



5-2017

# Who Will Protect the Consumers of Trademarked Goods?

James Astrachan

*Astrachan Gunst Thomas, P.C.*, [jastrachan@agtlawyers.com](mailto:jastrachan@agtlawyers.com)

Follow this and additional works at: <http://scholarworks.law.ubalt.edu/ubl>

 Part of the [Consumer Protection Law Commons](#), and the [Intellectual Property Law Commons](#)

## Recommended Citation

Astrachan, James (2017) "Who Will Protect the Consumers of Trademarked Goods?," *University of Baltimore Law Review*: Vol. 46 : Iss. 3, Article 2.

Available at: <http://scholarworks.law.ubalt.edu/ubl/vol46/iss3/2>

This Peer Reviewed Article is brought to you for free and open access by ScholarWorks@University of Baltimore School of Law. It has been accepted for inclusion in University of Baltimore Law Review by an authorized editor of ScholarWorks@University of Baltimore School of Law. For more information, please contact [snolan@ubalt.edu](mailto:snolan@ubalt.edu).

## WHO WILL PROTECT THE CONSUMERS OF TRADEMARKED GOODS?

James B. Astrachan\*

### I. INTRODUCTION

Federal and state law recognizes multiple forms of intellectual property, including patents,<sup>1</sup> copyrights,<sup>2</sup> trademarks,<sup>3</sup> and trade secrets.<sup>4</sup> Alleged violations of patents and copyrights are required by statute to be litigated in the federal courts.<sup>5</sup> Trademark rights can arise under the Federal Lanham Act<sup>6</sup> or state law.<sup>7</sup> Trademark infringement can be litigated in state or federal courts.<sup>8</sup> Trade secrets arising under state statutes are litigated in state courts unless diversity jurisdiction exists and is pled.<sup>9</sup>

Infringement of intellectual property in the case of patents arises when a patented invention is used, manufactured or imported into the United States without authority of the patentee.<sup>10</sup> Copyright infringement results when any of the exclusive rights granted to a copyright owner under 17 U.S.C. §106 are violated.<sup>11</sup> Trademark infringement results when a mark is used by a junior user in a manner that causes a likelihood of confusion in the minds of consumers, and

---

\* James B. Astrachan, J.D. University of Baltimore Law School (1974), LL.M. Georgetown University Law Center (1978). Member, Astrachan Gunst Thomas, P.C., Baltimore, MD, Adjunct Professor of Trademark Law University of Baltimore Law School, Carey School of Law, University of Maryland. The author gratefully acknowledges the capable assistance of Kaitlin D. Keating, University of Baltimore J.D. and Colin D. McDaniels, University of Baltimore J.D. (2018, expected) for their research skills and editing.

1. 35 U.S.C. § 154 (2012).
2. 17 U.S.C. § 102 (2012).
3. Lanham Act of 1946, 15 U.S.C. § 1051 (2012).
4. 3 TERRENCE F. MACLAREN & MELVIN F. JAGER, TRADE SECRETS THROUGHOUT THE WORLD § 40:1 (2016).
5. 28 U.S.C. § 1338 (2012).
6. 15 U.S.C. § 1051 (2012).
7. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 22:1.50 (4th ed. 2016).
8. See 28 U.S.C. § 1338 (limiting state court jurisdiction over patent and copyright cases, but not over trademarks).
9. MACLAREN & JAGER, *supra* note 4, § 40:41.
10. 35 U.S.C. § 271 (2012).
11. 17 U.S.C. § 501 (2012).

potential consumers, with the senior user's mark as to source, connection, sponsorship, approval or affiliation.<sup>12</sup>

Remedies for infringement of intellectual property rights include monetary damages to compensate the owner for its pecuniary loss caused by the infringement, including recovery of lost profits.<sup>13</sup> In the case of patent infringement, an award of lost profits can take the form of imposition of a reasonable royalty to compensate the patentee for its loss.<sup>14</sup> Copyright and trademark owners can be awarded actual damages and the infringer's profits, subject to a prohibition against double recovery in the case of copyright.<sup>15</sup> A trademark owner can recover an infringer's profits and its own damages.<sup>16</sup> The statute allows a court to award up to three times the actual damages and profits earned.<sup>17</sup> Monetary damages in the form of statutory damages may also be available to copyright and trademark owners.<sup>18</sup> An award of monetary damages is intended to deprive a defendant of its gains at the expense of the right's owner.<sup>19</sup>

In addition to monetary awards, courts are authorized to enjoin infringers of trademarks, copyrights, and patents from continuing their infringing activities through injunctive relief.<sup>20</sup> An injunction can be issued before or after trial on the merits.<sup>21</sup> A preliminary injunction is relief sought before trial on the merits,<sup>22</sup> and a permanent injunction is relief sought following trial on the merits or other dispositions, such as summary judgment.<sup>23</sup> Injunctive relief is not awarded lightly. The Supreme Court of the United States has observed that "[a] preliminary injunction is an extraordinary remedy

- 
12. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:6 (4th ed. 2016).
  13. See 35 U.S.C. § 284 (2012) (patents); 17 U.S.C. § 504(b) (2012) (copyright); 15 U.S.C. § 1117(a) (2012) (recovery for violations of rights).
  14. 35 U.S.C. § 284.
  15. 17 U.S.C. § 504(b).
  16. 15 U.S.C. § 1117(a).
  17. *Id.*
  18. 17 U.S.C. § 504(c) (2012); 15 U.S.C. § 1117(c) (2012).
  19. *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1157 (7th Cir. 1994); *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1205 (7th Cir. 1990).
  20. 35 U.S.C. § 283 (2012) (patents); 15 U.S.C. § 1116 (2012) (trademarks); 17 U.S.C. § 502 (2012) (copyrights).
  21. FED. R. CIV. P. 65.1.
  22. *Ansel v. Hicks*, 846 F. Supp. 2d 493, 494 (W.D.N.C. 2012) (citing *In re Microsoft Corp. Antitrust Litig.*, 333 F.3d 517, 524–26 (4th Cir. 2003)).
  23. See generally *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 539 (S.D.N.Y. 2011) (stating permanent injunctions may be granted in trademark and copyright infringement actions).

never awarded as of right.”<sup>24</sup> A permanent injunction is, likewise, a “drastic and extraordinary remedy, which should not be granted as a matter of course.”<sup>25</sup>

