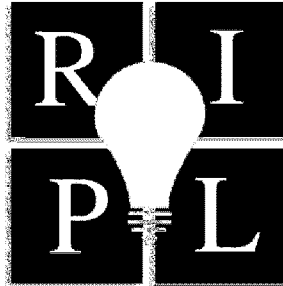


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



INJUNCTIONS IN PATENT CASES AFTER *EBAY*

EDWARD D. MANZO

ABSTRACT

The United States Constitution gives Congress the power to grant to inventors exclusive rights to their inventions. Accordingly, 35 U.S.C. § 154(a) states that every patent grants to the patentee exclusive rights to make and use their inventions, and 35 U.S.C. § 283 provides that a court may grant injunctions in accordance with the principles of equity. The Federal Circuit developed a general standard that a permanent injunction should issue, except in extraordinary standards, after a patent is judicially declared valid. However, in May 2006, the Supreme Court overruled that standard in *eBay Inc. v. MercExchange, L.L.C.*, declaring that the traditional four-pronged test of equity must be applied in patent cases. This article reviews Federal Circuit and district court patent cases that were faced with whether to grant preliminary or permanent injunctions after *eBay*.

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Cite as Edward D. Manzo, *Injunctions in Patent Cases After eBay*, 7 J. MARSHALL
REV. INTELL. PROP. L. 44 (2007).

INJUNCTIONS IN PATENT CASES AFTER *EBAY*

EDWARD D. MANZO*

INTRODUCTION

The patent statute says that courts may enter injunctions in patent cases but does not set forth the conditions for them.¹ The Federal Circuit developed a general rule stating an injunction will follow a finding of infringement,² but on May 15, 2006, in *eBay Inc. v. MercExchange, L.L.C.*,³ the Supreme Court overruled this rule.⁴ This paper reviews *eBay* and its effects on courts deciding whether to grant preliminary or permanent injunctions in patent cases.

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¹ 35 U.S.C. § 283 (2006).

² *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246–47 (Fed. Cir. 1989) (stating “[i]t is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it”).

³ 126 S. Ct. 1837 (2006).

⁴ *Id.* at 1841.

I. INJUNCTIONS AND *EBAY*

The U.S. Constitution provides for a patent right that is *exclusive*: “The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the *exclusive* Right to their respective Writings and Discoveries.”⁵ The patent statute enacted by Congress in 1952 pursuant to this provision states in section 154 that each patent shall “contain . . . *the right to exclude* others from using, offering for sale or selling [the invention]”⁶ However, section 283 specifies that courts having jurisdiction “*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.”⁷ Harmonization of these provisions is necessary, and from some of the language as written, it would seem that the right to exclude is not unconditional but subject to equitable principles.

Many inventors, patent litigators, and other practitioners feel that after patent infringement is judicially established, they are *entitled* to exclude the infringer and that it is equitable to do so in all but the most compelling of instances where, for example, public health or other important needs would be jeopardized by the injunction.⁸ They are, therefore, surprised by the ruling in *eBay*, where a unanimous Supreme Court rejected the “general rule” of the Federal Circuit that a permanent injunction should issue after patent infringement is judicially established except in extraordinary situations.⁹ The Supreme Court remanded the case for further determinations, with no opinion on the merits, declaring that the traditional four-pronged test of equity must be applied in patent cases, just as with others.¹⁰

In *eBay*, plaintiff MercExchange held a number of patents including a business method patent for an electronic market.¹¹ It had licensed others and sought to license eBay. A jury found the patent valid, infringed, and that damages were appropriate.¹² However, the district court denied the patentee’s motion for injunctive relief.¹³ The Federal Circuit reversed, applying its general rule that courts should issue permanent injunctions in patent cases except in exceptional circumstances.¹⁴

The relatively short opinion for the Supreme Court was written by Justice Thomas and noted several points. First, the four-factor test for equitable relief *does* apply:

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may

⁵ U.S. CONST. art. I, § 8, cl. 8 (emphasis added).

⁶ 35 U.S.C. § 154(a)(1) (emphasis added).

⁷ *Id.* § 283 (emphasis added).

⁸ See Damian Myers, *Reeling in the Patent Troll: Was eBay v. MercExchange Enough?*, 14 J. INTELL. PROP. L. 333, 340 (2007) (indicating that patent owners often desire injunctive relief to halt infringing activity).

⁹ *eBay*, 126 S. Ct. at 1841.

¹⁰ *Id.*

¹¹ *Id.* at 1839.

¹² *MercExchange, L.L.C. v. eBay, Inc.*, 500 F. Supp. 2d 556, 559 (E.D. Va. 2007), *rev’d*, 401 F.3d 1323 (Fed. Cir. 2005), *vacated*, 126 S. Ct. 1837 (2006).

¹³ *Id.* at 591.

¹⁴ *MercExchange*, 401 F.3d at 1338–39, *vacated*, 126 S. Ct. 1837.

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. The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion.¹⁵

Second, any major departure from established equity practice “should not lightly be implied.”¹⁶ Third, the patent statute at section 283 says that courts “may” grant injunctions “in accordance with the principles of equity . . .”¹⁷ Implicitly, injunctions are not *required* by this statutory language. Fourth, as the Court saw it, the creation of a right, in this instance the “right to exclude” set forth in section 154, is distinct from the provision of *remedies* for violating that right.¹⁸ Fifth, the Court had already confirmed that in copyright cases, the four-factor test applies, even though the Copyright Act like the Patent Act grants a right to exclude: “And as in our decision today, this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.”¹⁹

Here, the district court erred by not fully considering the irreparable harm aspect of the case. It applied too rigid a test for an injunction and appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases. Most notably, it concluded that a “plaintiff’s willingness to license its patents” and “its lack of commercial activity in practicing the patents” would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. But traditional equitable principles do not permit such broad classifications.²⁰

Interestingly, the Supreme Court noted that small inventors and university researchers, who may prefer to license their patents, “may be able to satisfy the traditional four-factor test.”²¹ The Federal Circuit’s (perceived) categorical rule is in tension with principles of equity adopted by Congress.²² On the side of enforcing the right to exclude, the Supreme Court denied that courts of equity have no jurisdiction to grant injunctions even when patentees have unreasonably refused to use the patent.²³ In other words, while permanent injunctions are not mandatory, neither is compulsory licensing of U.S. patents.

¹⁵ *eBay*, 126 S. Ct. at 1839 (citations omitted).

¹⁶ *Id.*

¹⁷ 35 U.S.C. § 283 (2006).

¹⁸ *eBay*, 126 S. Ct. at 1840.

¹⁹ *Id.* See, e.g., *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505 (2001) (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, n. 10 (1994)); *Dun v. Lumbermen’s Credit Assn.*, 209 U.S. 20, 23–24 (1908).

²⁰ *Id.* (citation omitted).

²¹ *Id.*

²² *Id.*

²³ *Id.* (citing *Cont’l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 422–30 (1908)).

The Supreme Court faulted the Federal Circuit for using too liberal a rule for determining injunctions, stating that it is improper to have any categorical rule in deciding this question of equity.²⁴ Finally, the decision whether to grant or deny an injunction rests in the district court's discretion, which must be exercised in accordance with traditional principles of equity.²⁵

One concurring opinion was written by Chief Justice Roberts, joined by Justices Scalia and Ginsburg, and commented that the long tradition of granting injunctions in patent cases was hardly surprising "given the difficulty of protecting a right to *exclude* through monetary remedies."²⁶ The Chief Justice also noted the basic principle "that like cases should be decided alike."²⁷

Another concurring opinion by Justice Kennedy, joined by Justices Stevens, Souter, and Breyer, took a different view and asserted that the "traditional practice of issuing injunctions against patent infringers . . . does not seem to rest on 'the difficulty of protecting a right to exclude through monetary remedies . . .'"²⁸ Moreover, "historical practice [cited by the Chief Justice] . . . is most helpful and instructive" when the case circumstances are substantially parallel.²⁹ However, in current cases, trial courts should consider the nature of the patent being enforced and the economic function of the patent holder, as these may present considerations quite different from earlier cases.³⁰ Thus, patents on business methods were not of much economic and legal significance in earlier times.³¹ Additionally, Justice Kennedy cautioned that the patented invention may be only a small component of the product, and the threat of injunction may be employed to achieve undue leverage in negotiations.³² In such cases, legal damages may well be enough to compensate for the infringements, and an injunction might not serve the public interest.³³

II. TABLES OF POST-EBAY CASES RE INJUNCTIONS

eBay has made courts consider the equities more closely, and it has become somewhat more difficult for a prevailing patent owner to obtain an injunction against an infringer. Even so, permanent injunctions were granted about two-thirds of the time. Preliminary injunctions were denied slightly more often than they were granted.

²⁴ *Id.* at 1841.

²⁵ *Id.*

²⁶ *Id.* (Roberts, C.J., concurring).

²⁷ *Id.* at 1841–42 (Roberts, C.J., concurring) (quoting *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005)).

²⁸ *Id.* at 1842 (Kennedy, J., concurring) (citing majority opinion).

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ *Id.*

Preliminary Injunction Granted/Retained	Preliminary Injunction Denied
<ul style="list-style-type: none"> • <i>Canon Inc. v. GCC International Ltd.</i> • <i>Chamberlain Group, Inc. v. Lear Corp.</i> • <i>Christiana Industries v. Empire Electronics, Inc.</i> • <i>Seitz v. Envirotech Systems Worldwide Inc.</i> 	<ul style="list-style-type: none"> • <i>Baden Sports, Inc. v. Molten</i> • <i>DocuSign, Inc. v. Sertifi, Inc.</i> • <i>Novartis Corp. v. Teva Pharmaceuticals USA, Inc.</i> • <i>Pass & Seymour, Inc. v. Hubbell Inc.</i> • <i>Sun Optics, Inc. v. FGX International, Inc.</i>

Permanent Injunction Granted	Permanent Injunction Denied
<ul style="list-style-type: none"> • <i>3M Innovative Properties Co. v. Avery Dennison Corp.</i> • <i>800 Adept, Inc. v. Murex Securities, Ltd.</i> • <i>Allan Block Corp. v. E. Dillon & Co.</i> • <i>Black & Decker, Inc. v. Robert Bosch Tool Corp.</i> • <i>Brooktrout, Inc. vs. Eicon Networks Corp.</i> • <i>Commonwealth Scientific and Industrial Research Organisation v. Buffalo Technology Inc.</i> • <i>Erico International Corp. v. Doc's Marketing, Inc.</i> • <i>Floe International, Inc. v. Newmans' Manufacturing Inc.</i> • <i>MGM Well Services, Inc. v. Mega Lift Systems, L.L.C.</i> • <i>MPT, Inc. v. Marathon Labels, Inc.</i> • <i>Novozymes A/S v. Genencor International, Inc.</i> • <i>O2 Micro International Ltd. v. Beyond Innovation Technology Co.</i> • <i>Ortho-McNeil Pharmaceuticals, Inc. v. Mylan Laboratories, Inc.</i> • <i>Rosco, Inc. v. Mirror Lite Co.</i> • <i>Sanofi-Synthelabo v. Apotex, Inc.</i> • <i>Smith & Nephew, Inc. v. Synthes (U.S.A.)</i> • <i>TiVo Inc. v. Echostar Communications Corp.</i> • <i>Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.</i> • <i>Visto Corp. v. Seven Networks, Inc.</i> • <i>Wald v. Mudhopper Oilfield Services, Inc.</i> 	<ul style="list-style-type: none"> • <i>Baden Sports, Inc. v. Molten</i> • <i>Finisar Corp. v. DirecTV Group, Inc.</i> • <i>IMX, Inc. v. LendingTree, L.L.C.</i> • <i>KEG Technologies, Inc. v. Laimer</i> • <i>MercExchange, L.L.C. v. eBay, Inc. (on remand)</i> • <i>Praxair, Inc. v. ATMI, Inc.</i> • <i>Sundance, Inc. v. DeMonte Fabricating Ltd.</i> • <i>Voda v. Cordis Corp.</i> • <i>z4 Technologies, Inc v. Microsoft Corp.</i>

III. LITTLE FEDERAL CIRCUIT TREATMENT YET ON PERMANENT INJUNCTIONS

The Federal Circuit has not dealt substantively with any permanent injunction patent cases following *eBay*. The issue arose in *Acumed L.L.C. v. Stryker Corp.*³⁴ In that case, however, the Federal Circuit merely remanded the case to the district court, noting that the Supreme Court struck down the Federal Circuit's general rule and declining to make a judgment *in the first instance* as to whether a permanent injunction should enter.³⁵

That role belongs exclusively to the district court. Our task is solely to review the district court's decisions for an abuse of discretion On remand, the district court should reconsider the four-factor test as propounded by the Supreme Court's decision in *eBay* as to whether or not an injunction should issue.³⁶

IV. IS THE PRESUMPTION OF IRREPARABLE HARM VIABLE?

One of the first issues taken up by district courts is whether any presumption of irreparable harm remains after the Supreme Court ruling in *eBay*. District courts seem to fall on both sides of this issue.

A. Federal Circuit Cases Do Not Establish the Point Either Way

The Federal Circuit cases are either ambiguous or silent on whether any presumption survived *eBay*. In *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*,³⁷ the Federal Circuit vacated a preliminary injunction.³⁸ The district court analysis occurred prior to the Supreme Court *eBay* ruling. On appeal, the majority opinion (per Judge Prost, joined by Judge Gajarsa) mentioned the equitable questions incident to granting an injunction.³⁹ The district court had "presumed Abbott would suffer irreparable harm absent the injunction because of its conclusion regarding likelihood of success on the merits."⁴⁰ The Federal Circuit noted that because Abbott had *not* established a likelihood of success on the merits it was "no longer entitled to a presumption of irreparable harm."⁴¹

Hence the Federal Circuit did not exactly say that if Abbott *had* established likely success on the merits, it would be entitled to a presumption of irreparable harm, and we cannot say with certainty that the Federal Circuit adheres to the irreparable harm presumption in the face of *eBay*, particularly when the majority opinion in *Abbott* merely gave a different reason as to why the presumption no longer

³⁴ 483 F.3d 800 (Fed. Cir. 2007).

³⁵ *Id.* at 811.

³⁶ *Id.* at 811–12.

³⁷ 452 F.3d 1331 (Fed. Cir. 2006).

³⁸ *Id.* at 1348.

³⁹ *Id.* at 1347–48.

⁴⁰ *Id.* at 1347.

⁴¹ *Id.* at 1348.

existed. The Federal Circuit went on to note that generic competition alone would not establish that the patentee would suffer irreparable harm.⁴² The majority concluded that where a patentee does not show likely success on the merits and has not clearly established that monetary damages would be insufficient, but that the defendant also has not established that monetary damages are sufficient, the court cannot say that the irreparable harm prong favors either party.⁴³ Additionally, the Federal Circuit agreed with the district court in this case stating that absent other relevant concerns, “the public is best served by enforcing patents that are likely valid and infringed.”⁴⁴ In this case, however, as Abbott did not establish likely success on the merits, it concluded that the public interest was best served by denying the preliminary injunction.⁴⁵ In conclusion, the court ruled that Abbott had not established likely success on the merits, that without the presumption of irreparable harm and in light of the arguable sufficiency of monetary damages, Abbott had not established that irreparable harm supports the grant of the injunction, and that as a substantial question of validity was raised by Teva, the public interest benefits from denial of the injunction.⁴⁶ As to the third prong, balancing of the hardships, the issue was uncontested and thus ruled in favor of granting the injunction.⁴⁷

Dissenting in *Abbott*, Judge Newman properly reminded the court that the traditional principles announced in *eBay* “are no less applicable” in a preliminary injunction situation, particularly when the purpose is to preserve status quo.⁴⁸ Further, the trial court’s decision regarding a discretionary grant of a preliminary injunction warrants great deference. Judge Newman was clearly troubled by the lack of discussion of the trial judge’s careful explanations.⁴⁹

The Federal Circuit affirmed entry of a preliminary injunction in *Sanofi-Synthelabo v. Apotex, Inc.*⁵⁰ The district court had applied a presumption of irreparable harm following a conclusion of likely success on the merits.⁵¹ However, the court also found that the patentee had shown substantial evidence establishing other forms of irreparable harm including irreversible price erosion, loss of good will, potential layoffs, and the discontinuance of clinical trials.⁵² The Federal Circuit found that the appellant failed to show clear error by the district judge in deciding this factor of irreparable harm and the other factors incident to a preliminary injunction.⁵³ Interestingly, the Federal Circuit did not discuss *eBay* in this opinion. Hence, the Federal Circuit has not spoken pointedly about whether the presumption of irreparable harm survived *eBay*.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.* at 1349 (Newman, J., dissenting).

