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Third Circuit Rejects Presumption of Irreparable Harm for Injunctive Relief under Lanham Act

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Following a series of recent appellate decisions across the spectrum of intellectual property disciplines, including the fields of patent, copyright and trade secrets, the Court of Appeals for the Third Circuit has ruled that a plaintiff cannot rely on a presumption of irreparable harm in seeking preliminary injunctive relief under the Lanham Act. In *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc*.,[1] the Third Circuit affirmed the district court's denial of a motion for a preliminary injunction that sought to enjoin certain advertising claims, including comparative claims, under the Lanham Act. The appellate panel found that the Supreme Court's decisions in *eBay*[2] and *Winter*[3] compelled the court to reject any presumption of irreparable harm – whether in the context of a motion for preliminary or permanent injunctive relief – and that plaintiffs in Lanham Act cases – seemingly whether sounding in trademark infringement or false advertising – will have to demonstrate a likelihood of irreparable harm to obtain injunctive relief.

Ferring Pharmaceuticals and Watson Pharmaceuticals are competitors in the market for prescription progesterone products, a hormone related to a woman's ability to become pregnant and maintain a healthy pregnancy. Ferring alleged that two presentations made by Watson to doctors and other health care professionals in person and over the Internet about Ferring's progesterone product contained false statements, including statements about women's purported preferences for Watson's product over Ferring's. Watson admitted in its appellate brief that the statements were inaccurate and false.[4] Ferring moved for a preliminary injunction to enjoin Watson from making further false claims and for corrective advertising. The district court denied the motion, finding that Ferring was not entitled to a presumption of irreparable harm and otherwise failed to introduce sufficient evidence to establish proof of it. The Watson representative who gave the presentations had certified to the court he would never make the false statements again, which weighed heavily in the court's determination that Ferring had not established sufficient evidence of irreparable harm.

The Third Circuit affirmed the trial court's denial of the preliminary injunction and rejection of a presumption of irreparable harm. Recognizing that other courts of appeals had applied a presumption of harm in comparative false advertising cases upon a showing of likelihood of success on the merits (though the Third Circuit itself had not),[5] and that the Third Circuit had applied the presumption in Lanham Act trademark infringement cases, the panel held that *eBay* and *Winter* precluded application of the presumption any longer. The court found that *eBay* required courts to apply traditional equitable considerations in *any* case in which injunctive relief is sought, which would include Lanham Act cases. The court further concluded that *Winter*'s mandate that courts require a plaintiff to demonstrate a "likelihood" of irreparable harm to be entitled to preliminary injunctive relief, rather than a more lenient "possibility" of such harm, precluded permitting a plaintiff to rely on a similarly lenient presumption of irreparable harm.

Notably, the Third Circuit rejected Ferring's argument that the Lanham Act presented unique considerations that made *eBay* – a patent case – inapplicable. While recognizing that the Lanham Act was intended to protect against harm to goodwill and reputation, including in the context of comparative false advertising, and that such harm is particularly difficult to measure by monetary damages, the court held nonetheless that the Supreme Court's holding in *eBay* was not confined to any particular subject matter or property right. The court further held that, like the text of the Patent Act, "the text of the Lanham Act clearly evinces congressional intent to require courts to grant or deny injunctions according to traditional principles of equity."[6]

The Third Circuit is not the first appellate court to reject the presumption of irreparable harm in a Lanham Act case. As the court noted, the Ninth Circuit recently held that likelihood of irreparable harm in a trademark infringement action may no longer be presumed from a demonstration of likelihood of success on the merits.[7] Other appellate courts have questioned whether *eBay* precluded a presumption of irreparable harm but declined to rule on the issue, as the panel also noted.[8]

This decision adds to the string of appellate opinions that have expanded the application of *eBay* to all forms of intellectual property, now including false advertising allegations brought under the Lanham Act. As a result, plaintiffs seeking injunctive relief to stop false advertising would be wise to muster compelling evidence of the harm they will likely suffer to their brands or products and services from the advertiser's false statements and claims. While a diligent plaintiff would assemble such evidence even if a presumption of irreparable harm applied, the importance of that evidence and its presentation in the most persuasive manner is now more important than before.

[1] No. 13-2290 (3d Cir. August 26, 2014).

[2] *eBay Inc. v. MercExchange, L.L.C.,* 547 U.S. 388 (2006).

[3] *Winter v. Natural Resources Defense Council, Inc.,* 555 U.S. 7 (2008).

[4] Slip Op. at 5.

[5] Slip Op. at 9-10 (citing to *Southland Sod Farms v. Stover Seed Co.,* 108 F.3d 1134, 1146 (9th Cir. 1997); *Abbott Labs. v. Mead Johnson & Co.,* 971 F.2d 6, 16 (7th Cir. 1992); *McNeilab, Inc. v. Am. Home Prods. Corp.,* 848 F.2d 34, 38 (2d Cir. 1988)).

[6] Slip Op. at 18 (citing 15 U.S.C. § 1116(a)).

[7] Slip Op. at 18 (citing *Herb Reed Enters., LLC v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1242 (9th Cir. 2013)).

[8] Slip Op. at 19 n.10 (citing *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.,* 704 F.3d 44, 53-55 (1st Cir. 2013); *Paulsson Geophysical Servs., Inc. v. Sigmar*, 529 F.3d 303, 313 (5th Cir. 2008); *N. Am. Med. Corp. v. Axiom Worldwide, Inc.,* 522 F.3d 1211, 1226-28 (11th Cir. 2008)).