Often sought in a trademark infringement claim is preliminary injunctive relief, issued prior to a trial on the merits, to prevent the infringer from continuing its unlawful activities. To be entitled to preliminary injunctive relief, the owner of the trademark who is alleging infringement must establish at an early stage of litigation that it is likely to succeed on the merits of its claim.<sup>26</sup> In addition, the movant is generally required to establish that it will suffer irreparable harm.<sup>27</sup> Irreparable harm is an injury that cannot be adequately compensated by monetary payment.<sup>28</sup> Damages to a business’s intangible assets, such as reputation and goodwill, have also been considered harm that is irreparable and from which injunctive relief might follow.<sup>29</sup> Irreparable harm might also occur where monetary damages might otherwise compensate for the harm, but the defendant is found by the court to be incapable of paying a monetary award sufficient to make the plaintiff whole.<sup>30</sup> The movant seeking injunctive relief must further establish that the public interest will be served by an injunction and that the balance of the hardships favors its issuance.<sup>31</sup>

The grant of preliminary injunctive relief in a trademark infringement matter may end the litigation. If the defendant can no longer use the mark, pending trial, it may choose to adopt an alternative mark and get on with its business. In preliminary stages of infringement, there may not be profits to recover, and a junior user ordered to cease use of an infringing mark may abandon its efforts regarding the contested mark. Instead, a junior user may adopt a

- 
24. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008) (citing *Munaf v. Geren*, 553 U.S. 674, 690 (2008)).
  25. *Monsanto Co. v. Geertson Seed Farms*, 561 U.S. 139, 165 (2010); *see* *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982).
  26. *Winter*, 555 U.S. at 20.
  27. *Id.*
  28. *Jayaraj v. Scappini*, 66 F.3d 36, 39 (2d Cir. 1995) (quoting *Jackson Dairy, Inc. v. H.P. Hood & Sons, Inc.*, 596 F.2d 70, 72 (2d Cir. 1979)).
  29. *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 625 (8th Cir. 1987).
  30. *Roland Mach. Co. v. Dresser Indus., Inc.*, 749 F.2d 380, 386 (7th Cir. 1984) (explaining that monetary damages can be an insufficient remedy if: (1) the damage award comes too late to save the plaintiff’s business; (2) the plaintiff cannot finance the lawsuit; (3) the damages are unobtainable because the defendant is insolvent; or (4) the nature of the plaintiff’s loss may make damages very difficult to calculate).
  31. 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 30:51–30:52 (4th ed. 2016).

replacement mark, preferring to find a mark under which to sell goods or services with which it can establish goodwill and source identification without risk.

Injunctive relief may also be granted, in the form of a permanent injunction, following trial, or grant of a motion for summary judgment in favor of the movant, where the owner of the infringed intellectual property rights has prevailed on the merits of its claim.<sup>32</sup> All of the other factors listed above must also be established to obtain permanent injunctive relief.<sup>33</sup>

The legislative history of the Lanham Act (the “Act”) is “long and extensive.”<sup>34</sup> Congressman Fritz Lanham, for whom the legislation is named, in testimony offered to the United States House of Representatives, averred that the purpose of his namesake bill was “to protect legitimate business and the consumers of the country.”<sup>35</sup> Both of these goals remain in place although the language contained in the Act does not recognize the right of a consumer to bring an action against a commercial party under the Act.<sup>36</sup>

This article explores whether the courts should consider trademark infringement in a different light from patent and copyright infringement, for purposes of determining whether a trademark plaintiff seeking injunctive relief must establish irreparable harm, or whether irreparable harm should be presumed when the trademark owner seeking injunctive relief establishes it is likely to succeed, or has succeeded at trial, on the merits of its claim that confusion is likely to result if the defendant is allowed ongoing use of the contested mark.<sup>37</sup> Examining this question, this article explores the differences in the nature of the rights protected by trademarks, as distinguished from patents and copyrights.<sup>38</sup> It also examines whether courts should protect consumers who have no standing under the Act in trademark disputes that exist between the users, or owners, of two marks, but who are often injured, nevertheless, by the resulting confusion, and whether it should consider the harm caused to consumers by trademark infringers where considering whether injunctive relief should be granted.<sup>39</sup>

---

32. *Intervisual Commc'ns, Inc. v. Volkert*, 975 F. Supp. 1092, 1104 (N.D. Ill. 1997) (citing *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 506–07 (1959)).

33. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008).

34. 92 CONG. REC. 6, 7524 (1946) (statement of Rep. Lanham).

35. *Id.*

36. *See Barrus v. Sylvania*, 55 F.3d 468, 469 (9th Cir. 1995); *Serbin v. Ziebart Int'l Corp.*, 11 F.3d 1163, 1179 (3d Cir. 1993).

37. *See infra* pp. 379–85.

38. *See infra* pp. 389–92.

39. *See infra* pp. 392–95.

## II. BACKGROUND

Until 2006, it was generally assumed by litigants and courts that if a movant seeking a preliminary injunction for infringement of its intellectual property could establish that it had a meritorious claim—meaning, infringement likely had occurred and was ongoing—the harm to the movant would be considered irreparable.<sup>40</sup> On that basis, an injunction would be issued if the other two factors—public interest and balance of the hardships—were decided in the movant’s favor.<sup>41</sup> In essence, upon a showing of likelihood of success on the merits, courts were inclined to presume from the movant’s showing that trademark infringement occurred, or was likely to occur, that irreparable harm to the mark’s owner would result.<sup>42</sup> This result followed, in the opinion of some courts, because the senior trademark user (the movant) had lost the ability to restrict use and control of its property right.<sup>43</sup> Preliminary injunctions, then, followed a showing of likelihood of success on the merits without the movant’s need to offer any evidence that it had actually suffered irreparable harm.<sup>44</sup>

In 2006, the Supreme Court of the United States directly changed the assumption that irreparable harm would be presumed in a patent infringement action and indirectly in a copyright action.<sup>45</sup> The Court in *eBay Inc. v. MercExchange, LLC* was confronted with the issue of whether irreparable harm resulting from a finding of patent infringement following trial on the merits should be presumed in the absence of evidence of actual irreparable harm, or whether it must be established by the patentee before a permanent injunction would issue after the patentee had succeeded on the merits of its patent infringement claim.<sup>46</sup>

*eBay* was appealed from the District Court for the Eastern District of Virginia to the Federal Circuit Court, and then to the Supreme Court.<sup>47</sup> The Supreme Court reversed the holding of the Federal Circuit Court, which in essence had ruled that upon a showing of

---

40. See *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 395 (2006) (Roberts, C.J., concurring).

41. *Id.* at 391–92 (majority opinion).

42. See *id.* at 395 (Roberts, C.J., concurring).

43. See, e.g., *U.S. Polo Ass’n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 540 (S.D.N.Y. 2011), *aff’d*, 511 F. App’x 81 (2d Cir. 2013); 5 MCCARTHY, *supra* note 31, § 30:47.