⁴⁹ *Id.*

⁵⁰ 470 F.3d 1368 (Fed. Cir. 2006).

⁵¹ *Id.* at 1381.

⁵² *Id.*

⁵³ *Id.*

B. District Courts That No Longer Presume Irreparable Harm

Turning to district court cases, there are two camps. One camp holds that the presumption was overruled or effectively overruled. The other does not. We discuss the first camp first.

*z4 Technologies, Inc. v. Microsoft Corp.*⁵⁴ was one of the first permanent injunction patent cases decided after *eBay*. *z4*, a small software company, alleged infringement of two patents that concern control over software activation.⁵⁵ The jury found that Microsoft infringed willfully.⁵⁶ *z4* sought a permanent injunction and contended that the finding of infringement and validity raised a rebuttable presumption of irreparable harm, and that the right to exclude also raised such a presumption.⁵⁷ Judge Davis disagreed, stating:

This language [in *eBay*] does not imply a presumption, but places the burden of proving irreparable injury on the plaintiff. Moreover, in *eBay*, the Supreme Court warned against the application of categorical rules when applying the traditional principles of equity. . . . *z4*'s suggestion, that the right to exclude creates a presumption of irreparable harm, is not in line with the Supreme Court's holding, which mandates that courts balance the traditional principles of equity when considering the remedy of a permanent injunction in patent cases. Accordingly, the Court does not apply a presumption of irreparable harm.⁵⁸

The court went on to deny a permanent injunction and is discussed substantively *infra*.⁵⁹

Second, other courts that have decided there is no presumption of irreparable harm following *eBay* include:

- *Paice L.L.C. v. Toyota Motor Corp.*⁶⁰;
- *Voda v. Cordis Corp.*⁶¹;
- *IMX, Inc. v. LendingTree, L.L.C.*⁶²;
- *Chamberlain Group Inc. v. Lear Corp.*⁶³;
- *Torspo Hockey International, Inc. v. Kor Hockey Ltd.*⁶⁴;

⁵⁴ 434 F. Supp. 2d 437 (E.D. Tex. 2006), *aff'd*, No. 2006-1638, 2007 WL 3407175 (Fed. Cir. Nov. 16, 2007).

⁵⁵ *Id.* at 438.

⁵⁶ *Id.*

⁵⁷ *Id.* at 439.

⁵⁸ *Id.* at 440.

⁵⁹ See discussion *infra* Parts VI, VII.A.

⁶⁰ No. 2:04-CV-211-DF, 2006 WL 2385139, at *4 (E.D. Tex. Aug. 16, 2006), *aff'd in part, vacated in part*, Nos. 2006-1610, 2006-1631, 2007 WL 3024994 (Fed. Cir. Oct. 18, 2007).

⁶¹ No. CIV-03-1512-L, 2006 WL 2570614, at *5 (W.D. Okla. Sept. 5, 2006).

⁶² 469 F. Supp. 2d 203, 224 (D. Del. 2007) (quoting the “now-overturned presumption that a patent holder is irreparably harmed upon a finding of infringement”).

⁶³ 83 U.S.P.Q.2d 1843 (N.D. Ill. 2007) (*eBay* “has been read to limit the presumption of irreparable harm solely upon the finding of infringement.”).

⁶⁴ 491 F. Supp. 2d 871, 881 (D. Minn. 2007) (stating that while *eBay* related to a permanent injunction, the Supreme Court’s “logic forbid courts to categorically presume irreparable harm in the

- *MercExchange, L.L.C. v. eBay, Inc.*⁶⁵;
- *Sun Optics, Inc. v. FGX International, Inc.*⁶⁶

C. District Courts That May Still Presume Irreparable Harm

A second group of district courts have found that the presumption has survived *eBay*. In *Christiana Industries v. Empire Electronics, Inc.*,⁶⁷ a patent case granting a preliminary injunction, the court declared that “irreparable harm is presumed when a clear showing of patent validity and infringement has been made.”⁶⁸ On reconsideration, the court considered *eBay* and then reaffirmed the presumption of irreparable harm, at least with respect to preliminary injunctions:

Plaintiff argues, and this Court agrees, that *eBay* did not invalidate the presumption. The *eBay* Court addressed the proper analysis for *permanent* injunctive relief. It held that courts err by categorically granting permanent injunctive relief on a showing of infringement and validity, without analyzing the traditional four factors for injunctive relief.⁶⁹

Other district courts that have reaffirmed the presumption of irreparable harm or have not overturned it are generally preliminary injunction cases.

In *DocuSign, Inc. v. Sertifi, Inc.*,⁷⁰ the court noted the argument that no presumption of harm is proper following *eBay* but relied on *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*,⁷¹ a post-*eBay* Federal Circuit decision in which the court “assumed (without deciding) that such a presumption was still appropriate in the preliminary injunction context, where a strong showing of likely infringement was made.”⁷² In this case, the facts were not strong enough for the court to presume irreparable harm. The court denied a preliminary injunction.⁷³

In *Novartis Corp. v. Teva Pharmaceuticals U.S.A., Inc.*,⁷⁴ the court, making no citation to *eBay*, found that Novartis had not shown a strong showing of probable

preliminary injunction context, even if a patentee has established that it will likely succeed on the merits”).

⁶⁵ 500 F. Supp. 2d 556, 568 (E.D. Va. 2007) (stating that “such presumption no longer exists”).

⁶⁶ No. 07-137-SLR, 2007 WL 2228569, at *1 (D. Del. Aug. 2, 2007) (stating that “even if the moving party succeeds in demonstrating a likelihood of success on the merits, the notion that there follows a presumption of irreparable harm seems inconsistent with the Supreme Court’s holding in *eBay*”).

⁶⁷ 443 F. Supp. 2d 870 (E.D. Mich. 2006).

⁶⁸ *Id.* at 882 (quoting *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001)).

⁶⁹ *Id.* at 884.

⁷⁰ 468 F. Supp. 2d 1305 (W.D. Wash. 2006).

⁷¹ 452 F.3d 1331 (Fed. Cir. 2006).

⁷² *DocuSign*, 468 F. Supp. 2d at 1309 n.6.

⁷³ *Id.* at 1311.

⁷⁴ Nos. 04-4473 (HAA)(ES), 06-1130 (HAA)(ES), 2007 WL 1695689 (D.N.J. June 11, 2007).

infringement or reasonable likelihood of success on the merits and was, therefore, not afforded the presumption of irreparable harm.⁷⁵

In *Pass & Seymour, Inc. v. Hubbell Inc.*,⁷⁶ the court applied a traditional analysis, yet found neither a likelihood of success on the merits nor a likelihood of irreparable harm even though the law presumes irreparable injury when a strong showing of likelihood of success on the merits has been made.⁷⁷

V. CASES GRANTING PERMANENT INJUNCTIONS

The majority of district courts that have been asked to enter a permanent injunction following adjudications of infringement and validity have generally granted injunctive relief. Most often, the parties competed directly, or the defendant competed with a related company of the patent holder, and generally found irreparable harm. In some other cases, courts have found injury to the reputation of the patent holder or injury to ongoing research projects. The post *eBay* cases that grant a permanent injunction are discussed below, taken up in chronologic order.

A. Irreparable Harm Found When Parties Compete

*Wald v. Mudhopper Oil Field Services, Inc.*⁷⁸ appears to be the first case after *eBay* granting a permanent injunction.⁷⁹ After noting the *eBay* requirement that a permanent injunction in patent infringement cases must be based on the same analysis and considerations as in other cases, and that an injunction must comply with Federal Rules of Civil Procedure Rule 65, the court noted that the request for the injunction was warranted in view of the facts of this case.⁸⁰ The court cited lost sales, the loss of market share and the opportunity to maintain their own product as the industry standard, and damage to plaintiff's reputation for innovation.⁸¹ Monetary damages do not take these items into account.⁸² Defendants failed to identify any specific hardship they might suffer resulting from an injunction.⁸³ In defense, defendants noted that they had stopped sales of the accused product and hence no injunction was necessary.⁸⁴ The court rejected this argument on the basis that defendants had made no indication that they had no inventory of the accused products or the ability to obtain more.⁸⁵ The court did not discuss any public interest aspect and granted the injunction.⁸⁶

⁷⁵ *Id.* at *32.

⁷⁶ No. 5:07-CV-0272, 2007 WL 2172648 (N.D.N.Y. July 23, 2007).

⁷⁷ *Id.* at *8–10.

⁷⁸ No. CIV-04-1693-C, 2006 WL 2128851 (W.D. Okla. July 27, 2006).

⁷⁹ *Id.* at *5.

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

The next case granting a permanent injunction was *Telequip Corp. v. Change Exchange*.⁸⁷ Senior Judge Scullin entered a highly pro-exclusionary right ruling, noting that even though the Supreme Court had rejected the “general rule” that prevailing patent owners are entitled to a permanent injunction, courts had held monetary damages inadequate as a remedy against future infringement because the principal value of a patent resides in its statutory right to exclude.⁸⁸ Again, the temporary cessation by defendant of infringing acts provided no defense against an injunction, absent “very persuasive” evidence that defendant would not resume infringement.⁸⁹ The court noted that public interest would not be disserved because without entering a permanent injunction, the right of a patentee to exclude infringers would have only a fraction of the value it was intended to have and would no longer be as great an incentive to engage in scientific and technological research.⁹⁰ Thus, the plaintiff had satisfied the four-factor test and won a permanent injunction.⁹¹

In *TiVo Inc. v. EchoStar Communications Corp.*,⁹² the infringing products were digital video recorders (“DVR”).⁹³ As to irreparable injury, the parties competed directly, and the availability of infringing products led to a loss of market share.⁹⁴ Additionally, the timing of this loss was a key consideration: The market was in its development (a “nascent market”), and once plaintiff lost customers to defendant, it would not have the same opportunity to capture that market share after the market matured.⁹⁵ The court referred to “sticky customers”—so that once a customer would go in one direction instead of the other, he would tend to stay that way.⁹⁶ The plaintiff was losing market share at a critical time in the market development.⁹⁷ The market was being shaped to the plaintiff’s disadvantage and resulted in long-term customer loss.⁹⁸

In *TiVo*, the balance of hardships favored entry of a permanent injunction.⁹⁹ The marketing of directly-competitive products against those of a relatively new and small company caused severe harm and “weighs heavily in favor of an injunction.”¹⁰⁰ While enjoining defendants will cause some harm, on balance defendants will suffer less harm than the plaintiff, as the infringing products do not form the core of EchoStar’s satellite transmission business and the injunction would not interfere with its satellite transmissions.¹⁰¹ Further, while there is a hardship in disabling

⁸⁷ No. 5:01-CV-1748 (FJSGJD), 2006 WL 2385425, at *1 (N.D.N.Y. Aug. 15, 2006).

⁸⁸ *Id.* at *2 (citing *Honeywell Int’l, Inc. v. Universal Avionics Sys. Corp.*, 397 F. Supp. 2d 537, 546 (D. Del. 2005)).

⁸⁹ *Id.*

⁹⁰ *Id.* (citing *Honeywell*, 397 F. Supp. at 547).

⁹¹ *Id.*

⁹² 446 F. Supp. 2d 664 (E.D. Tex. 2006).

⁹³ *Id.* at 665.

⁹⁴ *Id.* at 669–70.

⁹⁵ *Id.*

⁹⁶ *Id.* at 670.

⁹⁷ *Id.* at 669.

⁹⁸ *Id.* at 670.

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

the DVR capabilities of Echostar's DVR customers, that is a consequence of Echostar's infringement and does not weigh against an injunction.¹⁰²

The *TiVo* district court declared that the public interest in maintaining a strong patent system is served by enforcing an adequate remedy for infringement.¹⁰³ The infringing products here are unrelated to any issue of public health or any other equally key interest, and the public does not have a greater interest in allowing Echostar's customers to continue using their infringing DVRs.¹⁰⁴

*Floe International, Inc. v. Newmans' Manufacturing Inc.*¹⁰⁵ also entered a permanent injunction.¹⁰⁶ While noting the four *eBay* factors, the court acknowledged that defendant had stipulated to a permanent injunction, subject to a stay (to which plaintiff had agreed) allowing defendant a reasonable time to sell off existing inventory.¹⁰⁷

*3M Innovative Properties Co. v. Avery Dennison Corp.*¹⁰⁸ revisited a permanent injunction that the court had granted before *eBay* was decided.¹⁰⁹ Defendant requested reconsideration of portions of the injunction order three days after the Supreme Court *eBay* decision.¹¹⁰ The court considered the *eBay* factors, to the extent raised by defendant, and again granted 3M's motion for a permanent injunction.¹¹¹ Surprisingly, the court found no need for a detailed analysis of irreparable harm, stating merely that "[t]he Court will not disturb 3M's determination that its business interests will not be served by the licensing of this product."¹¹² It cited district court precedent from Minnesota in 1994 that in a patent infringement case, where the infringing device will continue to infringe "and thus damage plaintiffs in the future, monetary damages are generally considered to be inadequate."¹¹³ On these facts alone, the court found that 3M had suffered irreparable injury and that monetary damages were inadequate to compensate it for that injury.¹¹⁴ Regarding the balancing of hardships, the district court focused on the important right to exclude, stating that, notwithstanding the argument by Avery that "it would be severely prejudiced by an injunction" by not being "able to restart operations or reacquire customers," the patentee would suffer great harm if no injunction were entered because it had been barred from enforcing its right to exclude the patent-in-suit for more than 20% of the lifetime of the patent.¹¹⁵ The court found this balance favoring an injunction.¹¹⁶ Finally, the court found a permanent injunction would not

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ No. 04-5120 (DWF/RLE), 2006 WL 2472112 (D. Minn. Aug. 23, 2006).

¹⁰⁶ *Id.* at *9.

¹⁰⁷ *Id.*

¹⁰⁸ No. 01-1781 (JRT/FLN), 2006 WL 2735499 (D. Minn. Sept. 25, 2006).

¹⁰⁹ *Id.* at *2.

¹¹⁰ *Id.* at *1.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.* (citing *Schneider (Europe) AG v. Scimed Life Sys., Inc.*, 852 F. Supp. 813, 861 (D. Minn. 1994)).

¹¹⁴ *Id.*

¹¹⁵ *Id.* at *2.

¹¹⁶ *Id.*

disservice the public interest.¹¹⁷ The case concerned commercial graphics used for advertising, so there were no concerns about public health or safety that could warrant a denial of injunctive relief. Finally, the court refused to allow defendant any time to dispose of inventory and ruled that “Avery must negotiate the sale of this inventory with 3M.”¹¹⁸

A Tennessee court entered a permanent injunction in *Smith & Nephew, Inc. v. Synthes (U.S.A.)*.¹¹⁹ After citing *eBay*, the district court ruled that irreparable harm can occur when money alone cannot adequately atone for the injury, such as when the patentee loses market share or its reputation for innovation.¹²⁰ The court noted direct competition between the two parties regarding the patented and infringing products.¹²¹ The infringement had a direct negative impact on sales of plaintiff and, according to the court, the competition was shown at trial to reduce plaintiff’s ability to create customer relationships.¹²² Further, the loss of sales due to the competition not only harms plaintiff monetarily but inhibits the plaintiff’s ability to develop new products.¹²³ It interferes with relationships plaintiff is able to form with surgeons.¹²⁴ Thus, the court found that lost market share, lost profits, and loss of brand name recognition caused by defendant’s continued sale of infringing products are irreparable injuries.¹²⁵ The court noted that even though plaintiff was willing to license its patent, that alone is not sufficient to negate irreparable harm.¹²⁶ These same facts also establish the inadequacy of remedies at law: competition in the marketplace, damage to plaintiff’s good will, and brand name recognition indicated to the court that defendant’s violation of the right to exclude could not be compensated adequately through money damages.¹²⁷

Interestingly, the court noted that even if money damages were provable for some components of the damage, that is not enough by itself to negate an equitable remedy.¹²⁸ The money damages must be “plain and adequate” or as practical and efficient to the ends of justice and its prompt administration as the equitable remedy.¹²⁹ The court focused on the right to exclude and offered a broad statement that money damages “generally are not an adequate remedy against future infringement because the central value of holding a patent is the right to exclude others from using the patented product.”¹³⁰

The court next held that the balance of hardships favored plaintiff and the mere hardship on defendant incurred in the process of ceasing operations was

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ 466 F. Supp. 2d 978, 985 (W.D. Tenn. 2006).

¹²⁰ *Id.* at 981 (citing *Wald v. Mudhopper Oilfield Servs., Inc.*, No. CIV-04-1693-C, 2006 WL 2128851, at *5 (W.D. Okla. July 27, 2006)).

