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Second Circuit Adopts More Stringent Standard For Preliminary Injunctions In Copyright Cases

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A Second Circuit ruling issued last Friday, April 30, may make it more difficult for copyright owners seeking to protect their works through preliminary injunction.

In *Salinger v. Colting*, No. 09-CV-2878 (2d Cir. April 30, 2010), the Second Circuit applied the Supreme Court's decision in *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006) in holding that courts may no longer issue a preliminary injunction in a copyright case based on a presumption that a plaintiff will suffer irreparable harm following a showing that the plaintiff is likely to succeed on the merits.

Factual Background

In this well-publicized case, author J.D. Salinger[1] sought to protect his copyrighted work *The Catcher in the Rye* ("*Catcher*") from what he claimed was an unauthorized sequel. *Catcher*, first published in 1951, is the first-person story of Holden Caulfield, a cynical sixteen-year-old boy who is expelled from prep school and who wanders New York City for several days before returning home. Following the publication of *Catcher*, Salinger retreated from public life, never publishing after 1965, and never authorizing any new narrative involving the Caulfield character or any work derivative of *Catcher*.

Defendant Frederik Colting wrote *60 Years Later: Coming Through the Rye* ("*60 Years Later*"), which was published in May 2009. The novel is the story of a 76-year-old Holden Caulfield in a world that includes a fictionalized 90-year-old Salinger, who is bent on Caulfield's destruction before a final reconciliation.

Following the publication of *60 Years Later*, Salinger sued Colting, his publishing company, and his distributor for copyright infringement and unfair competition. Salinger moved for a preliminary injunction preventing the defendants from publishing, advertising, or otherwise distributing *60 Years Later* in the United States. Salinger pointed to the similarities between the two works, including the use of the same main character and similar plot elements, as well as the defendants' efforts to market *60 Years Later* as a sequel to *Catcher* as evidence of infringement. The defendants argued that *60 Years Later* is a critical commentary on *Catcher* and Salinger rather than a sequel, noting that Salinger himself appears in the new novel.

District Court Proceedings

On July 1, 2009, the Southern District of New York granted Salinger's motion for a preliminary injunction. *Salinger v. Colting*, 641 F. Supp. 2d 250, 253-254 (S.D.N.Y. 2009). The district court held that Salinger was likely to succeed on the merits based on the substantial similarity of the two works. The district court rejected the fair use defense, holding that *60 Years Later* was not sufficiently transformative of *Catcher*, noting that the defendants marketed *60 Years Later* as a sequel. *Id.* at 256-57. The district court further held that although Salinger has publicly disclaimed any intention of writing or authorizing a sequel, there is a value in the right *not* to authorize derivative works. *Id.* at 267-68.

Upon determining that Salinger was likely to succeed on the merits of his claim, the district court, applying the well-established Second Circuit standard, presumed Salinger would suffer irreparable harm and issued a preliminary injunction. *Id.* at 268. This presumption was permitted under well-established Second Circuit precedent. As the Second Circuit noted, "this Court has nearly always issued injunctions in copyright cases as a matter of course upon a finding of likelihood of success on the merits." *Salinger*, Slip Op. at 12.

Second Circuit Applies the *eBay* Standard

The presumption of irreparable harm and the line of cases supporting it, however, was recently called into question by the Supreme Court's holding in *eBay*. There, the Supreme Court held that a plaintiff seeking a permanent injunction must satisfy a four factor test:

> 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.

Id. at 391.

The district court in *Salinger* made a passing reference to the *eBay* decision in a footnote, but held that it was limited to the patent law context and not controlling with respect to copyright cases. *Salinger*, 641 F. Supp. 2d at 269 n.6.

The Second Circuit reversed, holding that the Supreme Court's reasoning in adopting this standard applied equally to preliminary injunctions in the context of copyright cases. The Second Circuit expressly limited its holding to this context (although, as discussed below, this holding may apply in other contexts as well). *Salinger*, Slip Op. at 15.