44. See *Amoco Prod. Co. v. Vill. of Gambell*, 480 U.S. 531, 544–46 (1987).

45. *eBay Inc.*, 547 U.S. at 392–93.

46. *Id.* at 391.

47. *Id.* at 393–94.

infringement, a patentee was generally entitled to injunctive relief.<sup>48</sup> In reversing the Federal Circuit, the Supreme Court held that general equitable principles govern the grant of a permanent injunction, and that principles controlling whether a court should grant equitable relief are embodied in a four-factor test which includes (1) the existence of irreparable injury; (2) inadequacy of remedies at law; (3) balancing the hardships; and (4) whether the public interest would be served by injunctive relief.<sup>49</sup> The Court's holding, that irreparable harm is not to be presumed but must be established, has been applied by some courts in copyright<sup>50</sup> and trademark cases.<sup>51</sup> Indeed, the Court wrote that this standard was applicable to copyright actions,<sup>52</sup> but failed to discuss trademark actions.

That the patentee won its trial and established both infringement and validity of its patent was not sufficient grounds for the district court to grant injunctive relief preventing the infringer from using, manufacturing or selling the patented software.<sup>53</sup> The district court judge, Judge Friedman, first recognized "when, as here, 'validity and continuing infringement have been clearly established . . . immediate irreparable harm is presumed.'"<sup>54</sup> But this, he next observed, was a rebuttable presumption.<sup>55</sup> Judge Friedman concluded that the presumption of irreparable harm that might have otherwise existed with a finding of infringement was rebutted because the patentee, a non-practicing entity, had not excluded others from practicing the invention but had, instead, licensed third parties, and had even offered its invention to the Defendant who had refused a license but took the technology nevertheless.<sup>56</sup> The Defendant opposed the motion for injunctive relief arguing that money damages were an adequate remedy.<sup>57</sup> The court's denial of the requested injunction was appealed to the Federal Circuit, which reversed the district court's failure to grant injunctive relief and remanded.<sup>58</sup> The Federal Circuit reiterated that it is the "general rule that courts will issue

---

48. *Id.* at 394.

49. *Id.* at 391–92.

50. *Bethesda Softworks, LLC v. Interplay Entm't Corp.*, 452 F. App'x 351, 354 (4th Cir. 2011); *Salinger v. Colting*, 607 F.3d 68, 77–78 (2d Cir. 2010).

51. *Herb Reed Enters., LLC v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013).

52. *eBay Inc.*, 547 U.S. at 392.

53. *MercExchange, LLC v. eBay, Inc.*, 275 F. Supp. 2d 695, 710–15 (E.D. Va. 2003).

54. *Id.* at 711 (alteration in original) (quoting *Odetics, Inc. v. Storage Tech. Corp.*, 14 F. Supp. 2d 785, 794 (E.D. Va. 1998)).

55. *Id.* at 712.

56. *Id.*

57. *Id.* at 713.

58. *MercExchange, LLC, v. eBay, Inc.*, 401 F.3d 1323, 1326 (Fed. Cir. 2005).

permanent injunctions against patent infringement absent exceptional circumstances,” which, in essence, established a presumption in patent infringement matters that would need to be followed by district courts hearing patent claims, and, of course, the Federal Circuit.<sup>59</sup>

On appeal, the Supreme Court vacated and remanded the Federal Circuit’s decision, holding that irreparable harm should not be presumed in patent infringement cases seeking injunctive relief and that a plaintiff must establish it has suffered irreparable harm and that harm will continue in the absence of an injunction.<sup>60</sup>

Two years following its decision in *eBay*, the Supreme Court in *Winter v. Natural Resources Defense Council*, reiterated its holding in *eBay*.<sup>61</sup> This time the Court dealt with a preliminary, not a permanent, injunction.<sup>62</sup> The Court held that a party seeking preliminary injunctive relief must demonstrate that irreparable harm is likely in the absence of an injunction.<sup>63</sup> The Court directed lower courts to “pay particular regard for the public consequences in employing the extraordinary remedy of injunction.”<sup>64</sup> But, ironically, the Court did not consider the regard for public consequences resulting from the failure to grant injunctive relief.<sup>65</sup>

In *eBay*, the Supreme Court dealt specifically with patent infringement, but also held that the requirement to obtain injunctive relief “is consistent with our treatment of injunctions under the Copyright Act.”<sup>66</sup> In so holding, the Court signaled that a party seeking injunctive relief in a patent and a copyright infringement action must establish irreparable harm, and that it is not permissible for a court to presume irreparable harm exists.<sup>67</sup> Thus, once the Supreme Court had specifically dealt with copyright and patent actions, it became logical for courts to question whether the holdings of the Supreme Court in *eBay* and *Winter* also applied to trademark actions. Surely there was no limiting language contained in either decision that would prevent *Winter* and *eBay* from applying to

---

59. *Id.* at 1339.

60. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 394 (2006).

61. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008).

62. *Id.* at 12.

63. *Id.* at 24.

64. *Id.* (quoting *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982)).

65. *See generally id.* at 24–34 (explaining the variables the court considers in granting injunctive relief for a preliminary injunction).

66. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 392 (2006).

67. *Id.* at 391, 394.



trademark infringement actions.<sup>68</sup> Nor was there any specific reference in those cases to trademark causes of action.<sup>69</sup>

The question remains unanswered by the Supreme Court whether a movant who has established likelihood of confusion in a trademark action is entitled to a presumption of irreparable harm or, whether the movant must establish to the court's satisfaction that it has suffered, and will continue to suffer, irreparable harm. It is not surprising that various courts have come to differing conclusions concerning irreparable harm in trademark actions in the absence of direct instructions from the Supreme Court.<sup>70</sup>

### III. DISCUSSION

Since *Winter* and *eBay* were decided, there have been sporadic lower court decisions addressing whether, in a trademark infringement case, a party moving for preliminary or permanent injunctive relief is required to establish (along with the other three necessary factors) that irreparable harm will occur if the injunction is not issued.<sup>71</sup> The question is hardly resolved.

A number of Federal Circuit Courts of Appeals, including the Second, Third, Fourth, Ninth, and Eleventh Circuits, have addressed whether irreparable harm in an intellectual property infringement action must be established in order for an injunction to be issued, but not all of these courts have addressed this question in the context of trademark infringement.<sup>72</sup> For instance, the Second Circuit's decision in *Salinger* and the Fourth Circuit's decision in *Bethesda Softworks LLC v. Interplay Entertainment Corp.*, require the movant to establish irreparable harm in copyright cases, rather than presume irreparable harm upon a finding of likelihood of success, or actual success, on the merits.<sup>73</sup>

---

68. See generally *Winter*, 555 U.S. at 23–24 (discussing the requirements for the preliminary injunction of the Navy's sonar training); *eBay Inc.*, 547 U.S. at 390–94 (recognizing that injunctive relief for copyright and patent infringement is granted at the discretion of the court).