¹²¹ *Id.* at 983.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ *Id.* at 983–84.

¹²⁸ *Id.* at 984.

¹²⁹ *Id.*

¹³⁰ *Id.* (citing *Telequip Corp. v. Change Exchange*, No. 5:01-CV-1748 (FJS/GJD), 2006 WL 2385425, at *2 (N.D.N.Y. Aug. 15, 2006)).

insufficient.¹³¹ Further, any effort, time, and expense in redesigning its product, while perhaps significant, is the consequence of patent infringement.¹³² The court further ruled that there was no hardship on physicians or patients because other competing products were in the marketplace.¹³³ Similarly, the court found the public interest was not offended by an injunction because the permanent injunction would advance “consumer access to more competitive, and thus, presumably better, products by allowing Smith & Nephew the benefit of its patents and the ability to gain greater brand recognition.”¹³⁴ Concluding, the court noted that plaintiff had demonstrated irreparable harm, which could not be remedied through money damages.¹³⁵ It characterized the balance of hardships and public interest impact as “speculative” but weighing in favor of plaintiff and thus granted the injunction.¹³⁶

*Rosco, Inc. v. Mirror Lite Co.*¹³⁷ involved a claim of patent infringement by plaintiff Rosco against defendant Mirror Lite and a counterclaim for patent infringement by Mirror Lite against Rosco.¹³⁸ The district court received the case on remand for determination of an infringement issue.¹³⁹ After noting the *eBay* requirements, the court cited the well known proposition that an accused infringer’s assertion that it has ceased production of the infringing product is not by itself sufficient reason to deny a permanent injunction.¹⁴⁰

The court rejected Rosco’s equitable defense that Mirror Lite had approached employees of a customer of Rosco and informed them that Mirror Lite had won the case, that “Rosco is locked out from the cross-view mirror business,” that the customer would no longer be able to buy any Rosco oval cross-view mirrors, and that Rosco’s supply agreement with the customer for oval mirrors would be null and void.¹⁴¹ In response to Rosco’s defense, the district court distinguished Second Circuit precedent concerning equitable remedies.¹⁴² One of those precedents indicated that a permanent injunction is “not intended as a club to be wielded by a patentee to enhance his negotiating stance,” nor should an injunction issue when the only real advantage to a plaintiff is to strengthen its position.¹⁴³ The facts of those earlier cases were different, however.

The district court provided negligible discussion of how the four factors applied to this case. It said nothing about irreparable harm. As to balancing the harms, it stated merely that a permanent injunction “would not disproportionately burden Rosco.”¹⁴⁴ It said nothing about the adequacy of legal remedies or the public interest, but it reported that to the extent the public is interested in purchasing the patented mirrors or riding on buses equipped with such mirrors, those mirrors could be

¹³¹ *Id.*

¹³² *Id.*

¹³³ *Id.* at 985.

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ *Id.*

¹³⁷ No. CV-96-5658, 2006 WL 2844400 (E.D.N.Y. Sept. 29, 2006).

¹³⁸ *Id.* at *1.

¹³⁹ *Id.*

¹⁴⁰ *Id.* at *4.

¹⁴¹ *Id.*

¹⁴² *Id.* at *4–5.

¹⁴³ *Id.* at *4 (citations omitted).

¹⁴⁴ *Id.* at *5.

obtained from Mirror Lite.¹⁴⁵ As to the equitable defense, it stated that even if the contentions were true, Mirror Lite's "efforts at self-help are not so egregious as to forfeit its right to the legal protections of an injunction."¹⁴⁶ Thus, it appears that the court here (Senior District Judge Sifton) was accustomed to the pre-*eBay* rule that a prevailing patentee has a right to an injunction.

In Illinois, the court in *Black & Decker Inc. v. Robert Bosch Tool Corp.*¹⁴⁷ found irreparable harm and entered an injunction against a discontinued product line of the defendant.¹⁴⁸ District Judge St. Eve refused to extend the injunction to the current product line because that was the subject of a current lawsuit before a different judge.¹⁴⁹ As to irreparable harm, the provision in the patent statute of injunctive relief, which she deemed the principal value of a patent, weighs against a holding that monetary damages will always be sufficient to make the patentee whole.¹⁵⁰ The court rejected the defendant's contention that because it had stopped making the accused product a year ago, there could be no irreparable harm.¹⁵¹ The court ruled, however, that such an explanation by itself is not enough of a reason to deny a permanent injunction and that the defendant must offer "persuasive evidence that further infringement [would] not take place."¹⁵² In this case, some of the old products were found available for sale on Amazon.com.¹⁵³ Accordingly, the patentee had set forth evidence that "future infringement . . . might take place."¹⁵⁴ Additionally, the court found harm to the plaintiff's reputation and loss of market share.¹⁵⁵ It ruled these harms were not compensable by money damages.¹⁵⁶

Considering the balancing of hardships, this is not a case where defendant Bosch would be driven out of business by an injunction because, as defendant admits, it stopped making these infringing products over one year ago and was presently making a different product accused of infringement but not yet litigated.¹⁵⁷

The district court found that the public interest favored enforcement of patent rights against a willful infringer.¹⁵⁸ The public interest is not disserved by a permanent injunction because it "provides [the patent owner] with an adequate remedy and allows it to enforce its patent rights."¹⁵⁹ Thus, all of the factors favored the patentee, and Judge St. Eve granted the motion for a permanent injunction.¹⁶⁰

Judge Ward in Marshall, Texas entered a permanent injunction in *Visto Corp. v. Seven Networks, Inc.*,¹⁶¹ a case involving mobile email systems and methods. Judge

¹⁴⁵ *Id.* at *4.

¹⁴⁶ *Id.*

¹⁴⁷ No. 04 C 7955, 2006 WL 3446144 (N.D. Ill. Nov. 29, 2006).

¹⁴⁸ *Id.* at *6.

¹⁴⁹ *Id.* at *6.

¹⁵⁰ *Id.* at *3 (citing *Reebok Int'l, Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1557 (Fed. Cir. 1994)).

¹⁵¹ *Id.* at *4.

¹⁵² *Id.*

¹⁵³ *Id.*

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at *5.

¹⁵⁹ *Id.* at *6.

¹⁶⁰ *Id.*

¹⁶¹ No. 2:03-CV-333-TJW, 2006 WL 3741891 (E.D. Tex. Dec. 19, 2006).

Ward noted the *eBay* requirements and then discussed them individually. He found that the direct competition between the parties weighs heavily in the analysis and cited the opinion from his colleague on the bench, Judge Folsom in *TiVo Inc. v. EchoStar Communications Corp.*,¹⁶² finding irreparable harm “because ‘the availability of infringing products leads to a loss of market share.’”¹⁶³ Judge Ward rejected the argument that Research in Motion (a defendant) had a large market share and found that Visto would suffer irreparable injury.¹⁶⁴ Judge Ward also found that notwithstanding a large damage award for past injury, any future damages could only compensate Visto for an *approximate* loss, wherefore damages are not a suitable proxy for injunctive relief.¹⁶⁵ Here, legal remedies were inadequate because of the “inability to calculate the plaintiff’s future losses with precision.”¹⁶⁶ Similarly, the court balanced hardships in favor of plaintiff, finding that absent an injunction, Vista would “lose goodwill, potential revenue, and the very right to exclude that is the essence of the intellectual property at issue.”¹⁶⁷ While defendant will be harmed by the injunction, the balance of hardships favors plaintiff.¹⁶⁸ Finally, the court found no persuasive showing that the public interest would be disserved by an injunction and, to the contrary, the public interest would be served by issuing an injunction “to protect the patent rights at issue.”¹⁶⁹ Hence, the court weighed the traditional equitable factors and found in favor of the patent owner.¹⁷⁰

A permanent injunction was granted in *Transocean Offshore Deep Water Drilling, Inc. v. GlobalSantaFe Corp.*¹⁷¹ The court found infringement of apparatus claims but not method claims in the patents-in-suit on summary judgment, and a jury rejected all defenses.¹⁷² The Texas court ruled that the patentee was being irreparably harmed because its competitor, GSF (the defendant), “will be able to continue using the patented invention to compete against the patent holder, Transocean, for business in a competing market with a small customer base.”¹⁷³

The district court found legal remedies inadequate and distinguished Justice Kennedy’s comments dealing with a patented invention being only a small component of the product.¹⁷⁴ That did not correspond to the facts of this case where the infringing components were “structures that are related to the rigs’ core functionality.”¹⁷⁵ The court decided that a compulsory license forced on Transocean would not contain “any of the commercial business terms typically used by a patent holder to control its technology or to limit encroachment on its market share.”¹⁷⁶

¹⁶² 446 F. Supp. 2d 664, (E.D. Tex. 2006).

¹⁶³ *Visto Corp.*, 2006 WL 3741891, at *4 (quoting *TiVo*, 446 F. Supp. 2d at 669).

¹⁶⁴ *Id.*

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *Id.* at *5.

¹⁷⁰ *Id.*

¹⁷¹ No. H-03-2910, 2006 WL 3813778 (S.D. Tex. Dec. 27, 2006).

¹⁷² *Id.* at *4.

¹⁷³ *Id.*

¹⁷⁴ *Id.* at *5.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

Accordingly, even though Transocean was willing to consider licensing the patents-in-suit, the court ruled that legal remedies were inadequate.¹⁷⁷

The patentees' inability to replace products (oil drilling rigs) did not tip the balance of hardships in favor of defendant in *Transocean*.¹⁷⁸ The court did find that there would be significant hardship on defendant GSF if it were enjoined from using its drilling rigs, which were currently under contract for rates of between \$200,000 and \$500,000 daily.¹⁷⁹ On the other hand, without an injunction, the patentee Transocean would likely suffer irreparable injury by any future infringement and noted that GSF has no right to continue infringing and that in any event a senior officer of GSF had testified that it could structurally modify its drill rigs to avoid infringement with minimum disruption.¹⁸⁰ The court thus concluded that the harm to the patent holder outweighed the harm of an injunction of limited scope to the infringer.¹⁸¹

A significant public interest factor was minimized in *Transocean*.¹⁸² Defendant argued that enjoining GSF from using its drill rigs, already in place with lessees, would delay the first oil production from certain fields and negatively affect the public interest.¹⁸³ The court rejected this and noted that public policy favors the enforcement of patent rights and that, in any event, the delay in production and disservice to the public that an injunction might cause can be mitigated by appropriately limiting the scope of the injunction.¹⁸⁴ Hence, the court found that this factor weighs in favor of entering the injunction.¹⁸⁵

The court in *MPT, Inc. v. Marathon Labels, Inc.*¹⁸⁶ also granted a permanent injunction.¹⁸⁷ The court found irreparable harm because the plaintiff "obtained patents that allowed [it and its closely related company] to gain a dominant position in the sale of placards for use in the patented method."¹⁸⁸ The patents were not an "insubstantial component of a larger invention," and the patent read directly on the use of defendant Marathon's placard to practice the method.¹⁸⁹ Thus, "MPT invented a method, actively created a market, and established a strong market position and customer good will. Usurping this market by inducing or contributing to infringement will irreparably harm MPT."¹⁹⁰ The court weighed the other factors similarly in favor of the injunction.¹⁹¹ Monetary damages were inadequate to compensate for the injury, as royalties "will not stop the erosion of [the] market. Another market entrant is likely to lead to a drop in prices . . ."¹⁹² The balance of

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at *6-7.

¹⁷⁹ *Id.* at *7.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Id.*

¹⁸⁶ No. 1:04-CV-2357, 2007 WL 184747 (N.D. Ohio Jan. 19, 2007).

¹⁸⁷ *Id.* at *1.

¹⁸⁸ *Id.* at *14.

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

¹⁹¹ *Id.* at *15.

¹⁹² *Id.*

hardships weighed in favor of the patentee because the defendant had other business and some of the business involving the patented invention occurred outside the United States.¹⁹³ Hence, “only a small percentage of [defendant’s] total sales [would] be prohibited by an injunction.”¹⁹⁴ On the public interest factor, the court cited the general public interest favoring strong patent protection and that the public interest supports an injunction except in cases where there is a public health and safety issue.¹⁹⁵

*Novozymes A/S v. Genencor International, Inc.*¹⁹⁶ awarded a permanent injunction in a case relating to enzymes used in producing ethanol fuel.¹⁹⁷ The patent owner was a Danish corporation with its principal place of business in Denmark.¹⁹⁸ Its United States subsidiary NZNA tried unsuccessfully to join the suit as a plaintiff.¹⁹⁹ Circuit Judge Jordan, sitting by designation, found irreparable harm due to the infringement and rejected defendant’s argument on the meaning of *eBay*.²⁰⁰ Thus, the court stated: “Contrary to Genencor’s argument . . . the Supreme Court in *eBay* did not state that loss of the right to exclude could not be irreparable harm. Rather, the Court simply rejected the proposition that the patentee’s right to exclude should always lead to injunctive relief for patent infringement.”²⁰¹

The court noted that the patentee licensed the patents-in-suit to its U.S. subsidiary in exchange for a royalty and expected the value of the subsidiary to increase in accordance with the successful marketing of the licensed technology.²⁰² The growth of the subsidiary depended on the right to exclude provided by the patents, and even though the patentee did not itself market the enzymes, “it has suffered harm beyond the reasonable royalty that it can recover from Defendants. And Novozymes will continue to suffer such irreparable harm if Defendants are not enjoined from infringing on Novozymes’ right to exclude.”²⁰³

With regard to the adequacy of legal relief, the *Novozymes* court found that the remedy of lost profits was unavailable because the patentee marketed its technology by licensing it to its own subsidiary.²⁰⁴ In addition, even if the case were otherwise, the statutory right to exclude is a benefit that cannot be equated to a cash award in the case of direct competitors.²⁰⁵ The patentee “has a right, granted by Congress, not to assist its rival with the use of proprietary technology.”²⁰⁶

The *Novozymes* court found that the balance of hardships favored the patentee, which “would suffer irreparable harm from future infringement.”²⁰⁷ On the other

¹⁹³ *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

¹⁹⁶ 474 F. Supp. 2d 592 (D. Del. 2007).

¹⁹⁷ *Id.* at 595.

¹⁹⁸ *Id.*

¹⁹⁹ *Id.* at 603–04. The court concluded that NZNA was a nonexclusive licensee, thus, it had no right to enforce the patent against an accused infringer and no standing to sue the defendant. *Id.*

²⁰⁰ *Id.* at 612.

²⁰¹ *Id.* (citing *eBay, Inc. v. MercExchange, L.L.C.*, 126 S. Ct 1837, 1840 (2006)).

²⁰² *Id.*

²⁰³ *Id.*

²⁰⁴ *Id.* at 613.

²⁰⁵ *Id.*

²⁰⁶ *Id.*

²⁰⁷ *Id.*

hand, the defendants had apparently removed the infringing product from the market and thus would not be harmed by a permanent injunction.²⁰⁸ Similarly, there was no evidence that a permanent injunction would harm the public.²⁰⁹ Though the fuel ethanol industry was gaining importance, Novozymes had a competing product, and the defendant had products that did not infringe.²¹⁰

In *Ortho-McNeil Pharmaceutical, Inc. v. Mylan Laboratories Inc.*,²¹¹ the Court entered a permanent injunction in a Hatch-Waxman Act case.²¹² There was no dispute over the equitable considerations, as the court had already granted a preliminary injunction and defendant conceded that based on the court's prior findings, plaintiff was entitled to a permanent injunction.²¹³ In granting the injunction, the court agreed with an argument by Ortho that under the Hatch-Waxman Act, the effective date of approval of the drug had to be reset.²¹⁴

Judge Ward entered a permanent injunction in *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*²¹⁵ After noting the Supreme Court requirements from *eBay*, Judge Ward addressed the four factors individually, concluding that O2 had demonstrated irreparable injury.²¹⁶ The parties competed directly, which "weighs heavily" in the analysis.²¹⁷ Accordingly, the court declared that O2 Micro would suffer irreparable harm without an injunction.²¹⁸ The court also found that O2 Micro had demonstrated that legal remedies were inadequate.²¹⁹ It did not seek monetary remedies for past infringement because such remedies would not adequately compensate it.²²⁰ Further, the defendants were foreign corporations and there was "little assurance that [O2] could collect monetary damages."²²¹ Regarding the relative hardships, the court agreed that without an injunction, O2 would "continue to suffer irreparable injury to its business, future opportunities and general reputation."²²² Moreover, a president of one of the defendant companies had indicated that an injunction would have an insubstantial impact on the company's entire business.²²³ The court found "no persuasive showing that the public interest would be disserved by an injunction," but to the contrary, would be served by protecting the patent right with an injunction.²²⁴

A permanent injunction was entered in a Florida case, *800 Adept, Inc. v. Murex Securities, Ltd.*²²⁵ Chief District Judge Fawsett noted the *eBay* ruling and stated

²⁰⁸ *Id.*

²⁰⁹ *Id.*

²¹⁰ *Id.*

²¹¹ No. 04-1689, 2007 WL 869545 (D.N.J. Mar. 20, 2007).