Applying the *eBay* factors, the Second Circuit held that a plaintiff seeking a preliminary injunction in a copyright case must demonstrate: (1) "either (a) a likelihood of success on the merits or (b) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in the plaintiff's favor"; (2) likelihood of "irreparable injury in the absence of an injunction"; (3) "the balance of hardships between the plaintiff and defendant…tips in the plaintiff's favor"; and (4) "that the public interest would not be disserved by the issuance of a preliminary injunction." *Id.* at 18. The Second Circuit remanded the case to the district court for a determination under this standard.

Under this newly adopted standard, the court cautioned that "courts must not simply presume irreparable harm" where likelihood of success on the merits is established *Id.* at 20. "Harm may be irremediable, or irreparable, for many reasons, including that a loss is difficult to replace or difficult to measure, or that it is a loss that one should not be expected to suffer." *Id.* In the copyright context, the potential for market confusion, the difficulty of proving lost sales due to infringement, and the loss of First Amendment freedoms (such as, in the case of Salinger, the right *not* to speak) are all issues that may be considered under this factor. *Id.* The critical change following the *Salinger* decision is that a plaintiff has the burden to prove facts showing irreparable harm in order to obtain a preliminary injunction.

Particularly troubling for future copyright plaintiffs, the court also said in dicta that "courts should be particularly cognizant of the difficulty of predicting the merits of a copyright claim at a preliminary injunction hearing," particularly "when a defendant raises a colorable fair use defense." *Id.* at 19. However, in this case the Second Circuit did not disturb the district court's finding that Salinger is likely to succeed on the merits of his copyright infringement claim. The Second Circuit deemed "manifestly meritless" the defendant's argument that the two works in question are not substantially similar. With respect to the fair use defense, the Second Circuit upheld the district court's finding that the defendant's fair use claim was not credible in light of the author's public comments describing the work as a "sequel" to Salinger's work. *Id.* at 23.

Application Beyond the Second Circuit and Outside of the Copyright Context

The Second Circuit's decision in *Salinger* is consistent with decisions from courts in the First, Fourth Ninth, and Eleventh Circuit applying *eBay* in the context of copyright infringement claims.[2] However, the Federal Circuit has applied a pre-*eBay* standard in one post-*eBay* copyright case involving a preliminary injunction, albeit without discussion.[3]

In addition, given its reasoning, it is not clear why the Second Circuit expressly limited its decision in *Salinger* to preliminary injunctions in copyright cases. The court noted as much in a footnote: "we see no reason that *eBay* would not apply with equal force to an injunction in *any* type of case." *Id.* at 15 n.7 (emphasis in original). The court noted that although it had recently applied the pre-*eBay* standard where a plaintiff sought a preliminary injunction in a Lanham Act false advertising case,[4] the issue of whether *eBay* affected the preliminary injunction standard was neither raised by the parties nor discussed by either the district court or the Second Circuit, and therefore that opinion was not binding on this issue. *Id.* at 14 n.6. The Ninth Circuit also has recently applied a pre-*eBay* standard, without discussion, in a preliminary injunction trademark case.[5]

From a practical standpoint, the *Salinger* decision may not necessarily mean a sharp drop in the number of preliminary injunctions issued in copyright cases. As the Second Circuit noted, at least one empirical study has demonstrated that legal remedies have been deemed inadequate in a majority of copyright cases at the preliminary injunction stage. However, it is clear that copyright plaintiffs now bear the burden of developing sufficient evidence to make a showing of irreparable injury, which may increase the litigation costs to plaintiffs seeking preliminary equitable relief.

[1] Salinger died during the pendency of the appeal, and the trustees of the J.D. Salinger Literary Trust were substituted as appellees. For clarity, we refer to Salinger as the plaintiff-appellee in this article.

[2] *CoxCom, Inc. v. Chaffee*, 536 F.3d 101, 112 (1st Cir. 2008); *Peter Letterese & Assocs. v. World Inst. of Scientology Enters. Int'l*, 533 F.3d 1287, 1323 (11th Cir. 2008); *Christopher Phelps & Assocs. v. Galloway*, 492 F.3d 532, 543 (4th Cir. 2007); *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1208-10 (C.D. Cal. 2007).

[3] *Jacobsen v. Katzer*, 535 F.3d 1373, 1378 (Fed Cir. 2008).

[4] *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 162 (2d Cir. 2007).

[5] *Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir. 2007).