69. See generally *Winter*, 555 U.S. at 23–24; *eBay Inc.*, 547 U.S. at 390–94.

70. See Ronald T. Coleman, Jr., Trishanda L. Treadwell & Elizabeth A. Loyd, *Applicability of the Presumption of Irreparable Harm After eBay*, 32 FRANCHISE L.J. 3, 5–7 (2002).

71. See *id.*

72. *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 214 (3d Cir. 2014); *Herb Reed Enters., LLC v. Florida Entm't Mgmt., Inc.*, 736 F.3d 1239, 1248–49 (9th Cir. 2013); *Salinger v. Colting*, 607 F.3d 68, 78 (2d Cir. 2010); *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008).

73. *Bethesda Softworks, LLC v. Interplay Entm't Corp.*, 452 F. App'x 351, 354–55 (4th Cir. 2011); *Salinger*, 607 F.3d at 78.

In some circuits, such as the Second Circuit Court of Appeals, district courts within the circuit are extrapolating their circuit court's decision in another subject area, such as *Salinger* to copyrights, to actions brought to enjoin trademark infringement.<sup>74</sup> There are no decisions from the Second Circuit holding that irreparable harm cannot be presumed in a trademark infringement case. However, that court in *Salinger* applied the Supreme Court's *eBay* decision relating to eradication of the presumption of irreparable harm to copyright infringement actions.<sup>75</sup> On the basis of *Salinger*, at least one district court in the Second Circuit has applied the holding in *Salinger* to actions brought to enjoin trademark infringement.<sup>76</sup> Whereas the District Court for the District of Connecticut in *ComPsych Corp. v. Health Champion LLC* did not directly decide whether *Salinger*'s decision against the presumption of irreparable harm extends to trademark cases, the court cited to the *Salinger* decision wherein the court stated that it found "no reason that *eBay* would not apply with equal force to an injunction in *any* type of case."<sup>77</sup> Furthermore, the court acknowledged that following the *Salinger* decision, "most courts have applied *eBay*'s standard to trademark actions."<sup>78</sup> Once again, there was no analysis of the differences, if any, in the harm suffered from trademark versus copyright infringement, or by whom the harm will be suffered.

The Seventh Circuit Court of Appeals, upon a finding of likelihood of success on the merits, appears to favor a presumption of irreparable harm in trademark infringement actions. While it does not directly say so, in its decision in *Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc.*, the court went so far as to hold, "irreparable harm is especially likely in a trademark case because of the difficulty of quantifying the likely effect on a brand of a nontrivial period of consumer confusion (and the interval between the filing of a trademark infringement complaint and final judgment is sure not to be trivial)."<sup>79</sup> It would appear from this decision that, in its decision to grant injunctive relief, the court connects a "strong

---

74. See, e.g., *Microsoft Corp. v. AGA Sols., Inc.* 589 F. Supp. 2d 195, 204 (E.D.N.Y. 2008).

75. *Salinger*, 607 F.3d at 77.

76. *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 539–40 (S.D.N.Y. 2014).

77. *ComPsych Corp. v. Health Champion LLC*, No. 3:12CV692 (VLB), 2012 WL 6212653, at \*4 (D. Conn. Dec. 13, 2012).

78. *Id.*

79. *Kraft Foods Grp. Brands LLC v. Cracker Barrel Old Country Store, Inc.*, 735 F.3d 735, 741 (7th Cir. 2013).

likelihood of prevailing in the full trial” and the damage done to the mark’s owner if the injunction is denied.<sup>80</sup> Arguably under *Winter*, the first element, the likelihood of prevailing on the trademark infringement claim must be established by the movant, but once established it would appear improper to resort to a sliding scale by which the need to issue the injunction increases with the strength of the likelihood of prevailing on the merits.<sup>81</sup>

The First Circuit Court of Appeals was faced with the issue of whether irreparable harm should be presumed in a trademark case in *Voice of the Arab World, Inc. v. MDTV Medical News Now, Inc.*<sup>82</sup> Appellant appealed the grant of a preliminary injunction following the district court’s determination that in a trademark case irreparable harm is presumed once the movant establishes it is likely to succeed in establishing infringement.<sup>83</sup> The appellant contended that the district court’s presumption was inconsistent with the *eBay* opinion.<sup>84</sup> The First Circuit Court of Appeals did not decide whether such a presumption was categorically correct and instead reversed the district court on the grounds that the district court abused its discretion by applying the presumption in a situation where appellee waited almost ten years before moving to enjoin the infringement.<sup>85</sup> The court wrote:

[I]t is unnecessary to decide at this time whether the rule relied upon by the district court (i.e., irreparable harm is presumed upon a finding of likelihood of success on the merits of a trademark infringement claim) is consistent with such principles, because—even if we assume without deciding that such rule is good law—we still find that the district court abused its discretion . . . .<sup>86</sup>

Both the Ninth and Eleventh Circuit Courts of Appeals have examined whether a presumption of irreparable harm exists in a trademark infringement matter, or whether the party seeking injunctive relief must establish it will suffer irreparable harm in the

---

80. *Id.* at 740.

81. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 51 (2008).

82. *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 31 (1st Cir. 2011).

83. *Id.* at 28.

84. *Id.* at 31.

85. *Id.* at 34–35.

86. *Id.* at 31.

absence of an injunction.<sup>87</sup> In *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, the Ninth Circuit Court of Appeals recited, “[a]s the district court acknowledged, two recent Supreme Court cases have cast doubt on the validity of this court’s previous rule that the likelihood of ‘irreparable injury may be presumed . . . .’”<sup>88</sup> Relying on the Supreme Court’s dicta that “[n]othing in the Patent Act indicates that Congress intended such a departure” from the need to establish irreparable harm, the court appropriated the reasoning from the Supreme Court’s conclusion that patent and copyright claims were of a similar nature and held that “so too nothing in the Lanham Act indicates that Congress intended a departure for trademark infringement cases.”<sup>89</sup> Perhaps if the court had considered the distinction of patent and copyright causes of action as compared to trademark actions, and the difference in harm resulting to consumers, it would not have so ruled, or at least, not without better explanation.