²¹² *Id.* at *1.

²¹³ *Id.*

²¹⁴ *Id.* at *2.

²¹⁵ No. 2-04-CV-32, 2007 WL 869576 (E.D. Tex. Mar. 21, 2007).

²¹⁶ *Id.* at *2.

²¹⁷ *Id.*

²¹⁸ *Id.*

²¹⁹ *Id.*

²²⁰ *Id.*

²²¹ *Id.*

²²² *Id.*

²²³ *Id.*

²²⁴ *Id.* at *3.

²²⁵ No. 6:02-CV-1354-Orl-28DAB, 2007 WL 1101238 (M.D. Fla. Apr. 12, 2007).

that “[t]he standard for a permanent injunction is essentially the same as for a preliminary injunction except that the plaintiff must show actual success instead of likely success.”²²⁶ In granting the permanent injunction, the district court rejected the contention that plaintiff’s delay in filing the case provided a basis for rejecting equitable relief.²²⁷ The court noted that there were many cases where this factor was raised in the context of a *preliminary* injunction but found just one opinion considering delay as a factor in a motion for a *permanent* injunction.²²⁸ The court noted that to the extent defendant was raising delay as barring the claims from the equitable doctrine of laches, this argument was deemed waived.²²⁹

The Florida court explained that on a request for a permanent injunction, the relief usually turned on the unavailability of an adequate remedy at law and that irreparable injury is one basis for showing such inadequacy.²³⁰ The court ruled that in the present case, plaintiff had “established the merits of its claim, and its past conduct does little, if anything, to inform the question of whether [plaintiff] will be harmed” in the future by infringing acts.²³¹ The court found irreparable harm in that the parties were competitors and a competitor is granted the right by Congress not to be forced to assist its rivals in the use of proprietary technology.²³² Additionally, the court saw a loss of market position and good will as factors showing irreparable harm.²³³ The court understood irreparable harm as intended to “serve as a measure of the quality or severity of harm [needed] to trigger equitable intervention.”²³⁴

In contrast, the question of the adequacy of legal remedies concerns the “possibility of alternative [types] of relief, [without regard to] the seriousness of the injury.”²³⁵ The court found that allowing an infringer to continue to offer infringing services in direct competition with the patent holder “would be inequitable.”²³⁶ The court’s discussion of balancing hardships noted that providing the services at issue was a relatively small part of defendant’s business, even though it served a much larger portion of the specific market than plaintiff.²³⁷ It ruled that “a properly circumscribed injunction would permit the [defendants] to continue as an on-going business concern while protecting the interests of 800 Adept.”²³⁸ The court found that the public interest would not be disserved by a permanent injunction and to the contrary the public has an interest in maintaining a strong patent system.²³⁹ The court found no issue of public health or other critical public interest.²⁴⁰

²²⁶ *Id.* at *5 (citing *Amoco Prod. Co. v. Village of Gambell*, 480 U.S. 531, 546 n.12 (1987)).

²²⁷ *Id.* at *6.

²²⁸ *Id.* at *5.

²²⁹ *Id.* at *10 n.8.

²³⁰ *Id.* at *6.

²³¹ *Id.*

²³² *Id.* (citing *Novozymes A/S v. Genencor Int’l, Inc.*, 474 F. Supp. 2d 592 (D. Del. 2007)).

²³³ *Id.*

²³⁴ *Id.* at *5.

²³⁵ *Id.* at *7.

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ *Id.*

²³⁹ *Id.* at *8.

²⁴⁰ *Id.*

The Southern District of Texas also entered a permanent injunction in *MGM Well Services, Inc. v. Mega Lift Systems, L.L.C.*²⁴¹ In weighing the four factors, the Texas court noted that plaintiff MGM demonstrated irreparable harm absent an injunction.²⁴² MGM has an existing policy of not licensing its patented technology, and defendant and its principal had shown a proclivity for marketing infringing products even after a preliminary injunction had been entered.²⁴³ The court deemed the continued loss of exclusive rights and the unwillingness of plaintiff to grant a license to constitute irreparable injury.²⁴⁴ The irreparable injury factor weighed heavily in the balancing of hardships also.²⁴⁵ Finally, there was no evident public interest to be disserved by entering a permanent injunction and, to the contrary, the public interest is best served, according to the court, by protecting patent rights “and enforcing the applicable laws.”²⁴⁶

Judge Ward entered a permanent injunction also in *Brooktrout Inc. v. Eicon Networks Corp.*²⁴⁷ Here, the court considered the *eBay* factors and reinstated a permanent injunction it had previously entered on January 30, 2006.²⁴⁸ It noted irreparable injury when a patent “is asserted against a competitor in the plaintiff’s market.”²⁴⁹ Here, the court found that infringing acts of inducement will lead to a loss of Brooktrout’s market share.²⁵⁰ Regarding the inadequacy of legal remedies, the court ruled that plaintiff had met its burden here also.²⁵¹ Notwithstanding a jury award of damages, those legal remedies compensate only for past injury.²⁵² A threat of continued infringement exists, and the nature of infringement (via inducement) makes it difficult to determine future damages.²⁵³ Again, while future damages might compensate for *approximate* loss, that does not make future damages adequate as a proxy for injunctive relief, and the inability to calculate future loss with reasonable precision makes legal remedies inadequate.²⁵⁴ The court saw the balancing of hardships tipping in favor of plaintiff in that defendant was free to continue to sell a different product, while without an injunction plaintiff would lose good will, potential revenue, and its right to exclude, which is the very essence of the intellectual property right.²⁵⁵ The court found that the public interest would be served by issuing an injunction to protect patent rights.²⁵⁶

Finally, the Southern District of New York deemed a permanent injunction appropriate in *Sanofi-Synthelabo v. Apotex, Inc.*²⁵⁷ The court noted the *eBay* factors

²⁴¹ No. H-05-1634, 2007 WL 1231682 (S.D. Tex. Apr. 25, 2007).

²⁴² *Id.* at *14.

²⁴³ *Id.*

²⁴⁴ *Id.*

²⁴⁵ *Id.*

²⁴⁶ *Id.* at *15.

²⁴⁷ No. 2:03-CV-59, 2007 WL 1730112, at *1 (E.D. Tex. June 14, 2007).

²⁴⁸ *Id.*

²⁴⁹ *Id.*

²⁵⁰ *Id.*

²⁵¹ *Id.* at *2.

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ *Id.*

²⁵⁵ *Id.*

²⁵⁶ *Id.*

²⁵⁷ 492 F. Supp. 2d 353, 356 (S.D.N.Y. 2007).

and concluded that irreparable harm and an inadequacy of legal remedies supported the issuance of an injunction.²⁵⁸ “Sanofi showed that it [was] likely to suffer irreparable price erosion, loss of good will, and a negative impact on the amount of research devoted to developing other medical uses for [its drug].”²⁵⁹ Regarding the balancing of hardships, the court adhered to its analysis in its earlier preliminary injunction decision in this case and found that the balance of hardships favored a permanent injunction.²⁶⁰ On the public interest factor, the court noted that this case concerns generic drugs at reduced prices.²⁶¹ Here, there were competing important public interests that were roughly balanced or slightly favored the patentee.²⁶² Weighing all four factors, the court concluded that a permanent injunction was appropriate.²⁶³

B. Other Irreparable Harms—Injunctions Granted

A permanent injunction was awarded also in *Commonwealth Scientific and Industrial Research Organisation v. Buffalo Technology Inc.*²⁶⁴ This case was decided by Judge Davis, who had earlier ruled that no permanent injunction should be entered in *z4 Technologies, Inc. v. Microsoft Corp.*²⁶⁵ In this case, plaintiff Commonwealth Industrial Research Organisation (“CSIRO”) was the main scientific research organ of the Australian federal government.²⁶⁶ “One of CSIRO’s broad goals [was] to develop technology to create start-up companies and/or be licensed to firms to earn commercial royalties to fund other research.”²⁶⁷ CSIRO’s invention was incorporated into an Institute of Electrical and Electronics Engineer (“IEEE”) standard, subject to the condition that a license could be obtained on reasonable and nondiscriminatory terms.²⁶⁸ When CSIRO contacted companies practicing the patent, none of them accepted its license offer.²⁶⁹ CSIRO prevailed on summary judgment of validity and infringement.²⁷⁰

In analyzing the permanent injunction motion, although defendant pointed out that it did not compete with the patentee, the court noted the warning in *eBay* against creating broad classifications.²⁷¹ In fact, the Supreme Court had referred specifically to university researchers who might reasonably prefer to license their patents, and there was no basis for categorically denying them a permanent

²⁵⁸ *Id.* at 397.

²⁵⁹ *Id.*

²⁶⁰ *Id.*

²⁶¹ *Id.*

²⁶² *Id.*

²⁶³ *Id.*

²⁶⁴ 492 F. Supp. 2d 600 (E.D. Tex. 2007).

²⁶⁵ 434 F. Supp. 2d 437 (E.D. Tex. 2006), *aff’d*, No. 2006-1638, 2007 WL 3407175 (Fed. Cir. Nov. 16, 2007).

²⁶⁶ *Commonwealth Scientific*, 492 F. Supp. 2d at 601.

²⁶⁷ *Id.*

²⁶⁸ *Id.* at 602.

²⁶⁹ *Id.*

²⁷⁰ *Id.*

²⁷¹ *Id.* at 603–04.

injunction.²⁷² The district court found that the royalties received by CSIRO were used to fund numerous research projects in important R&D areas such as addressing obesity, type 2 diabetes, developing biomaterials to aid the body in recovering from traumatic damage, and the impact of climate change.²⁷³ The court said this was not merely a financial harm because CSIRO competes internationally with other research groups such as other universities for resources, ideas and scientific minds.²⁷⁴ Delays in funding result in lost research capabilities and oftentimes once the opportunities have passed, they are permanently lost, as another entity takes advantage of the opportunity.²⁷⁵ The harm of lost opportunities is irreparable and cannot be regained with future money because the opportunity that was lost in the past belongs to someone else now.²⁷⁶

Judge Davis also found that money damages were inadequate to compensate CSIRO, for its damages were not merely financial.²⁷⁷ Even though a violation of the right to exclude does not per se mean that the patent holder cannot be compensated adequately by money damages, Judge Davis acknowledged that money damages would be inadequate under various circumstances.²⁷⁸ This includes when the infringer saturates the market for the invention, damages the patent holder's good will or brand name recognition, or violates the exclusionary right in a way that cannot be compensated through money damages.²⁷⁹ Here, while those do not apply in particular, the harm to CSIRO includes harm to its reputation as a research institution.²⁸⁰ This is similar to the harm to a company's brand recognition or good will.²⁸¹ Additionally, this case is unlike one situation contemplated by Justice Kennedy in his concurring opinion in *eBay* because the infringement here is not limited to a minor component of the technology but rather the core technology embedded in the IEEE standard.²⁸² "A compulsory license [would] not adequately compensate CSIRO."²⁸³ The district court also noted that a royalty payment does not necessarily include the non-monetary license terms that are important to a licensor such as CSIRO.²⁸⁴

With regard to the balance of hardships, the court discounted any hardship on defendant for ceasing infringing operations because those who elect to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business.²⁸⁵ Moreover, wireless products made up only 11% of defendant's business.²⁸⁶ Defendant faced only monetary harm in the event the injunction issued, but the patentee faced other types

²⁷² *Id.* at 604

²⁷³ *Id.*

²⁷⁴ *Id.*

²⁷⁵ *Id.*

²⁷⁶ *Id.*

²⁷⁷ *Id.* at 606.

²⁷⁸ *Id.* at 605.

²⁷⁹ *Id.*

²⁸⁰ *Id.*

²⁸¹ *Id.*

²⁸² *Id.* at 606.

²⁸³ *Id.*

²⁸⁴ *Id.*

²⁸⁵ *Id.* (citing *Windsurfing Int'l Inc. v. AMF Inc.*, 782 F.2d 995, 1003 n.12 (Fed. Cir. 1986)).

²⁸⁶ *Id.*

of harm absent an injunction.²⁸⁷ Those other harms would negatively and directly impact further research and development efforts and the ability to bring new technologies to fruition.²⁸⁸ The court weighed these factors in favor of the permanent injunction.²⁸⁹

Interestingly, the court approached the public interest factor from a pro-patent standing. Thus, the court referred to the public interest in a strong patent system and an interest in protecting the rights of patent holders and enforcing adequate remedies for infringement.²⁹⁰ The court noted that “courts have consistently allowed injunctive relief to patent owners whose patents have been infringed,” citing 1989 and earlier Federal Circuit cases.²⁹¹ The court noted that this was not one of the “rare and limited circumstances where an injunction would be contrary to significant public interest such as health and safety concerns.”²⁹² Moreover, the products here (wireless local area networks) were obtainable from multiple sources other than defendant.²⁹³ In conclusion, the court found that a permanent injunction should issue under the traditional four-factor test recited in *eBay*.²⁹⁴

C. Other Bases for Granting Permanent Injunctions

*Allan Block Corp. v. E. Dillon & Co.*²⁹⁵ is unusual in that the court granted a permanent injunction without explaining why there would be irreparable harm.²⁹⁶ Indeed, after noting the Supreme Court ruling in *eBay*, the district court appears not to have given *any* explanation whatsoever for entering injunctive relief, apparently basing this order on the fact that the jury found infringement.

The jury determined that Dillon's manufacture or sale of Allan Block blocks after July 27, 2004, infringed Allan Block's Patents. That determination stands. After considering the relevant factors, the Court grants Allan Block's motion for a permanent injunction prohibiting infringement of the '010 and '236 patents through the future manufacture or sale of Allan Block blocks. In short, Allan Block will be irreparably harmed if Dillon is not enjoined from manufacturing or selling Allan Block blocks, monetary damages are inadequate to compensate for any continued infringement, and the balance of the harms and public interest favor issuance of an injunction. The Court, however, does not enjoin Dillon from selling its remaining inventory of Allan Block blocks. The record indicates that the jury's damage award included a reasonable royalty for all Allan Block blocks

²⁸⁷ *Id.*

²⁸⁸ *Id.*

²⁸⁹ *Id.* at 606–08.

²⁹⁰ *Id.* at 607.

²⁹¹ *Id.* at 607 (citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246–47 (Fed. Cir. 1989); *In re Berwyn E. Etter*, 756 F.2d 852, 859 (Fed. Cir. 1985)).

²⁹² *Id.*

²⁹³ *Id.*

²⁹⁴ *Id.* at 608.

²⁹⁵ 509 F. Supp. 2d 795 (D. Minn. Aug. 20, 2007).

²⁹⁶ *Id.* at 811–12.

remaining in Dillon's inventory. It would be inequitable to prohibit Dillon from selling the blocks for which it must pay royalties.²⁹⁷

In this case, the patentee apparently did not compete with the defendant but instead was merely a developer and licensor of technology:

Allan Block is a Minnesota corporation involved in the development and licensing of a cement block and related technology used in the construction of segmental retaining walls. Allan Block owns United States Patent Nos. 4,909,010 ('010 Patent) and 5,484,236 ('236 Patent), titled "Concrete Block for Retaining Walls" and "Method of Forming Concrete Retaining Wall Block," respectively. In 1991, Allan Block and Dillon entered into a Production Agreement (Agreement) that allowed Dillon to manufacture and sell Allan Block blocks in return for royalty payments. During the course of the Agreement, Dillon developed a new block called the StoneLoc block.²⁹⁸

Note that the injunction here allowed the defendant to sell existing inventory because the jury award had apparently included that inventory in its royalty calculations.

VI. CASES DENYING PERMANENT INJUNCTIONS

As noted in the table *supra*,²⁹⁹ permanent injunctions are not always awarded. It is important to understand the reasons why various district courts have denied permanent injunctions. They consider the four factors and generally find no irreparable harm, that remedies at law are sufficient, and that the balance of hardships and the public interest factors favor the infringer. The usual reason for denying the injunction is an absence of competition between the parties and no harm to goodwill, market share, or the like. Not every trial court finds in favor of the patentee on the issue of irreparable harm.

*KEG Technologies, Inc. v. Laimar*³⁰⁰ appears to be the first district court patent case to consider permanent injunctions after the Supreme Court's *eBay* decision.³⁰¹ The court ruled that injunctive relief was not foreclosed merely because infringement

²⁹⁷ *Id.* at 811.

