passage of the Act and prior to the eBay decision, the courts continued with their pre-existing, working solution to this difficulty. Per the statute, the district courts retained discretion to grant preliminary and permanent injunctive relief when faced with a likelihood of confusion between a protected and infringing mark; however, that discretion was substantially channeled through the near universal adoption of a presumption of irreparable harm and, in many cases, equally strong appellate guidance that injunctions were to be the remedy of choice in trademark actions.\(^{274}\) This was consistent with both historic practice in trademark cases specifically, and in equity’s approach to statutory injunctions generally (that is, by treating the statutory authority as, in effect, a substitute for the irreparable injury rule).\(^{275}\) To complete the delicate balancing act, the courts offset this finger on the scale for plaintiffs by limiting the availability of monetary relief.

Then came eBay. Modestly purporting to apply traditional principals of equity, but more accurately creating a new test out of spare parts found throughout the law of equitable remedies, it at a minimum increased discretion to district courts to deny injunctions in patent cases.\(^{276}\) As eBay exploded across the legal landscape, the federal courts struggled to nail down what seems on its face to be a simple question: Does eBay, a patent case, apply to trademark law?

Despite the fact that the respective patent and trademark injunctive relief provisions use identical statutory language, this question has bedeviled the courts—and for a good reason. eBay knocked over a house of cards built atop a divided foundation. The drafters simply could not find a way to reconcile the views of those who wanted to give the federal trademark law substance, by giving an exclusive federal right, with those who did not, preferring to keep the common law scheme. So it granted an exclusive right, but

\(^{274}\) Dobbs, supra note 1, § 2.10, at 243–46.

\(^{275}\) Id.

\(^{276}\) eBay, 547 U.S. at 393–94.
reserved to the courts discretion to enforce it. That is an exclusive right to judicial discretion—in other words, no exclusive right at all.

As a result, in jurisdictions such as the Ninth Circuit, holders of registered trademark rights that have demonstrated likely confusion with a junior use, have neither the presumptive right to stop that use nor the right to get remunerated for it. In most others, it is anyone’s guess as to what evidence a district court will require, on top of evidence of likely confusion, to grant an injunction. At the same time, the empirical data suggest that eBay has actually done little to slow the grant of trademark injunctions—if anything, courts nationally appear to grant injunctions to prevailing trademark plaintiffs at a higher rate post-eBay.

The most practical fix to the current chaos is likely to keep pre-eBay presumption practice in trademark cases as something of a happy compromise. The default system of entitlements countered by equitable balancing and defenses is the closest the courts came to capturing the convoluted vision of the Lanham Act’s drafters for a judicially limited exclusive right. This could be accomplished through very straightforward legal analysis by recognizing that while eBay directly drew from copyright precedent, it never made any mention of trademark law. And, it is consistent with the historic and constitutional isolation, and principled differentiation, of trademark law from patent and copyright law.

The better path, though, is to take a hard look at what we truly mean when we grant someone a federal registration for, or otherwise acknowledge a federal right to, a trademark. Is that person entitled to be the only one to use that mark (or colorable imitations of it) with the claimed goods and services, or not? Amazingly, after nearly 150 years of granting trademark registrations in this country, we still do not have a good answer to that most basic question.

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277 See infra Section I.B.2.e.
278 See infra Section I.B.2.e.
279 eBay, 547 U.S. at 392–93.
280 Apart from an irrelevant mention of the “United States Patent and Trademark Office,” the opinion never once uses the term “trademark.” See id. at 391 n.1.
281 See infra Section II.A.1.