Nevertheless, the Ninth Circuit, using strong language, held that a party seeking permanent or preliminary injunctive relief in a trademark case must establish irreparable harm; it will not be presumed regardless of whether the party can establish it is likely to succeed on the merits.<sup>90</sup>

The Eleventh Circuit Court of Appeals, in a decision dealing with the Lanham Act, abolished the presumption of irreparable harm, after extending such a presumption for many years.<sup>91</sup> The basis for the abolition of the presumption of irreparable harm was the court’s belief that it needed to adhere to the “traditional principles of equity” cited by the Supreme Court in *eBay*.<sup>92</sup> The Eleventh Circuit also considered the similarity of the language affording injunctive relief in

---

87. Compare *Herb Reed Enters., LLC v. Fla. Entm’t Mgmt., Inc.*, 736 F.3d 1239, 1251 (9th Cir. 2013) (finding that plaintiffs in a trademark infringement case “seeking injunctive relief must proffer evidence sufficient to establish a likelihood of irreparable harm”), with *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1227–28 (11th Cir. 2008) (finding that “prior cases do extend a presumption of irreparable harm once a plaintiff establishes a likelihood of success on the merits of a trademark infringement claim”).

88. *Herb Reed Enters., LLC*, 736 F.3d at 1248–49 (quoting *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999)).

89. *Id.* at 1249 (quoting *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391–92 (2006)).

90. *Id.* at 1251.

91. See *N. Am. Med. Corp.*, 522 F.3d at 1227–29; *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1026, 1029 (11th Cir. 1989).

92. *N. Am. Med. Corp.*, 522 F.3d at 1228 (quoting *eBay Inc.*, 547 U.S. at 393).

both the Lanham and Patent Acts as a basis for its decision.<sup>93</sup> There was an analysis of the different damages caused by patent and trademark infringement, but not the persons to whom those damages might apply and why.<sup>94</sup>

It is quite clear that to some courts, there is little difference between patent and copyright actions, and the harm caused thereby, whether to the interests of a commercial party, or to consumers who rely on trademarks to analyze and select goods and services.<sup>95</sup>

Recently, Judge David N. Hurd, United States District Judge for the Northern District of New York, succinctly summarized what he viewed as the state of the law regarding presumption of irreparable harm in the Second Circuit.<sup>96</sup> The cause of action he addressed was not trademark infringement, but was instead false advertising, also a violation of Section 43(a) of the Lanham Act.<sup>97</sup> After reciting the necessary elements that must be established for a successful cause of action, Judge Hurd began his analysis of the preliminary injunction standard by quoting Magistrate Judge Mann's decision in *Golden Krust Patties, Inc. v. Bullock*: "[t]o say that there is confusion in this Circuit regarding the appropriate standard for assessing an application for a preliminary injunction would be an understatement."<sup>98</sup> Nevertheless, the court did not conclude either way regarding whether a presumption of irreparable harm exists, or whether a movant must prove that irreparable harm will follow denial of an injunction.

The Third Circuit Court of Appeals decided another case in which false advertising in violation of Section 43(a) of the Lanham Act was alleged.<sup>99</sup> The court held it had never recognized a presumption of irreparable harm in a false advertising case.<sup>100</sup> The Third Circuit, however, had applied a presumption of irreparable harm in trademark cases under the Act prior to *eBay* and *Winter*.<sup>101</sup> It noted that, in addition to lost revenue, the victim of false advertising was

---

93. *Id.*

94. *Id.*

95. *See eBay Inc.*, 547 U.S. at 391–93. It is very unlikely that a consumer buying a garden hose cares who owns the patent to that hose, but it is much more likely to rely on the trademark under which it is sold to judge quality, value, and reliability.

96. *Chobani, LLC v. Dannon Co.*, 157 F. Supp. 3d 190, 203–05 (N.D.N.Y. 2016).

97. *Id.* at 194, 199.

98. *Id.* at 198 (quoting *Golden Krust Patties, Inc. v. Bullock*, 957 F. Supp. 2d 186, 194 (E.D.N.Y. 2013)).

99. *Ferring Pharm., Inc. v. Watson Pharm., Inc.*, 765 F.3d 205, 206–07 (3d Cir. 2014).

100. *Id.* at 210.

101. *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 726 (3d Cir. 2004); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 195 (3d Cir. 1990).

potentially at risk for damage to the “product or brand’s reputation.”<sup>102</sup> That, the court wrote, would cause irreparable harm that was difficult to quantify.<sup>103</sup> Nevertheless, the injury that the court recognized was injury to the seller of the goods that were the subject of the false claims—not, it would appear, the consumers injured because they bought the goods in reliance on the false claims.

Noting that “[t]he Lanham Act’s injunctive relief provision is premised upon traditional principles of equity, like the Patent Act’s,”<sup>104</sup> the Third Circuit adopted the rationale, applying it at least to false advertising claims brought under the Act, and held that “a presumption of irreparable harm deviates from the traditional principles of equity, which require a movant to demonstrate irreparable harm.”<sup>105</sup> Thus, the Third Circuit Court of Appeals eliminated the presumption of irreparable harm “afforded to parties seeking injunctive relief in Lanham Act cases,” at least as to false advertising claims.<sup>106</sup> It did not distinguish between false advertising cases and trademark infringement cases, and based on its decision in *Ferring*, there is little or no reason to expect that the court would rule differently if the matter before it were a trademark infringement action and the allegation was that the defendant’s infringement caused consumer confusion. Arguably, as does trademark infringement, false advertising affects the buying decisions of consumers and harms more than just the competitor; it results in deception of the consumers who rely on the false claim. However, the court discussed only the harm to the competitor.<sup>107</sup> It failed in any way to mention the effect of false advertising on consumers and the harm that results.

Since the decisions of *eBay* and *Winter*, the Fourth Circuit Court of Appeals has not addressed the question of whether irreparable harm should be presumed in trademark cases. The last time the Fourth Circuit ruled concerning the presumption of irreparable harm in a case arising under Section 43(a) of the Lanham Act was in 2002.<sup>108</sup> In *Scotts*, confronted with a false advertising claim, the court wrote,

---

102. *Ferring Pharm., Inc.*, 765 F.3d at 212.

103. *Id.*

104. *Id.* at 214.

105. *Id.* at 216.

106. *Id.*

107. *See generally id.* The Third Circuit took a lengthy sojourn exploring how false advertising dilutes competitive advantages, only mentioning consumers in the aspect of their money, not the harm that can be caused to them based on the false advertising. *Id.*

108. *Scotts Co. v. United Indus. Corp.*, 315 F.3d 264, 269 (4th Cir. 2002).