²⁹⁸ *Id.* at 799.

²⁹⁹ See *supra* Part II.

³⁰⁰ 436 F. Supp. 2d 1364 (N.D. Ga. 2006).

³⁰¹ *Id.* at 1371. This decision is discussed *infra* under "Alternatives Being Used by Courts" because the Supreme Court's *eBay* ruling was announced on the same day as an evidentiary hearing following a default in the present case. See *infra* Part VII. Additionally, there seems to be several misstatements in the decision as reported. For example, though the court discussed the factors from *eBay* in determining whether there should be any permanent injunction against patent infringement, at the outset the court indicated that injunctive relief was sought only under the Georgia Uniform Deceptive Trade Practices Act. *KEG Techs.*, 436 F. Supp. 2d at 1367. It then said the court was asked to award damages only on the claims for patent infringement. *Id.* Nevertheless, the court turned to the question of injunctions under the patent statute. *Id.* at 1371.

was established through a default judgment.³⁰² The court also ruled that its prior denial of preliminary injunctive relief would not foreclose a permanent injunction.³⁰³ The court noted that an evidentiary hearing occurred on the same date as the Supreme Court opinion in *eBay*,³⁰⁴ that the evidence of record adequately demonstrated irreparable harm, and that there would be no disservice to the public interest.³⁰⁵ However, it said that plaintiff did not show and had little notice, if any, that it needed to show that it was charged with the duty of proving the inadequacy of monetary relief and the balancing of hardships tips in its favor, since the prior Federal Circuit rule had mandated an injunction in all but the most extraordinary cases.³⁰⁶ Accordingly, the court decided not to deny the motion for injunctive relief but allowed plaintiff the opportunity to take additional evidence and argument on the availability of injunctive relief or other equitable alternatives.³⁰⁷ Hence, though the court may have denied equitable relief at this time, it clearly did not foreclose a permanent injunction.³⁰⁸

In *z4 Technologies, Inc. v. Microsoft Corp.*,³⁰⁹ Judge Davis declined to enjoin Microsoft and flatly rejected contentions that z4 would suffer irreparable harm absent an injunction.³¹⁰ The court ruled that the (small) patent owner was not losing sales, not losing brand name recognition, and not losing market share due to differences between the way Microsoft sells its products compared to how plaintiff z4 sells its patented product:

There is no logical reason that a potential consumer or licensee of z4's technology would have been dissuaded from purchasing or licensing z4's product activation technology for use in its own software due to Microsoft's infringement. Similarly, Microsoft's continued infringement does not inhibit z4's ability to market, sell, or license its patented technology to other entities in the market. Microsoft does not produce product activation software that it then individually sells, distributes, or licenses to other software manufacturers or consumers. If it did, then z4 might suffer irreparable harm in that Microsoft would be excluding z4 from selling or licensing its technology to those software manufacturers or consumers. However, Microsoft only uses the infringing technology as a small component of its own software, and it is not likely that any consumer of Microsoft's Windows or Office software purchases these products for their product activation functionality.

In the absence of a permanent injunction against Microsoft, z4 will not suffer lost profits, the loss of brand name recognition or the loss of market

³⁰² *KEG Techs.*, 436 F. Supp. 2d at 1367.

³⁰³ *Id.*

³⁰⁴ *Id.*

³⁰⁵ *Id.*

³⁰⁶ *Id.*

³⁰⁷ *Id.*

³⁰⁸ *See id.*

³⁰⁹ 434 F. Supp. 2d 437 (E.D. Tex. 2006), *aff'd*, No. 2006-1638, 2007 WL 3407175 (Fed. Cir. Nov. 16, 2007).

³¹⁰ *Id.* at 442-43.

share because of Microsoft's continued sale of the infringing products. These are the type of injuries that are often incalculable and irreparable. The only entity z4 is possibly prevented from marketing, selling or licensing its technology to absent an injunction is Microsoft. As discussed in the next section, z4 can be compensated for any harm it suffers in the way of future infringement at the hands of Microsoft by calculating a reasonable royalty for Microsoft's continued use of the product activation technology. Accordingly, z4 has not demonstrated that it will suffer irreparable harm absent a permanent injunction.³¹¹

Thus, one important factor here was that Microsoft was not selling the activation software in competition with the patent owner.³¹² On the adequacy of legal remedies, Judge Davis explained that there *could* be a situation where remedies at law would be inadequate, but that was not true in this case because here, it is possible to calculate damages with reasonable certainty:

The violation of a patent owner's right to exclude can present a situation where monetary damages cannot adequately compensate the patent holder for that injury. For example, when an infringer saturates the market for a patented invention with an infringing product or damages the patent holder's good will or brand name recognition by selling infringing products that infringer violates the patent holder's exclusionary right in a manner that cannot be compensated through monetary damages. This is because it is impossible to determine the portions of the market the patent owner would have secured but for the infringer or how much damage was done to the patent owner's brand recognition or good will due to the infringement. However, this is not the scenario in the present case. Microsoft's use of z4's intellectual property does not exclude z4 from selling or licensing its product to any sector of the market or threaten z4's brand name recognition or good will in any way. z4 is only excluded from selling or licensing its technology to Microsoft. Accordingly, z4 is not excluded from the use of its intellectual property in a way that cannot be calculated with reasonable certainty in the form of monetary damages, just as the past damages for infringement were calculated at trial.³¹³

Regarding the balancing of hardships, Microsoft persuaded the district court that a permanent injunction would work a serious hardship on the company (e.g., it would require enormous resources, would affect 450 separate variations in thirty-seven different languages, would delay future releases, and would invite pirated software, etc.) that far outweighed any hardship on the prevailing plaintiff:

Although the arguments presented by Microsoft may be hypothetical, the scenarios Microsoft describes are not out of the realm of possibility and are in some instances quite likely. Importantly, the potential hardships

³¹¹ *Id.* at 440–41.

³¹² *Id.* at 440.

³¹³ *Id.* at 441.

Microsoft could suffer if the injunction were granted outweigh any limited and repairable hardships that z4 would suffer in the absence of an injunction.³¹⁴

Also, Microsoft persuaded the district court that turning off a feature in its operating system and in its OFFICE software was against the public interest:

Again, although it is impossible to determine the actual events that would follow the deactivation of Microsoft's product activation servers, it is likely that the market would see an increase in pirated versions of the software. As a result, unsuspecting public consumers would undoubtedly [sic] suffer some negative consequences.

Under both aspects of z4's proposed permanent injunction, there is a risk that certain sectors of the public might suffer some negative effects. However, the Court is unaware of any negative effects that might befall the public in the absence of an injunction. Although these negative effects are somewhat speculative, such potential negative effects on the public weigh, even if only slightly, against granting an injunction. Accordingly, the public interest is likely to be disserved if a permanent injunction were entered against Microsoft.³¹⁵

Thus, Judge Davis apparently did not at this early date consider the enforcement of the right to exclude to be in the public interest, unlike several of his colleagues in Texas.

*Finisar Corp. v. DirecTV Group, Inc.*³¹⁶ was decided a few weeks after *z4 Technologies*. Judge Clark came to similar conclusions as Judge Davis and denied a permanent injunction to the prevailing patentee, which was awarded patent infringement damages of almost \$104 million (based on a reasonable royalty) and prejudgment interest of over \$13 million.³¹⁷ Instead of a permanent injunction, the district court ordered a compulsory license of \$1.60 per set-top box until the patent expired.³¹⁸ The court's reasons were not given in the publicly-available "Final Judgment" but appear in oral findings and conclusions dated July 6, 2006.³¹⁹ That transcript reveals the court's reasoning for denying the permanent injunction. First, District Judge Clark commented on the Supreme Court's *eBay* ruling: "[What] the Supreme Court said isn't anything new, [they are] just reminding everybody to stop wandering off the path, get back to . . . how we've always done injunctions."³²⁰ He followed, "[w]ell, I guess another way you can look at it is the Supreme Court has put the law back to where it always has been in injunctions."³²¹

³¹⁴ *Id.* at 443.

³¹⁵ *Id.* at 444.

³¹⁶ No. 1:05-CV-264, 2006 U.S. Dist. LEXIS 76380 (E.D. Tex. July 7, 2006).

³¹⁷ *Id.* at *4-5.

³¹⁸ *Id.*

³¹⁹ Transcript of Hearing at 12, *Finisar Corp.*, 2006 U.S. Dist. LEXIS 70303 (No. 334).

³²⁰ *Id.*

³²¹ *Id.* at 80.

In this case, Finisar kept the rights to the patent and “never made even the slightest effort to use the patent with any success in the past.”³²² Given that damages and future damages were available to plaintiff, the court found that the harm was not irreparable.³²³

As to the adequacy of remedies at law, the court found it hard to see how Finisar had not been fully compensated, particularly in view of the compulsory license the court ordered.³²⁴ As to balancing the harms, the *Finisar* court found that the hardship on DirecTV would be enormous if an injunction were granted.³²⁵ Thousands of employees might be out of work, and there would be a ripple effect on all the content providers, which is “probably incalculable.”³²⁶ Also, 15 million people would lose the ability to view TV.³²⁷ In contrast, “Finisar is hard pressed to show hardship in receiving over \$100 million from a patent which has been on a shelf for some ten years with no return at all, especially when there hasn’t been a penny invested in its development or implementation after issuance, according . . . to the evidence.”³²⁸ Finally, the court saw no public interest served by enjoining DirecTV.³²⁹

*Paice L.L.C. v. Toyota Motor Corp.*³³⁰ is another case from Marshall, Texas denying a permanent injunction.³³¹ This case related to a transmission in hybrid cars. Finding no irreparable injury, Judge Folsom ruled that harm occurs irreparably only when the injury cannot be undone by monetary damages.³³² The court rejected plaintiff’s assertion that its licensing efforts were unsuccessful due to the lack of an injunction.³³³ He went on to say that the reasonable royalty would be set by the jury.³³⁴ He also ruled that there is no presumption of irreparable harm that follows automatically from a finding of infringement, citing the Supreme Court ruling in *eBay*, stating: “Infringing one’s right to exclude alone, however, is insufficient to warrant injunctive relief.”³³⁵ The court disagreed that the balancing of hardships favored plaintiff, noting the “reality” that enjoining the sales of Toyota automobiles would interrupt Toyota’s business and that of related businesses such as dealers and suppliers.³³⁶ Thus, “defendants face[d] significant hardships if enjoined.”³³⁷ Interestingly, the court noted that enjoining defendants would “damage *their* reputation.”³³⁸ This concern for the reputation of the infringer appears to be

³²² *Id.* at 124.

³²³ *Id.* at 123.

³²⁴ *Id.* at 125.

³²⁵ *Id.*

³²⁶ *Id.*

³²⁷ *Id.*

³²⁸ *Id.* at 126.

³²⁹ *Id.*

³³⁰ No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006), *aff’d in part, vacated in part*, Nos. 2006-1610, 2006-1631, 2007 WL 3024994 (Fed. Cir. Oct. 18, 2007).

³³¹ *Id.* at *1.

³³² *Id.* at *5.

³³³ *Id.*

³³⁴ *Id.*

³³⁵ *Id.*

³³⁶ *Id.* at *6.

³³⁷ *Id.*

³³⁸ *Id.* (emphasis added). Note that General Motors failed to receive similar treatment in a previous case. See *Christiana Indus. v. Empire Elecs.*, 443 F. Supp. 2d 870 (E.D. Mich. 2006).

the first noted expostulation of this notion following *eBay*. The court thus found the balance of hardships “decidedly” in favor of defendants.³³⁹ Finally, the court found the public interest did not weigh heavily in favor of either party.³⁴⁰ It ruled that non-injunctive relief also serves the public interest in the enforcement of patent rights.³⁴¹ Defendants failed to show that enjoining the sale of their hybrid vehicles would disserve the public interest as there are other hybrid alternatives on the market and there is no evidence present that the demand for hybrid vehicles could not be met by the alternatives already on the market.³⁴² Weighing all four of these factors, the court ruled that plaintiff had failed to demonstrate that injunctive relief was warranted.³⁴³

The next case denying a permanent injunction is *Voda v. Cordis Corp.*³⁴⁴ This case involved catheters, and the jury determined that plaintiff was entitled to a reasonable royalty of 7.5% of defendant’s gross sales of infringing devices.³⁴⁵ The court noted the *eBay* requirements and ruled that plaintiff failed to demonstrate either irreparable injury or the inadequacy of monetary damages.³⁴⁶ The court rejected the argument that irreparable harm is presumed after validity and infringement have been established.³⁴⁷ Here, plaintiff identified no harm to himself and argued only the presumption and alleged harm to a non-party, SciMed.³⁴⁸ The court agreed with defendant that this harm to SciMed was irrelevant because that company elected not to sue to enforce the patent rights and, noting that patents have the attributes of personal property, the plaintiff must demonstrate harm that is personal (not harm to another).³⁴⁹

In *Sundance, Inc. v. DeMonte Fabricating Ltd.*,³⁵⁰ which involved tarp systems for use on flatbed trailers, the court denied a permanent injunction.³⁵¹ The patentee Sundance argued irreparable harm on the basis that defendant competes with plaintiff’s licensees.³⁵² The court was not persuaded and noted that Sundance delayed in filing suit and in seeking injunctive relief.³⁵³ Additionally, the patent covered just one feature of the accused product, and it could not be said that the licensees were losing sales to DeMonte because of the infringement of the product at issue.³⁵⁴ The court also noted the possibility that lost sales were due to a desire for the other features of defendant’s product or sales lost to other competitors in the marketplace.³⁵⁵

³³⁹ *Paice*, 2006 WL 2385139, at *6 (E.D. Tex. Aug. 16, 2006).

³⁴⁰ *Id.*

³⁴¹ *Id.*

³⁴² *Id.*

³⁴³ *Id.*

³⁴⁴ No. CIV-03-1512-L, 2006 WL 2570614, at *1 (W.D. Okla. Sept. 5, 2006).

³⁴⁵ *Id.*

³⁴⁶ *Id.* at *5.

³⁴⁷ *Id.*

³⁴⁸ *Id.*

³⁴⁹ *Id.*

³⁵⁰ No. 02-73543, 2007 WL 37742 (E.D. Mich. Jan. 4, 2007).

³⁵¹ *Id.* at *1.

³⁵² *Id.* at *2.

³⁵³ *Id.*

³⁵⁴ *Id.*

³⁵⁵ *Id.*

The court noted that the grant of licenses to others and the offer of a license to DeMonte before filing suit demonstrated that money damages were adequate.³⁵⁶ This conduct indicates that Sundance had an interest only in obtaining money damages. Plaintiff had little proof of hardships tipping in its favor.³⁵⁷ It argued merely that it had endured a trial and protracted reexamination proceeding.³⁵⁸ Against this, the infringer pointed to hardship upon entry of an injunction, “which would affect its ability to compete with other tarp manufacturers and could force it out of business.”³⁵⁹ The court found in favor of defendant DeMonte on this factor.³⁶⁰ Finally, while there is a public interest in redressing infringement, in this case an injunction would harm third parties (DeMonte employees and customers).³⁶¹ In this marketplace, the factor did not weigh in favor of the patentee. Hence, the injunction was denied.³⁶²

In *IMX, Inc. v. LendingTree, L.L.C.*,³⁶³ the court denied a permanent injunction without prejudice to renew it subsequent to any appeal.³⁶⁴ Chief Judge Sue Robinson ruled that “outside of the now-overturned presumption that a patent holder is irreparably harmed upon a finding of infringement, plaintiff’s papers contain little support for its argument that it will suffer irreparable harm.”³⁶⁵ The court noted that plaintiff offered “no evidence of irreparable harm resulting from defendant’s infringement, for example, market or financial data, to support its sweeping statements.”³⁶⁶ The court referred to the *eBay* ruling, which stated that infringing the right to exclude by itself is insufficient to warrant injunctive relief.³⁶⁷ Additionally, “there was no indication in the record that defendant’s infringement affected plaintiff’s ability to license the technology” of the patent.³⁶⁸ Further, “plaintiff’s willingness to forego its patent rights for compensation” was not dispositive yet was “one factor to consider” on the issue of irreparable harm.³⁶⁹ The court said that the broad scope of the infringement was “not limited to a minor component” of the product but that the infringing product completely “mimics the patented system.”³⁷⁰ The court weighed this factor in favor of an injunction, citing *z4 Technologies*.³⁷¹ As to the public interest, the court found it unable to “reasonably ascertain whether, and to what extent, the public would be disserved by a permanent injunction without additional information.”³⁷² In conclusion, the court was reluctant to determine the issue based on the current record and instead of granting a

³⁵⁶ *Id.*

³⁵⁷ *See id.*

³⁵⁸ *Id.*

³⁵⁹ *Id.*

³⁶⁰ *Id.*

³⁶¹ *Id.*

³⁶² *Id.*

³⁶³ 469 F. Supp. 2d 203 (D. Del. 2007).

³⁶⁴ *Id.* at 228.

³⁶⁵ *Id.* at 224.

³⁶⁶ *Id.* at 225.

³⁶⁷ *Id.* (citing *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1840 (2006)).

³⁶⁸ *Id.*

³⁶⁹ *Id.*

³⁷⁰ *Id.*

³⁷¹ *Id.*

³⁷² *Id.* at 226.

compulsory license, offered plaintiff the opportunity to provide additional evidence to assist the court in determining the injunction issue.³⁷³

In *Praxair, Inc. v. ATMI, Inc.*,³⁷⁴ Chief Judge Sue Robinson denied entry of a permanent injunction in a case involving corrosive toxic or otherwise dangerous gases.³⁷⁵ Praxair contended that defendant stole market share and worked a substantial and unjustifiable hardship on the patent owner which could not “be remedied by money damages alone.”³⁷⁶ The court, however, found that “Praxair had not met its burden under *eBay* to provide sufficient proof” in view of “the broad scope of the relief requested.”³⁷⁷ Thus, Praxair did not provide or describe any “specific sales or market data” and did not identify “what market share, revenues and customers” it lost to defendant.³⁷⁸ The court compared the facts to those of *Novozymes A/S v. Genencor International Inc.*³⁷⁹ discussed *supra*,³⁸⁰ “where [the] evidence demonstrated that plaintiff originally secured an 80% market share with its patented product, which fell to approximately 50% after the infringing competitor’s market entry.”³⁸¹ The court noted that “[w]hile money damages are generally inadequate to compensate for violation of a patentee’s right to exclude, Praxair nevertheless had a burden to iterate specific reasons why [the defendant’s] infringement can not be compensated” by money.³⁸² Judge Robinson ruled that “Praxair has not explained why it may have ‘difficulties calculating damages going forward.’”³⁸³ Nor did Praxair describe “how money damages could not adequately compensate for ‘lost market share or any lost research opportunities.’”³⁸⁴ Thus, in this case, Praxair had not adduced enough evidence to justify the broad scope of injunctive relief it was requesting.³⁸⁵ The court gave Praxair the right to renew its motion following appellate review of the jury verdict.³⁸⁶

Judge Pechman in Washington denied preliminary and permanent injunctions in *Baden Sports, Inc. v. Molten*.³⁸⁷ This case involved the sports ball business and particularly a game-quality basketball that is cushioned or padded.³⁸⁸ The permanent injunction order was decided along with a summary judgment for partial infringement motion.³⁸⁹ Judge Pechman noted the four factors required to be considered in *eBay* and concluded that because Molten had raised genuine issues regarding obviousness in the present motion, the request for permanent injunctive

³⁷³ *Id.*

³⁷⁴ 479 F. Supp. 2d 440 (D. Del. 2007).

³⁷⁵ *Id.* at 444.

³⁷⁶ *Id.* at 443.

³⁷⁷ *Id.*

³⁷⁸ *Id.*

³⁷⁹ 474 F. Supp. 2d 592 (D. Del. 2007).

³⁸⁰ See *supra* notes 196–210 and accompanying text.

³⁸¹ *Praxair*, 479 F. Supp. 2d at 444 (citing *Novozymes A/S*, 474 F. Supp. 2d at 598, 613).

³⁸² *Id.*

³⁸³ *Id.*

³⁸⁴ *Id.*

³⁸⁵ *Id.*

³⁸⁶ *Id.*

³⁸⁷ No. C06-210MJP, 2007 WL 2056402, at *1 (W.D. Wash. July 16, 2007).

³⁸⁸ *Id.*

³⁸⁹ *Id.* at *2.

relief was premature.³⁹⁰ Baden at oral argument requested the court to treat its motion for a permanent injunction as one for a preliminary injunction.³⁹¹ The court rejected entering a preliminary injunction for the same reason—that defendant had raised a genuine issue.³⁹² In this case, the evidence sufficient to defeat a preliminary injunction was “a declaration from an individual who claims that he has ordinary skill in the art, and that it would have been obvious to someone of his skill level to combine elements of two of Molten’s Japanese patents to create Baden’s patented design.”³⁹³

Hence, Baden had not established that it is likely to prevail on the merits, and the judge determined that a preliminary injunction was not warranted.³⁹⁴ The court continued, moreover, by stating that Baden had offered no evidence of irreparable harm that would occur in the less than four weeks before trial was scheduled to begin.³⁹⁵

On remand, in *MercExchange, L.L.C. v. eBay, Inc.*,³⁹⁶ Judge Jerome Friedman likewise found no irreparable harm.³⁹⁷ Prior to trial, “MercExchange exhibited a ‘lack of commercial activity in practicing the [relevant] patents’ and instead exhibited a ‘willingness to license the patents.’”³⁹⁸ The willingness to grant licenses, to uBid for example, is “one factor that this court must consider in weighing the equities.”³⁹⁹ This did not eliminate MercExchange’s ability to establish irreparable harm but weighed against the need for an equitable remedy “as it evidences MercExchange’s willingness to forego its right to exclude in return for money.”⁴⁰⁰ The district court also noted that it was concerned because the patent was directed to a business method, citing Justice Kennedy’s concurring opinion in *eBay*.⁴⁰¹ The district court further noted the Supreme Court opinion in *KSR International Co. v. Teleflex, Inc.*,⁴⁰² rejecting the Federal Circuit’s teaching, suggestion and motivation test.⁴⁰³ It concluded that under *KSR*, the likelihood that the ’265 patent at issue would survive reexamination at the PTO was diminished.⁴⁰⁴ This also weighed against a finding of irreparable harm.⁴⁰⁵

With regard to the adequacy of remedies at law issue, the *MercExchange* district court on remand noted that MercExchange used its “’265 patent primarily as a sword to aid in litigation or threaten litigation against infringers or potential infringers.”⁴⁰⁶

³⁹⁰ *Id.* at *10–11.

³⁹¹ *Id.* at *10.

³⁹² *Id.* at *11.

³⁹³ *Id.*

³⁹⁴ *Id.*

³⁹⁵ *Id.*

³⁹⁶ 500 F. Supp. 2d 556 (E.D. Va. 2007).

³⁹⁷ *Id.* at 591.

³⁹⁸ *Id.* at 570 (quoting *MercExchange, L.L.C. v. eBay, Inc.*, 275 F. Supp. 2d 695, 712 (E.D. Va. 2003)).

³⁹⁹ *Id.*

⁴⁰⁰ *Id.* at 571.

⁴⁰¹ *Id.* at 574.

⁴⁰² 127 S. Ct. 1727 (2007).

⁴⁰³ *MercExchange*, 500 F. Supp. 2d at 574.

⁴⁰⁴ *Id.*

⁴⁰⁵ *Id.* at 575.

⁴⁰⁶ *Id.* at 582.

Using “a ruling in equity as a bargaining chip suggests both that such party never deserved a ruling in equity and that money is all that such party truly seeks, rendering monetary damages an adequate remedy in the first instance.”⁴⁰⁷

In balancing harms, the district court ruled that it was “unclear whether an injunction would be a significant benefit to MercExchange other than for use as a bargaining chip.”⁴⁰⁸ “MercExchange ha[d] failed to point to damages to its reputation, goodwill, brand recognition, customer base, or market share . . . caused by eBay’s infringement.”⁴⁰⁹ Thus, the district court concluded that “forced royalties are an imperfect solution . . . [but this] appears to be the most equitable as the patent holder has repeatedly illustrated that a royalty from market participants, including eBay, is what it truly seeks.”⁴¹⁰

The district court in *MercExchange* weighed the public interest factor slightly against the plaintiff, i.e., against an injunction.⁴¹¹ The court noted that the “public-interest factor often favors prevailing patentees, given the public’s interest in maintaining the integrity of the patent system.”⁴¹² However, this cannot be allowed to dominate the analysis and become a presumption.⁴¹³ The district court thus considered the type of patent and its apparent weakness under *KSR*, and it noted that public health and welfare are not at issue but that the public interest nevertheless favored damages instead of an injunction.⁴¹⁴ MercExchange is a company of only two employees working from home, specializing in obtaining royalties based on threats of litigation.⁴¹⁵ eBay in contrast is a multibillion dollar company bringing together tens of millions of buyers and sellers, and the company has a substantial impact on the U.S. economy.⁴¹⁶ Further, MercExchange, according to the district court, had never sought to enforce its right to exclude, and lending credence to that right, at this late stage of litigation would not serve equity nor the public interest.⁴¹⁷

VII. ALTERNATIVES BEING USED BY COURTS

The courts that have declined to enter permanent injunctions have generally used two different alternatives: (1) an ongoing royalty, and (2) leave to the patentee to adduce more evidence or renew its motion, typically following appeal.

⁴⁰⁷ *Id.*

⁴⁰⁸ *Id.* at 584.

⁴⁰⁹ *Id.*

⁴¹⁰ *Id.* at 585.

⁴¹¹ *Id.* at 586.

⁴¹² *Id.* (quoting *Odetics, Inc. v. Storage Tech. Corp.*, 14 F. Supp. 2d 785, 795 (E.D. Va. 1998)).

⁴¹³ *Id.*

⁴¹⁴ *Id.* at 590.

⁴¹⁵ *Id.* at 572.

⁴¹⁶ *Id.* at 587.

⁴¹⁷ *Id.* at 588.

A. Ongoing Royalty

The court in *z4 Technologies* compensated the winning patentee for future infringement by Microsoft with running royalties determined by the jury:

Such future damages will not be based on injuries that are difficult to measure such as the loss of market share or damage to brand name recognition and good will, but will be based on a reasonable royalty for each of the infringing products sold by Microsoft. This calculation can be made based on the same reasonable royalty calculation used by the jury at trial and by referring to Microsoft's internal records showing the number of sales for the infringing copies of software during the time period. Furthermore, it is not a legitimate concern that Microsoft would be unable to pay damages incurred by z4 through any future infringement.⁴¹⁸

On remand, in *MercExchange, L.L.C. v. eBay, Inc.*,⁴¹⁹ the district court concluded that “forced royalties are an imperfect solution . . . [but this] appears to be the most equitable as the patent holder has repeatedly illustrated that a royalty from market participants, including eBay, is what it truly seeks.”⁴²⁰

In *Verizon Services Corp. v. Vonage Holdings Corp.*,⁴²¹ the Federal Circuit found no abuse of discretion in the district court’s decision to enter an injunction instead of a forced royalty.⁴²²

The district court in *Paice L.L.C. v. Toyota Motor Corp.*⁴²³ declined to enter a permanent injunction and instead awarded an ongoing royalty of \$25 per unit for certain vehicles.⁴²⁴ Recently, the Federal Circuit vacated that part of the ruling (while affirming the remainder).⁴²⁵ The appellate court explained that the provision for Toyota to continue to use the patent was *not* really a “compulsory license,” as that phrase connotes a license open to anyone, whereas in this case, the district court did not open the patent to licensing by anyone other than Toyota.⁴²⁶ The Federal Circuit noted concern over this ruling and admonished that ongoing royalties are *not* to be granted as a general rule.⁴²⁷ It cited 35 U.S.C. § 283,⁴²⁸ which states, in relevant part: “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.”⁴²⁹

⁴¹⁸ *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437, 442 (E.D. Tex. 2006).

⁴¹⁹ 500 F. Supp. 2d at 556.

⁴²⁰ *Id.* at 585.

⁴²¹ 503 F.3d 1295 (Fed. Cir. 2007).

⁴²² *Id.* at 1311.

⁴²³ No. 2:04-CV-211-DF, 2006 WL 2385139, at *4 (E.D. Tex. Aug. 16, 2006), *aff’d in part, vacated in part*, 2007 WL 3024994 (Fed. Cir. Oct. 18, 2007) (vacating district court’s royalty award). The district court opinion is discussed above. See *supra* notes 330–343 and accompanying text.

⁴²⁴ *Paice*, 2006 WL 2385139, at *3.

⁴²⁵ *Paice*, 2007 WL 3024994, at *16–17.

⁴²⁶ *Id.* at *16 n.13.

⁴²⁷ *Id.* at *17.

⁴²⁸ *Id.* at *16.

⁴²⁹ 35 U.S.C. § 283 (2006).

This language on its face imposes an “apparent restriction . . . that injunctions granted thereunder must ‘prevent the violation of any right secured by patent.’”⁴³⁰ However, the court noted that “[u]nder some circumstances, awarding an ongoing royalty for patent infringement in lieu of an injunction may be appropriate.”⁴³¹ The court did not find error per se in the ongoing royalty ruling but nevertheless vacated it for failing to articulate sufficient reasons to afford appellate review.⁴³²

B. Leave to Reopen or Renew

Following a default judgment in *KEG Technologies Inc. v. Laimer*,⁴³³ the court denied entry of a permanent injunction.⁴³⁴ Because the decision by the Supreme Court in *eBay* occurred on the very same day as an evidentiary hearing, plaintiff was deemed not to have knowledge that it needed to show all four of the factors identified by the Supreme Court in *eBay*.⁴³⁵ Hence, the court ruled that plaintiff had shown two of the four elements and while it denied entry of a permanent injunction at that time, it permitted additional evidence and argument respecting the availability of injunctive relief or “more equitable alternatives (e.g., a compulsory license) . . .”⁴³⁶

In *IMX, Inc. v. LendingTree, L.L.C.*,⁴³⁷ the court denied a permanent injunction without prejudice to renew it subsequent to any appeal.⁴³⁸ The court was reluctant to determine the issue based on the current record, and instead of granting a

⁴³⁰ *Paice*, 2007 WL 3024994, at *16 (emphasis added).

⁴³¹ *Id.*

⁴³² *Id.* at *17. The court explained:

Should the parties fail to come to an agreement, the district court could step in to assess a reasonable royalty in light of the ongoing infringement.

In this case, the district court, after applying the four-factor test for a permanent injunction and declining to issue one, imposed an ongoing royalty *sua sponte* upon the parties. But, the district court's order provides no reasoning to support the selection of \$25 per infringing vehicle as the royalty rate. Thus, this court is unable to determine whether the district court abused its discretion in setting the ongoing royalty rate. Accordingly, we think it prudent to remand the case for the limited purpose of having the district court reevaluate the ongoing royalty rate. Upon remand, the court may take additional evidence if necessary to account for any additional economic factors arising out of the imposition of an ongoing royalty. The district court may determine that \$25 is, in fact, an appropriate royalty rate going forward. However, without any indication as to why that rate is appropriate, we are unable to determine whether the district court abused its discretion. *Cf. Hensley v. Eckerhart*, 461 U.S. 424, 437, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1983) (“It [is] important . . . for the district court to provide a concise but clear explanation of its reasons for the fee award.”). The district court should also take the opportunity on remand to consider the concerns Paice raises about the terms of Toyota's permissive continuing use.

Id.

⁴³³ 436 F. Supp. 2d 1364 (N.D. Ga. 2006).

⁴³⁴ *Id.* at 1371.

⁴³⁵ *Id.*

⁴³⁶ *Id.*

⁴³⁷ 469 F. Supp. 2d 203 (D. Del. 2007).

⁴³⁸ *Id.* at 226.

compulsory license, offered plaintiff the opportunity to provide additional evidence to assist the court in determining the injunction issue.⁴³⁹

VIII. EFFECTS ON PRELIMINARY INJUNCTIONS

As noted in the table *supra*, courts are split roughly evenly on granting and denying preliminary injunctions in patent cases subsequent to the Supreme Court's *eBay* decision.⁴⁴⁰ These cases are reviewed first by splitting them into cases where the injunctions were granted versus cases where they were denied. Within those breakdowns, the cases are presented chronologically.