“[i]n Lanham Act cases involving trademark infringement, a presumption of irreparable injury is generally applied once the plaintiff has demonstrated a likelihood of confusion, the key element in an infringement case.”<sup>109</sup> Since *Scotts*, there have been a number of district court decisions in the Fourth Circuit, even since *eBay* and *Winter*,<sup>110</sup> that have held in favor of such a presumption of irreparable harm.<sup>110</sup>

For example, in *Rebel Debutante LLC v. Forsythe Cosmetic Group, Ltd.*, Judge Schroeder recognized that injunctive relief is “an extraordinary remedy . . . which is to be applied only in [the] limited circumstances which clearly demand it.”<sup>111</sup> Although Judge Schroeder recognized that “a plaintiff must establish . . . that he is likely to suffer irreparable harm in the absence of preliminary relief,” he acknowledged that “in the context of a Lanham Act trademark infringement case . . . ‘a presumption of irreparable injury is generally applied once the plaintiff has demonstrated a likelihood of confusion, the key element in an infringement case.’”<sup>112</sup> Judge Schroeder referred to *eBay* in his opinion but distinguished it from the matter at hand on several grounds.<sup>113</sup> First, *eBay* involved a permanent injunction and *Rebel Debutante* dealt with a preliminary injunction, an order requested to preserve the status quo until trial.<sup>114</sup> Second, he distinguished copyright and patent cases from trademark cases, in which he wrote (referring to trademark actions), “where confusion may have long-lasting effects.”<sup>115</sup> And finally, he relied on the fact that other district courts in the Fourth Circuit applied the presumption in trademark actions.<sup>116</sup> Judge Schroeder did not

---

109. *Id.* at 273 (citing *Eli Lilly & Co. v. Nat. Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000); *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 142 (2d Cir. 1997)).

110. *PGI Polymer, Inc. v. Church & Dwight Co.*, No. 3:15-CV-00214-FDW-DSC, 2015 WL 5920013, at \*1 (W.D.N.C. Oct. 9, 2015); *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 456–57 (D.S.C. 2015); *De Simone v. VSL Pharm., Inc.*, 133 F. Supp. 3d 776, 780 (D. Md. 2015); *Diamonds Direct USA, Inc. v. BFJ Holdings, Inc.*, 895 F. Supp. 2d 752, 755 (E.D. Va. 2012); *Rebel Debutante LLC v. Forsythe Cosmetic Grp., Ltd.*, 799 F. Supp. 2d 558, 580 (M.D.N.C. 2011).

111. *Rebel Debutante LLC*, 799 F. Supp. 2d at 568 (quoting *Direx Israel, Ltd. v. Breakthrough Med. Corp.*, 952 F.2d 802, 811 (4th Cir. 1991)).

112. *Id.* at 568, 579 (first quoting *W. Va. Ass’n of Club Owners & Fraternal Services, Inc. v. Musgrave*, 553 F.3d 292, 298 (4th Cir. 2009); and then quoting *Scotts Co. v. United Industries Corp.*, 315 F.3d 264, 273 (4th Cir. 2002)).

113. *Id.* at 579.

114. *Id.*

115. *Id.*

116. *Id.* (citing *Meineke Car Care Ctrs., Inc. v. Catton*, No. 3:10-CV-000234-RLV-DSC, 2010 WL 2572875, at \*2 (W.D.N.C. June 24, 2010); *Lorillard Tobacco Co. v. S &*

identify, however, the victim of the long-lasting effects of confusion, whether it be the mark's owner, the consumers of the goods identified by the mark, or both.

District courts within the Fourth Circuit are not completely settled regarding the presumption of irreparable harm and at least one has broken ranks with other district courts that favor the existence of a presumption of irreparable harm once likelihood of confusion on the merits is established. Judge Davis of the Eastern District of Virginia, in *Pro-Concepts v. Resh*, questioned whether the presumption of irreparable harm in a trademark infringement action still exists following the Supreme Court's *Winter* decision.<sup>117</sup> Judge Davis wrote, "As a threshold matter, it is unlikely that the presumption alleged in the context of trademark infringement remains viable after the Supreme Court's decision in *Winter*."<sup>118</sup> Elaborating further Judge Davis stated that because a plaintiff bears the burden to establish irreparable harm, "the Court should not rely on a presumption of irreparable injury based on the likelihood that [the Defendant's] actions—whether intentional or not—are likely to confuse or mislead . . ."<sup>119</sup> In *Pro-Concepts*, however, it would appear that the court concluded that the evidence presented did not establish irreparable injury. Nevertheless, it appears that Judge Davis did not recognize the presumption of irreparable harm in trademark infringement cases and his basis for not doing so was *Winter*.

Most of the decisions of the district courts in the Fourth Circuit that continue to adopt the presumption that irreparable harm follows a finding of likelihood of success on the merits, do so with little or no reason expressed, other than to hold that the Supreme Court in *eBay* did not apply the presumption to preliminary injunctions<sup>120</sup> or to

---

M Brands, Inc., 616 F. Supp. 2d 581, 587 (E.D. Va. 2009); *Toolchex, Inc. v. Trainor*, 634 F. Supp. 2d 586, 591 n.2 (E.D. Va. 2008)).

117. *Pro-Concepts, LLC v. Resh*, No. 2:12CV573, 2013 WL 5741542, at \*21 (E.D. Va. Oct. 22, 2013).

118. *Id.* Judge Davis held that in this trademark action, the court would not rely on a presumption of irreparable injury resulting from confusion of customers. *Id.*

119. *Id.*

120. In relying on the holding in *eBay* that the Supreme Court did not apply the presumption to a preliminary injunction, the 2011 decision *Rebel Debutante LLC v. Forsythe Cosmetic Group, Ltd.* appears to overlook the Supreme Court's 2008 *Winter v. Natural Resources Defense Council, Inc.* decision, which did involve a preliminary injunction and abolished the presumption of irreparable harm. See *Rebel Debutante LLC*, 799 F. Supp. 2d at 579; *Winter*, 555 U.S. at 22.



trademark actions.<sup>121</sup> Judge Deborah Chasanow, sitting in the Southern Division of the District of Maryland, adopted the presumption of irreparable harm in a case in which the author represented the plaintiff in a trademark infringement action.<sup>122</sup> Judge Chasanow held that, “Plaintiff is likely to suffer irreparable harm from Defendant’s continued unauthorized use of its marks.”<sup>123</sup> She ruled that courts generally will presume that irreparable harm has occurred where the trademark owner establishes it is likely to succeed on the merits of its infringement claim.<sup>124</sup> Judge Chasanow, however, delved a bit deeper and explained the cause of irreparable harm, citing Judge Learned Hand’s pronouncement, as applied by the Fourth Circuit’s decision in *Pizzeria Uno Corp. v. Temple*, “if another uses [someone’s trademark], he borrows the owner’s reputation whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use.”<sup>125</sup>

There is a distinction to be drawn between the damages caused from trademark infringement as contrasted with the damages caused by patent and copyright infringement. In the typical patent or copyright infringement case, the plaintiff has lost the ability to exclusively control the use of the invention or expression, or to say it another way, the owner of these property rights is granted, by statute, a right to exclude others from making, using, offering for sale or selling the patented invention,<sup>126</sup> or from reproducing, distributing, or, among other rights, creating derivative works from the copyrighted expression.<sup>127</sup> The common thread that is sewn by Congress joining rights granted to patentees and holders of copyrights is the right to exclude others from use.<sup>128</sup> The mere fact that an infringer has violated any of the exclusive rights of the patent or copyright holder may result in the loss of monetary benefit to the owner of the right. And often the owner of the right earns its income from the right by licensing others to practice or otherwise exploit the right. Consumers are not directly affected by the infringement.