A. Preliminary Injunctions Granted

The first patent case granting a preliminary injunction after *eBay* appears to be *Christiana Industries v. Empire Electronics, Inc.*⁴⁴¹ This opinion has two distinct parts. Surprisingly, the July 25, 2006 portion of the opinion appears to have been written without consideration for the Supreme Court's ruling in *eBay*. The court initially ruled that "irreparable harm is presumed when a clear showing of patent validity and infringement has been made."⁴⁴² Defendant simply denied the allegation, urging that plaintiff would not suffer irreparable harm and that it has adequate assets to compensate plaintiff with money damages if plaintiff should prevail.⁴⁴³ The court ruled the presumption of irreparable harm "weighs in favor of the preliminary injunction."⁴⁴⁴ On the substantial harm issue, the court first cited financial difficulties and prospective loss of revenue.⁴⁴⁵ The court declared that "this factor does not weigh in favor of either party."⁴⁴⁶ As for the public interest, the court ruled that the strong public policy favors enforcing patent rights and weighed in favor of granting the injunction, dismissing the alleged public interest in favor of the choice of products (lamp sockets) from the supplier of its choice.⁴⁴⁷

On reconsideration, the *Christiana* court considered *eBay* and then reaffirmed the presumption of irreparable harm, at least with respect to preliminary injunctions:

Plaintiff argues, and this Court agrees, that *eBay* did not invalidate the presumption. The *eBay* Court addressed the proper analysis for *permanent* injunctive relief. It held the Court's error by categorically

⁴³⁹ *Id.*

⁴⁴⁰ *See supra* Part II.

⁴⁴¹ 443 F. Supp. 2d 870 (E.D. Mich. 2006), *amended by* No. 06-12568, 2006 U.S. Dist. LEXIS 54210 (E.D. Mich. Aug. 4, 2006).

⁴⁴² *Id.* at 882 (citing *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001)).

⁴⁴³ *Id.*

⁴⁴⁴ *Id.*

⁴⁴⁵ *Id.*

⁴⁴⁶ *Id.*

⁴⁴⁷ *Id.*

denying permanent injunctive relief on a showing of infringement and validity, without analyzing the traditional four factors for injunctive relief.⁴⁴⁸

The Court then reasserted that it had weighed the four factors in its decision, without discussing irreparable harm and apparently continuing to rely on the presumption of irreparable harm.⁴⁴⁹ The Court did not discuss the inadequacy of legal remedies nor the balancing of harms on reconsideration. As for the public interest, while defense counsel informed the court that granting injunctive relief could interrupt General Motors' automobile production, the Court said this evidence had already been considered and, moreover, plaintiff had offered to license the patent to defendant until some point in time.⁴⁵⁰

In New York, the court in *Canon Inc. v. GCC International Ltd.*⁴⁵¹ granted a preliminary injunction in a case involving toner cartridges.⁴⁵² After citing *eBay*, the court discussed irreparable harm, balancing of hardships, and the public interest (along with determining a likelihood of success on the merits). The court found irreparable harm because defendants' recycled cartridges are perceived in the marketplace to have substantially lesser quality.⁴⁵³ Cross-licenses have been granted but not for the manufacture and sale of products, and there were no other competing products in the market.⁴⁵⁴ Here, the plaintiff patentee had been able to price aggressively and competition from defendants was likely to lead to significant price erosion.⁴⁵⁵

The district court considered the location of assets as relevant to the adequacy of money damages.⁴⁵⁶ Here, the court found money damages inadequate "because of the nature and location of defendants' business," which the court described as "far-flung, and locating and attaching assets sufficient to satisfy a money judgment would be exceedingly difficult."⁴⁵⁷

The court rejected the defense of lack of due diligence or undue delay by plaintiff, finding that there was no demonstrable prejudice to defendants.⁴⁵⁸

Balancing hardships, while defendants alleged they would be put out of business by an injunction of this product line, the court deemed this harm speculative since a recent product catalog indicated that defendants sell some 350 products, and the notion that customers would cut defendants off from sales of all products simply because they were unable to sell a few types of toner cartridges is pure conjecture.⁴⁵⁹ In contrast, the loss of profits and market share to the plaintiff is real, not

⁴⁴⁸ *Christiana Indus. v. Empire Elecs., Inc.*, No. 06-12568, 2006 U.S. Dist. LEXIS 54210, at *5 (E.D. Mich. Aug. 4, 2006).

⁴⁴⁹ *Id.*

⁴⁵⁰ *Id.*

⁴⁵¹ 450 F. Supp. 2d 243 (S.D.N.Y. 2006), *aff'd*, No. 2006-1615, 2007 WL 4005018 (Fed. Cir. Nov. 16, 2007) (non-precedential).

⁴⁵² *Id.* at 257.

⁴⁵³ *Id.* at 255.

⁴⁵⁴ *Id.*

⁴⁵⁵ *Id.*

⁴⁵⁶ *Id.* at 256.

⁴⁵⁷ *Id.*

⁴⁵⁸ *Id.*

⁴⁵⁹ *Id.*

speculative, tipping the balance of hardships “decidedly in plaintiff’s favor.”⁴⁶⁰ With regard to the public interest, the court noted the strong public interest in enforcement of valid patents and noted that none of the products suffered from shortages in the marketplace or were necessary to the health, safety, or welfare of a significant part of the public.⁴⁶¹ Hence, the court granted a preliminary injunction.⁴⁶²

The Chief Judge in the District of Nebraska entered a preliminary injunction against the patentee in *GP Industries, Inc. v. Bachman*.⁴⁶³ This was a declaratory judgment action against the patentee, also alleging tortious interference and other violations.⁴⁶⁴ The products at issue were rain gutter covers.⁴⁶⁵ The patentee through counsel sent letters to dealers and wholesale contractors informing them that plaintiff GPI was planning to manufacture and sell a gutter cover that infringed defendant’s patent.⁴⁶⁶ Thereafter, orders totaling more than \$600,000 were rescinded by GPI customers.⁴⁶⁷ GPI also showed that its reputation was damaged by these allegations.⁴⁶⁸ In discussing the preliminary injunction, the court noted that communication to possible infringers concerning patent rights “is not improper if the patent holder has a good faith belief in the accuracy of the communication.”⁴⁶⁹ The court noted the Supreme Court decision in *eBay* and then found that defendant’s activities approached the bad faith threshold.⁴⁷⁰ There was no showing that defendant’s president, Bachman, who allegedly obtained and examined a prototype of the plaintiff’s prototype product, had also examined any product *actually sold or distributed* or made any effort to determine that the prototype became the marketed product.⁴⁷¹ GPI established that its business was irreparably harmed by the accusations from the patentee and its president and established harm to its reputation and integrity.⁴⁷² The court entered an injunction against future correspondence by co-defendant Eran to present and potential customers during pendency of the suit.⁴⁷³

In *Erico International Corp. v. Doc’s Marketing, Inc.*,⁴⁷⁴ an Ohio court reaffirmed a preliminary injunction which it had entered twelve days before the Supreme Court decision in *eBay*.⁴⁷⁵ The enjoined defendant requested reconsideration.⁴⁷⁶ Judge O’Malley noted that under *eBay*, it would be improper for

⁴⁶⁰ *Id.* at 256–57.

⁴⁶¹ *Id.* at 257.

⁴⁶² *Id.*

⁴⁶³ No. 8:06CV51, 2006 U.S. Dist. LEXIS 83450, at *15 (D. Neb. Nov. 8, 2006), *rev’d*, 500 F.3d 1369 (Fed. Cir. 2007).

⁴⁶⁴ *Id.* at *2.

⁴⁶⁵ *Id.* at *4.

⁴⁶⁶ *Id.* at *5.

⁴⁶⁷ *Id.* at *6.

⁴⁶⁸ *Id.*

⁴⁶⁹ *Id.* at *9.

⁴⁷⁰ *Id.* at *10.

⁴⁷¹ *Id.* at *13.

⁴⁷² *Id.* at *14.

⁴⁷³ *Id.* at *15.

⁴⁷⁴ No. 1:05-cv-2924, 2007 U.S. Dist. LEXIS 1367 (N.D. Ohio Jan. 9, 2007).

⁴⁷⁵ *Id.* at *37.

⁴⁷⁶ *Id.*

the Federal Circuit to apply a preliminary injunction standard in patent cases different than in other cases and further held that while *eBay* involved a permanent injunction, the holding was not limited to that context and applies “with even greater force at the preliminary injunction stage.”⁴⁷⁷ The court reviewed Federal Circuit precedents on the preliminary injunction standard, specifically concerning the question of whether defendant had raised a “substantial question” of invalidity.⁴⁷⁸ The court noted confusion in Federal Circuit jurisprudence with regard to invalidity assertions as defenses to preliminary injunction motions and opined that the primary source of confusion was that the Federal Circuit had viewed the issue from the perspective of the defendant rather than that of the plaintiff.⁴⁷⁹ “Traditionally, the preliminary injunction standard is applied from the plaintiff’s perspective”⁴⁸⁰ and is similar to the permanent injunction test articulated in *eBay*.

Judge O’Malley discussed *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*,⁴⁸¹ decided after *eBay*, where the Federal Circuit vacated a preliminary injunction that had been entered by the district judge.⁴⁸² That case involved extended release formulations of a drug, and defendant Teva did not contest infringement but instead asserted that the claims were obvious.⁴⁸³ The district court analysis was performed prior to the Supreme Court *eBay* ruling. The majority opinion (per Judge Prost, joined by Judge Gajarsa) ruled that if the defendant raises a substantial question concerning a defense which the movant cannot prove to lack substantial merit, then the patentee-movant has not established a likelihood of success on the merits.⁴⁸⁴ The majority answered Judge Newman’s dissent by stating that the majority was bound by precedent on the lack of substantial merit point defeating a likelihood of success.⁴⁸⁵

On the equitable questions incident to granting an injunction, the district court “presumed Abbott would suffer irreparable harm absent the injunction because of its conclusion regarding likelihood of success on the merits.”⁴⁸⁶ The district court further concluded that if a competitor were to enter the market with a generic extended release formulation, that would likely crush the market.⁴⁸⁷ The Federal Circuit noted that because Abbott had not established a likelihood of success on the merits, it was “no longer entitled to a presumption of irreparable harm.”⁴⁸⁸ The Federal Circuit went on to note that generic competition alone would not establish that the patentee would suffer irreparable harm.⁴⁸⁹ The majority concluded that where a patentee does not show likely success on the merits and has not clearly established that monetary damages would be insufficient, but that the defendant also has not established that monetary damages are sufficient, the court cannot say that

⁴⁷⁷ *Id.* at *21.

⁴⁷⁸ *Id.* at *25.

⁴⁷⁹ *Id.*

⁴⁸⁰ *Id.*

⁴⁸¹ 452 F.3d 1331 (Fed. Cir. 2006).

⁴⁸² *Id.* at 1348.

⁴⁸³ *Id.* at 1333.

⁴⁸⁴ *Id.* at 1335.

⁴⁸⁵ *Id.* at 1335 n.2.

⁴⁸⁶ *Id.* at 1347.

⁴⁸⁷ *Id.*

⁴⁸⁸ *Id.*

⁴⁸⁹ *Id.* at 1348.

the irreparable harm prong favors either party.⁴⁹⁰ Additionally, the Federal Circuit agreed in this case that absent other relevant concerns, it agreed with the district court “that the public is best served by enforcing patents that are likely valid and infringed.”⁴⁹¹ In this case, however, as Abbott did not establish likely success on the merits, it concluded that the public interest was best served by denying the preliminary injunction.⁴⁹² In conclusion, the court ruled that Abbott had not established likely success on the merits, that without the presumption of irreparable harm and in light of the arguable sufficiency of monetary damages, Abbott has not established that irreparable harm supports the grant of the injunction, and that as a substantial question of validity was raised by Teva, the public interest benefits from denial of the injunction.⁴⁹³

Senior Judge Moran in Chicago entered a preliminary injunction in *Chamberlain Group, Inc. v. Lear Corp.*,⁴⁹⁴ a case involving garage door openers.⁴⁹⁵ Judge Moran reached the opposite conclusion from the Michigan court in *Christiana Industries*,⁴⁹⁶ *supra*,⁴⁹⁷ on the viability of the presumption of irreparable harm. That is, although the Federal Circuit had previously granted patent holders a presumption of irreparable harm upon making a clear showing of validity and infringement, the *eBay* decision of the Supreme Court has been applied to preliminary injunctions as well as permanent injunctions. Judge Moran noted that *eBay* “has been read to limit the presumption of irreparable harm solely upon the finding of infringement.”⁴⁹⁸ The court then weighed plaintiff’s allegations of actual harm by the alleged infringement, namely, market spoliation, price erosion, and strained customer relationships.⁴⁹⁹ The court found that these injuries were real and weighed against defendant’s assertion that plaintiffs alleged no actual harm.⁵⁰⁰ The court found that the interest in maintaining customer relationships and exclusive distributorship weighs in favor of a finding of irreparable harm.⁵⁰¹

The defendant did not rebut these showings but relied instead on plaintiffs’ delay in bringing the preliminary injunction motion.⁵⁰² Judge Moran rejected this defense.⁵⁰³ While conceding that delay is an important factor, it is just one of the circumstances a court must consider in the context of the totality of circumstances.⁵⁰⁴ Plaintiff argued persuasively that it was “proceeding with due caution” and the delay did not outweigh the showing of irreparable harm.⁵⁰⁵ The court noted further irreparable harm in plaintiff’s unrefuted claims of future potential harm in the form

⁴⁹⁰ *Id.*

⁴⁹¹ *Id.*

⁴⁹² *Id.*

⁴⁹³ *Id.*

⁴⁹⁴ No. 05 C 3449, 2007 WL 1017751 (N.D. Ill. Mar. 30, 2007).

⁴⁹⁵ *Id.* at *1.

⁴⁹⁶ *Christiana Indus. v. Empire Elecs., Inc.*, 443 F. Supp. 2d 870 (E.D. Mich. 2006).

⁴⁹⁷ See *supra* notes 67–69, 441–450 and accompanying text.

⁴⁹⁸ *Chamberlain Group*, 2007 WL 1017751, at *5.

⁴⁹⁹ *Id.* at *6.

⁵⁰⁰ *Id.*

⁵⁰¹ *Id.*

⁵⁰² *Id.* at *5.

⁵⁰³ *Id.* at *6.

⁵⁰⁴ *Id.*

⁵⁰⁵ *Id.*

of encouraging other potential infringers to enter the market, the possibility of confusion between plaintiffs and defendant's products, and further price erosion and loss of good will.⁵⁰⁶

On the balancing of hardships, while defendant correctly noted that withdrawing a product from the market before trial can be devastating, defendant offered no evidence, with Judge Moran commenting that "defendant failed to enter one declaration or affidavit with respect to loss of revenue, loss of sales, or loss of customer good will."⁵⁰⁷ Accordingly, the court found in favor of plaintiff on the balance of hardships.⁵⁰⁸

Defendant asserted a public interest in design-arounds.⁵⁰⁹ Judge Moran rejected this defense, noting that the public may be served by encouraging design-arounds, but the question of whether defendant had successfully designed around the patent is an infringement issue, not a public interest issue.⁵¹⁰ Finding no broad public interest in that, but instead finding a public interest served by enforcing valid patents, the court found this factor favoring the injunction and thus granted the motion.⁵¹¹

A Texas court in *Seitz v. Envirotech Systems Worldwide Inc.*,⁵¹² adhered to a prior preliminary injunction order and denied a motion to dissolve that injunction.⁵¹³ This case mostly concerned defenses to injunctions. Of relevance here, the court rejected defendant's contention that the patentee Seitz could not show irreparable harm.⁵¹⁴ Defendant urged that Seitz received a large damage award in another lawsuit against others who were suppliers for parts used in its water heaters.⁵¹⁵ The court noted that defendant failed to explain how that damage award affected the propriety of an injunction against a competitor's future sales of allegedly infringing water heaters.⁵¹⁶

Turning to the balancing of harms factor, defendant Envirotech asserted that because of the injunction it has been unable to sell its only product.⁵¹⁷ The court noted that it is proper to modify an injunction under Federal Rules of Civil Procedure Rule 60(b)(5)⁵¹⁸ if a party could show a significant change in factual conditions or the

⁵⁰⁶ *Id.* at *7.

⁵⁰⁷ *Id.*

⁵⁰⁸ *Id.* at *8.

⁵⁰⁹ *Id.* at *7.

⁵¹⁰ *Id.*

⁵¹¹ *Id.*

⁵¹² No. H-02-4782, 2007 WL 1795683 (S.D. Tex. June 19, 2007).

⁵¹³ *Id.* at *1.

⁵¹⁴ *Id.* at *3.

⁵¹⁵ *Id.*

⁵¹⁶ *Id.*

⁵¹⁷ *Id.* at *4.