---

121. *Rebel Debutante LLC*, 799 F. Supp. 2d at 579–80 (quoting *National League of Junior Cotillions, Inc. v. Porter*, No. 3:06-CV-508-RJC, 2007 WL 2316823, at \*6 (W.D.N.C. Aug. 9, 2007), *aff’d*, 280 F. App’x 322 (4th Cir. 2008)).

122. *Potomac Conference Corp. of Seventh-Day Adventists v. Takoma Acad. Alumni Ass’n, Inc.*, No. DKC 13-1128, 2014 WL 857947, at \*19 (D. Md. Mar. 4, 2014).

123. *Id.*

124. *Id.*

125. *Id.* (quoting *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1535 (4th Cir. 1984)).

126. 35 U.S.C. § 154(a)(1) (2012).

127. 17 U.S.C. § 106 (2012).

128. *See id.*; *see also* 35 U.S.C. § 154(a)(1).

As the Supreme Court has clearly established, a party seeking an injunction, whether preliminary or permanent, must establish that it will suffer irreparable harm in the absence of the grant of the injunction.<sup>129</sup> Justice Kennedy in his concurring opinion in *eBay* noted that the world of patent rights has changed and that “[a]n industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”<sup>130</sup> It is logical to require a party seeking an injunction in a patent or copyright case where damages may be either irreparable or merely monetary to establish to the court that in the absence of injunctive relief the party will indeed suffer irreparable harm that cannot be compensated for by monetary damages.

#### IV. THE NEED FOR CONSUMER PROTECTION

When the Ninth Circuit Court of Appeals, in *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, held that “nothing in the Lanham Act indicates that Congress intended a departure for trademark infringement cases,”<sup>131</sup> perhaps it could have dug a bit deeper into what Congress intended when the Act was debated and later enacted, and whom Congress intended to protect by its enactment. Trademarks are different than patents and copyrights as trademarks serve a different purpose than patents and copyrights. In general terms, trademarks serve to designate a source of goods and services.<sup>132</sup> Surely, to their owners they are valuable intangible assets and must be protected from infringers. But, within this value, to their owners lies their core value. Trademarks allow consumers to choose among goods based on the quality of the goods and the reputation of the source.<sup>133</sup> For this reason alone, courts should not treat trademarks as they do patents and copyrights when a movant seeks injunctive relief. Professor McCarthy has observed that the basic policy behind the law of unfair competition is “[t]he interest of the public in not being deceived.”<sup>134</sup> The second purpose, more akin to patent and copyright policy, is to protect a plaintiff’s property rights

---

129. *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008); *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

130. *eBay Inc.*, 547 U.S. at 396 (Kennedy, J., concurring).

131. *Herb Reed Enters., LLC v. Florida Entm’t Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013).

132. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:1 (4th ed. 2016).

133. *Id.* § 3:10.

134. *Id.* § 2:1 (citing *Zippo Mfg. Co. v. Rogers Imps., Inc.*, 216 F. Supp. 670, 694 (S.D.N.Y. 1963)).

built up through use of its marks.<sup>135</sup> Thus, McCarthy opines there are two goals of modern trademark law: to protect consumers from confusion and deception, and to protect the plaintiff's property.<sup>136</sup> Professor McCarthy's opinion is supported by the 1992 decision of the Supreme Court recognizing that trademarks, or trade dress, allow consumers to select the goods or services of another.<sup>137</sup> This policy, or goal, was reported by the United States Senate in a 1946 report relating to the Act. The report read, in part:

The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get.<sup>138</sup>

In addition to the protection of the public, another goal of trademark law expressed in the report is the protection of the mark's owner's interest in time and money in building the value and recognition of the mark.<sup>139</sup> When the provisions of Section 32 of the Act were debated in 1944, Representative Lanham testified on behalf of its inclusion with a view of protecting the public.<sup>140</sup> As did Congressman Lanham almost seventy years ago, the Supreme Court has recognized that a purpose of the Act is the protection of

---

135. *Id.*

136. *Id.*

137. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 763 (1992).

138. S. REP. NO. 79-1333, at 1274 (1946).

139. *Id.*

140. *An Act to Provide for the Registration and Protection of Trade-marks Used in Commerce, to Carry Out the Provisions of Certain International Conventions, and for Other Purposes: Hearing on H.R. 82 Before the Subcomm. of the Comm. on Patents*, 78th Cong. 73 (1944) ("Since we are trying to protect the public, I think we are going pretty far afield with reference to some possibilities that might arise.") (statement of Rep. Fritz G. Lanham). Additionally, Representative Lanham testified:

I think that the protection of the public is of paramount importance with reference to goods that the public consumes and that some second party ought not be allowed to come along, take liberties with the trade-mark, and represent that it is just about the same thing or the same product exactly.

*Id.* The Department of Justice presented its opinion on the topics at these hearings. Responding to Representative Lanham's above comments, Justice Department representative Moyer testified, "I may say that I agree completely with Congressman Lanham's statement as to the necessity of protecting the public. I believe we are one in wishing for public protection and prevention of the palming off of one person's goods as the goods of another person." *Id.* at 74 (statement by Spec. Assistant to Att'y Gen. Elliot H. Moyer).

consumers from being misled by the use of infringing marks.<sup>141</sup> The Fourth Circuit, likewise, has held “Congress intended the Lanham Act to protect consumers from confusion in the marketplace . . . .”<sup>142</sup>

The protection of consumers from confusion and deception is not the only benefit provided to consumers by trademarks. For example, trademarks allow consumers to distinguish high quality products from those of lower quality.<sup>143</sup>

Still another consumer benefit provided by trademarks is that trademarks reduce the cost of learning about a product.<sup>144</sup> Without brand names or other means of identifying makers of goods, or providers of services, consumers face larger risks and incur greater costs of developing information about goods and services.<sup>145</sup> Judge Posner echoed the belief that trademarks are of great value to consumers:

The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods. The consumer who knows at a glance whose brand he is being asked to buy knows whom to hold responsible if the brand disappoints and whose product to buy in the future if the brand pleases.<sup>146</sup>

Judge Posner expressed what he believed to be the fundamental benefit a trademark imparts to a consumer: ease and reduced cost of selection of goods and services.<sup>147</sup> He also touched on the issue of reputation of the mark’s owner.<sup>148</sup> But, clearly, Judge Posner recognized that a trademark affixed to goods provides a valuable benefit directly to consumers, and the results of that benefit encourage a trademark owner to maintain the quality of the goods and services that bear the mark—yet another benefit to consumers who have come to rely on a mark in their selection of goods and services.

---

141. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003).

142. *Radiance Found., Inc. v. NAACP*, 786 F.3d 316, 323 (4th Cir. 2015).

143. RICHARD CRASWELL, FTC OFFICE OF POLICY PLANNING, TRADEMARKS, CONSUMER INFORMATION AND BARRIERS TO COMPETITION 15 (1979).

144. *See* ARMEN ALCHIAN & WILLIAM R. ALLEN, EXCHANGE AND PRODUCTION: COMPETITION, COORDINATION, AND CONTROL 110–11 (John Mahaney & Larry Olsen eds., 2d ed. 1977).

145. *See id.*

146. *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

147. *Id.*

148. *Id.*

Consumers of trademarked goods do not have standing to sue trademark infringers under the Act. The Supreme Court has held that “[i]dentifying the interests protected by the Lanham Act, however, requires no guesswork, since the Act includes an ‘unusual, and extraordinarily helpful,’ detailed statement of the statute’s purposes.”<sup>149</sup> And while the language of the Court would state that the Act’s goal is the protection of persons engaged in commerce within Congress’ control, the other decisions of the Court,<sup>150</sup> and the legislative history of the Act,<sup>151</sup> make clear that a purpose of the Act is the protection of consumers. Courts have excluded those who are not engaged in commerce and within a so-called “zone-of-interests” from standing to bring a suit for trademark infringement or false advertising.<sup>152</sup> That clearly excludes a consumer who has been deceived by an infringer’s use of another’s mark. And while this makes sense to avoid clogging the federal courts with consumer suits over infringement, the non-commercial interests of those consumers are worthy of protection, and are a stated goal of the Act. Who, then, protects consumers of trademarked goods under the Act if consumers are unable to protect themselves?

In order to establish a claim for trademark infringement under the Act, the plaintiff must establish that the use of the mark by the defendant is likely to result in confusion as to source of the goods, sponsorship or affiliation.<sup>153</sup> Each circuit has adopted its own set of factors it applies to determine whether there is a likelihood of

---

149. *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1389 (2014) (quoting *H.B. Halicki Prods v. United Artists Commc’ns, Inc.*, 812 F.2d 1213, 1214 (9th Cir. 1987)). Section 45 of the Act provides:

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

15 U.S.C. § 1127 (2012).

150. *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985).

151. *Hearing on H.R. 82 Before the Subcomm. of the Comm. on Patents, supra* note 140, at 73–74 (statements of Rep. Fritz G. Lanham & Spec. Assistant to Att’y Gen. Elliot H. Moyer).

152. *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388 (2014).

153. 15 U.S.C. § 1125(a)(1)(A) (2012).

confusion arising from the use by defendant of a mark, but all sets of factors are similar.<sup>154</sup> When the question of whether the use of the defendant's mark is likely to result in consumer confusion is answered in the affirmative, infringement has been established.<sup>155</sup> Once that occurs, injury to two interests have occurred. First, there is damage to a plaintiff's property interest in its mark. Assuming for argument's sake that the defendant is making its product exactly as the plaintiff does, that its warranty and customer service is exactly the same as plaintiff's, and that there is absolutely no difference in the quality, safety, and longevity of the two products, then arguably plaintiff's reputation has not suffered, and plaintiff has only lost profits from the sales made by defendant while employing plaintiff's mark. It is, however, highly unlikely that each of the above elements will be the same, but if they are, a defendant in those circumstances will claim that money, alone, will compensate a plaintiff for its lost sales. The defendant must be capable of paying the compensation. This analysis may be a bit shallow because enhanced production by plaintiff can lead to lower costs and increased market penetration, but even so, these losses may be capable of quantification and the cost to the plaintiff may be added to damages. A court has discretion, subject to the principles of equity in awarding monetary damages in a trademark case.<sup>156</sup> It can increase its award of damages up to three times the amount of actual damages; it can adjust its award of profits up or down as it "find[s] to be just."<sup>157</sup>

## V. CONCLUSION

The language of the Act fails to address harm to the consumer caused by the defendant's acts of trademark infringement, as those harms are earlier described. But Congress, nevertheless, intended the Act to protect consumers of trademarked goods and the testimony of Congressman Lanham reflected this, as did opinions of the Supreme Court.<sup>158</sup> Nevertheless, the Supreme Court, in both *eBay* and *Winter*, neither being a trademark decision, did not have to address the harms caused to consumers by defendant's acts of trademark

---

154. *E.g.*, *George & Co. LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009) (applying nine factors enumerated in the case).

155. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 152 (4th Cir. 2012).

156. 15 U.S.C. § 1117(a) (2012).

157. *Id.*

158. S. REP. NO. 79-1333, at 1274-77 (1946).

infringement.<sup>159</sup> These potential harms to consumers can include confusion, deception, and deprivation of an economic manner to accurately distinguish the goods of one seller from another. These are critical benefits, and if taken from a consumer, they will harm the consumer.

In a trademark infringement case, it is submitted, irreparable harm befalls those consumers of trademarked goods whose marks are the subject of infringement. Once infringement is shown likely, it should not be necessary to establish that irreparable harm to the mark's owner will follow. The courts should consider the irreparable harm caused to consumers who are confused by the infringement or who make unintended selections of goods or services based on defendant's use of an infringing mark. This harm to the consumer, who is unable to represent himself in a Lanham Act claim, should be presumed and should form the basis for injunctive relief that will prevent a defendant from further use of a mark that will result in confusion. A court should consider that these confused consumers do not have standing under the Act, and there is no one readily available to protect their interests. Consumers should be free from confusion and deception and should be able to use marks to select services and products they desire to consume. Requiring a mark's owner to establish that it is likely to suffer irreparable harm as a condition to the issuance of injunction ignores the harm that will befall a class of consumers once the plaintiff establishes it is likely to succeed on the merits of its infringement claim or has already prevailed on the merits at trial, or by summary judgment. Once the plaintiff establishes the likelihood of success, or actual success, on the merits, courts should recognize the interests of the consuming public and enjoin the infringing conduct, if not to protect the mark's owner, to protect consumers.

---

159. The Court in *eBay* considered the act of copyright infringement. The Court indicated its patent holding was consistent with its copyright holdings and that patent and copyright property rights were similar. *See supra* pp. 379–81.