⁵¹⁸ Fed. R. Civ. P. 60(b). Rule 60(b) states in relevant part:

On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, order, or proceeding for the following reasons: . . . (5) the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application;

Id.

law.⁵¹⁹ However, it is *insufficient* to show that the enjoined party would be “better off” if the injunction were lifted.⁵²⁰ Instead, the enjoined party must show an extreme and unexpected hardship to such an extent as to justify characterizing them as victims of oppression.⁵²¹ The court ruled that the present record failed to show unexpected or extreme changes in the factual conditions or to defendant’s financial situation that would justify dissolving the injunction.⁵²² In conclusion, the court denied the motion to dissolve its prior preliminary injunction.⁵²³

On November 16, 2007, the Federal Circuit affirmed the grant of a preliminary injunction in *Canon Inc. v. GCC International Ltd.*⁵²⁴ The court refined the inquiry a court must make when ruling on a motion for a preliminary injunction, stating:

At the preliminary injunction stage, irreparable harm consists of harm that could not be sufficiently compensated by money damages or avoided by a later decision on the merits. To reach an irreparable harm balance, a trial court compares the irreparable harm that would be sustained by the movant if a preliminary injunction were erroneously denied with the irreparable harm that would be sustained by the non-movant if a preliminary injunction were granted in error.⁵²⁵

Applying this formulation, when considering the plaintiff’s irreparable harm in this case, the Federal Circuit noted likely price erosion and loss of market share from defendants’ competition.⁵²⁶ Money damages would be inadequate because these injuries would be difficult or impossible to quantify, and, in any event, as the trial court had noted, recovering money damages from defendants was uncertain because their operations were geographically “far-flung.”⁵²⁷ In contrast, defendants would suffer little harm through an erroneously-granted preliminary injunction that could not be recovered in damages from Canon under Federal Rules of Civil Procedure Rule 65(c).⁵²⁸ Hence the irreparable harm balance favored plaintiff.⁵²⁹

The Federal Circuit cited Fourth Circuit law on how to make the “ultimate decision in a preliminary injunction context,” stating:

“If, after balancing [the irreparable harm to plaintiff against that of the defendant], the balance tips decidedly in favor of the plaintiff, a preliminary injunction will be granted if the plaintiff has raised questions going to the

⁵¹⁹ *Seitz*, 2007 WL 1795683, at *4.

⁵²⁰ *Id.*

⁵²¹ *Id.*

⁵²² *Id.*

⁵²³ *Id.*

⁵²⁴ No. 2006-1615, 2007 WL 4005018 (Fed. Cir. Nov. 16, 2007).

⁵²⁵ *Id.* at *3 (citing DAN B. DOBBS, LAW OF REMEDIES 187, 193–94 (2d ed. 1993)).

⁵²⁶ *Id.* at *4.

⁵²⁷ *Id.*

⁵²⁸ *Id.*

⁵²⁹ *Id.*

merits so serious, substantial, difficult and doubtful, as to make them fair ground for litigation and thus for more deliberate investigation.”⁵³⁰

The Court next cited Seventh Circuit law for the “sliding scale” approach to the ultimate balance—as the irreparable harm balance favors the plaintiff more greatly, the smaller the showing of likely success on the merits the plaintiff needs to make to “get the injunction.”⁵³¹ The Federal Circuit found no abuse of discretion by the district court.⁵³²

B. Preliminary Injunctions Denied

Several post-*eBay* district courts declined to grant preliminary injunctions in patent cases.

First, in *DocuSign, Inc. v. Sertifi, Inc.*,⁵³³ the question of irreparable harm arose but was rejected on the facts because the plaintiff had not made a strong showing of likely success.⁵³⁴ The district court in *DocuSign* noted the argument that no presumption of harm is proper following *eBay*, however the court relied on *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*,⁵³⁵ a post-*eBay* Federal Circuit decision in which the court “assumed (without deciding) that such a presumption was still appropriate in the preliminary injunction context, where a strong showing of likely infringement was made.”⁵³⁶ Plaintiff’s claim of irreparable harm was weakened by (1) the failure to offer evidence in support thereof, together with (2) its apparent delay, which undermined the claim of irreparable harm.⁵³⁷ Plaintiff failed “to cite a single instance where Sertifi’s competition has undermined its participation in the marketplace.”⁵³⁸

On the balance of hardships, the court said that without a strong showing of likely infringement, plaintiff must demonstrate that the balance of hardships tips in its favor.⁵³⁹ Also, defendant contended that an injunction would put it out of business since its entire business was providing document signature services using the challenged system.⁵⁴⁰ The court found that that argument overcame a speculative loss of market share alleged by plaintiff.⁵⁴¹ The court was reluctant to enjoin the defendant “without the benefit of a trial or proper claim construction, for a lengthy asserted claim.”⁵⁴² Interestingly, the court found that the same reasons adversely affected the public interest “by putting a corporation out of business on a

⁵³⁰ *Id.* (quoting *Direx Isr., Ltd. v. Breakthrough Med. Corp.*, 952 F.2d 802, 813 (4th Cir. 1991)).

⁵³¹ *Id.* (citing *Kowalski v. Chi. Tribune Co.*, 854 F.2d 168, 170 (7th Cir. 1988)).

⁵³² *Id.*

⁵³³ 468 F. Supp. 2d 1305 (W.D. Wash. 2006).

⁵³⁴ *Id.* at 1310.

⁵³⁵ 452 F.3d 1331 (Fed. Cir. 2006).

⁵³⁶ *DocuSign*, 468 F. Supp. 2d at 1310 n.6 (citing *Abbott Labs.*, 452 F.3d at 1347–48 (Fed. Cir. 2006)).

⁵³⁷ *Id.*

⁵³⁸ *Id.*

⁵³⁹ *Id.*

⁵⁴⁰ *Id.*

⁵⁴¹ *Id.*

⁵⁴² *Id.*

meager showing of necessity.”⁵⁴³ For these reasons, Judge Zilly declined the motion for preliminary injunction.⁵⁴⁴

Senior District Judge Ackerman in New Jersey declined to enter a preliminary injunction in *Novartis Corp. v. Teva Pharmaceuticals U.S.A., Inc.*⁵⁴⁵ This case involved a prescription medication for the treatment of hypertension and Teva’s generic version thereof.⁵⁴⁶ The court said that Novartis had not made a strong showing of probable infringement or reasonable likelihood of success on the merits and was, therefore, “not afforded the presumption of irreparable harm.”⁵⁴⁷ The court did not discuss *eBay* in this context. The court noted competing expert declarations on the damages issue and ruled that it was “not prepared to settle the battle of the economic experts today,” indicating basically that where the experts were discussing the estimated monetary losses, this undercut plaintiff’s claim that its losses would be “unquantifiable with any degree of specificity.”⁵⁴⁸ The court noted the dispute over whether there would be irreversible price erosion and lost business and research prospects, stating that the possibility of these factors does not alone demand a preliminary injunction, especially where these losses appear to be calculable.⁵⁴⁹ With regard to the lost research opportunities argument, the court noted Federal Circuit precedent that any manufacturer with any research and development program could make the same claim and demand a preliminary injunction, thereby converting the “extraordinary” remedy of a preliminary injunction into a standard remedy, available whenever the plaintiff has shown a likelihood of success on the merits.⁵⁵⁰

Regarding the balancing of hardships, Novartis asserted that Teva was fully aware of the patent when it filed its Abbreviated New Drug Application (“ANDA”) and could blame only itself; further, Teva’s hardship is minimal because a preliminary injunction would merely preserve the status quo.⁵⁵¹ The court noted that subsequently, Teva was granted final approval from the Federal Drug Administration (“FDA”) to market its generic version of the drug, thus changing the facts.⁵⁵² The court noted that if Teva were to be enjoined from selling its generic products until a trial on the merits, it may lose a large portion or even the entirety of its 180-day exclusivity.⁵⁵³ The court also noted that Novartis could have filed its preliminary injunction motion as early as July 11, 2006 when Teva received preliminary approval for its generic drug application, but instead Novartis waited until March 27, 2007 to seek an injunction.⁵⁵⁴ The court nevertheless found that the balance of hardships tipped in favor of Novartis because its patent would expire in

⁵⁴³ *Id.*

⁵⁴⁴ *Id.*

⁵⁴⁵ Nos. 04-4473, 06-1130, 2007 WL 1695689 (D.N.J. June 11, 2007).

⁵⁴⁶ *Id.* at *1.

⁵⁴⁷ *Id.* at *26.

⁵⁴⁸ *Id.* at *27 (quoting Plaintiff’s Reply Brief at 24).

⁵⁴⁹ *Id.*

⁵⁵⁰ *Id.* at *28 (see, e.g., *Eli Lilly and Co. v. Am. Cyanamid Co.*, 82 F.3d 1568, 1578 (Fed. Cir. 1996)).

⁵⁵¹ *Id.* at *29.

⁵⁵² *Id.*

⁵⁵³ *Id.*

⁵⁵⁴ *Id.* at *30.

approximately ten years and the company has a strong interest in enforcing the patent throughout its remaining useful lifetime.⁵⁵⁵

The court agreed that the public interest in low-cost generic drug alternatives must be balanced by its interest in the protection of patent rights.⁵⁵⁶ Given the question as to Teva's infringement, the court found that Novartis failed to carry its burden on the public interest factor.⁵⁵⁷ In conclusion, while Novartis (the patentee) may suffer more hardship than Teva absent a preliminary injunction, Novartis failed to carry its burden with regard to a reasonable likelihood of success, irreparable harm, and impact on the public interest.⁵⁵⁸ For these reasons, the court vacated all restraining orders and denied the motion for a preliminary injunction.⁵⁵⁹

A design patent was at issue in *Torspo Hockey International, Inc. v. Kor Hockey Ltd.*⁵⁶⁰ District Judge Schiltz in Minnesota ruled that Kor (the patentee) had failed to show that it was likely to succeed in the patent litigation, and the court therefore must deny its motion for a preliminary injunction.⁵⁶¹ The court therefore limited its discussion of the other preliminary injunction factors.⁵⁶² As to irreparable harm, the court noted that while the Supreme Court ruling in *eBay* related to a permanent injunction, the district court believed that the Supreme Court's "logic forbids courts to categorically presume irreparable harm in the preliminary-injunction context, even if a patentee has established that it will likely succeed on the merits."⁵⁶³ On the merits of irreparable harm, the court was not persuaded by allegations of harm as a result of customer confusion as between the two ice skates involved in the suit.⁵⁶⁴ The court looked at the details of the products (skates) and found that an ordinary observer would consider the bases of the skates to be ornamentally very similar, but that alone would not mislead customers as to who made each skate, since the base is just one element of the appearance of the skate.⁵⁶⁵ The court ruled that the upper portions of the skates were not confusingly similar and bore prominent logos, which the court deemed relevant to the question of irreparable harm.⁵⁶⁶

The court also rejected the assertion that the patentee's reputation for innovation or uniqueness would be irreparably harmed, even by infringing activities.⁵⁶⁷ The court discounted this because the patent in suit was a *design* patent, not a utility patent.⁵⁶⁸ To the extent Kor is developing a reputation for *functionally* innovative products, that reputation is not impacted by design patent infringement.⁵⁶⁹ On the other hand, the court found in favor of Kor on the balance of hardships, noting that Torspo had not explained what hardship it would suffer from

⁵⁵⁵ *Id.* at *31.

⁵⁵⁶ *Id.*

⁵⁵⁷ *Id.*

⁵⁵⁸ *Id.* at *32.

⁵⁵⁹ *Id.*

⁵⁶⁰ 491 F. Supp. 2d 871 (D. Minn. 2007).

⁵⁶¹ *Id.* at 881.

⁵⁶² *Id.*

⁵⁶³ *Id.*

⁵⁶⁴ *Id.*

⁵⁶⁵ *Id.*

⁵⁶⁶ *Id.*

⁵⁶⁷ *Id.* at 882.

⁵⁶⁸ *Id.*

⁵⁶⁹ *Id.*

the entry of a preliminary injunction if Kor were likely to prevail on the merits.⁵⁷⁰ The court found in favor of Kor, the patentee, on the public interest factor because the case involved hockey skates rather than lifesaving drugs or the like.⁵⁷¹ However, the court ruled that these two factors are not sufficient to justify a preliminary injunction where Kor, the patentee, has not established likely success on the merits nor irreparable harm absent an injunction.⁵⁷² For these reasons, the court denied the patentee's motion for preliminary injunction.⁵⁷³

*Baden Sports, Inc. v. Molten*⁵⁷⁴ denied a preliminary injunction and is discussed *supra*.⁵⁷⁵

Chief District Judge Mordue in the Northern District of New York adopted a magistrate judge's report and recommendation and denied a preliminary injunction in *Pass & Seymour, Inc. v. Hubbell Inc.*⁵⁷⁶ The case involved electrical wiring products.⁵⁷⁷ The magistrate judge found serious questions as to the validity of the claims of the patent and found that plaintiff had not demonstrated likely success on the merits.⁵⁷⁸ On the question of irreparable harm, the magistrate judge noted the Supreme Court ruling in *eBay* but then stated, "[i]n a case of this nature, however, the law presumes the existence of such irreparable injury when a strong showing of likelihood of success on the merits has been made."⁵⁷⁹ The court did not invoke this presumption in view of its other findings and thus analyzed irreparable harm according to a traditional analysis.⁵⁸⁰ The court rejected plaintiff's arguments that denial of a preliminary injunction is the functional equivalent of a forced license and that it would cause plaintiff to lose market share and negate the advantage of its innovation and efforts to promote its own product.⁵⁸¹ The court said these arguments were not particularly persuasive, as the potential loss of sales is not the kind of "special circumstances" sufficient to establish irreparable harm.⁵⁸² Though challenging to quantify, lost sales resulting from competition by Hubbell through infringement would be compensable as an element of damages.⁵⁸³

The magistrate also rejected complaints of price erosion, staff reduction, and loss of research and development, noting that in the cases relied upon by plaintiff, the patentee had demonstrated a likely success on the merits, "thereby implicating a presumption of irreparable harm."⁵⁸⁴ The cases cited by plaintiff were readily distinguishable and in view of the court's finding of serious questions regarding

⁵⁷⁰ *Id.*

⁵⁷¹ *Id.*

⁵⁷² *Id.*

⁵⁷³ *Id.*

⁵⁷⁴ No. C06-210MJP, 2007 WL 2056402 (W.D. Wash. July 16, 2007).

⁵⁷⁵ *Id.* at *11; see *supra* note 387–395 and accompanying text.

⁵⁷⁶ No. 5:07-CV-0272, 2007 WL 2172648, at *1 (N.D.N.Y. July 23, 2007).

⁵⁷⁷ *Id.*

⁵⁷⁸ *Id.* at *9.

⁵⁷⁹ *Id.*

⁵⁸⁰ *Id.*

⁵⁸¹ *Id.*

⁵⁸² *Id.* ("[N]either the difficulty of calculating losses in market share, nor speculation that such losses might occur, amount to proof of special circumstances justifying the extraordinary relief of injunction prior to trial." (quoting *Nutrition 21 v. United States*, 930 F.2d 867, 871 (Fed. Cir. 1991))).

⁵⁸³ *Id.*

⁵⁸⁴ *Id.* at *10.

patent validity, plaintiff could not reap the benefit of the presumption of irreparable harm and the corresponding case law.⁵⁸⁵

Both parties argued a hardship, and the court ruled that this factor was neutral at best but probably weighed more heavily in favor of defendant.⁵⁸⁶ The court weighed the public interest in favor of defendant, noting the anticompetitive aspects of patents, the disservice to the public of removing what may well be a non-infringing product from the market, and noting that the primary users of the quick-connect materials are hospitals and educational institutions.⁵⁸⁷ Weighing all these factors, the magistrate judge recommended denial of a preliminary injunction, and Chief Judge Mordue agreed.⁵⁸⁸

Chief District Judge Robinson in Delaware denied a preliminary injunction motion in *Sun Optics, Inc. v. FGX International, Inc.*⁵⁸⁹ After noting *eBay*, the court stated that the plaintiff-movant was required to establish its right to a preliminary injunction.⁵⁹⁰ With regard to irreparable harm, if the moving party fails to demonstrate likely success on the merits, it must clearly establish that monetary damages would not be sufficient.⁵⁹¹ The court rejected the presumption of irreparable harm, stating, “[e]ven if the moving party succeeds in demonstrating a likelihood of success on the merits, the notion that there follows a presumption of irreparable harm seems inconsistent with the Supreme Court’s holding in *eBay*”⁵⁹²

The court noted that the public interest factor, absent other relative concerns, generally follows the likelihood of success determination.⁵⁹³ In this case, the plaintiff relied on a presumption of irreparable harm, which the court rejected.⁵⁹⁴ The court also noted that plaintiff failed to carry its burden of proving likely success on the merits and thus, even if there were a presumption, plaintiff would not be entitled to it.⁵⁹⁵ Notwithstanding that the accused product allegedly is taking market share from one of plaintiff’s products, the court was not persuaded regarding the economic role of the commercial embodiments of the patents in suit.⁵⁹⁶ Balancing the hardships and public interest, the court found that these factors also do not favor imposing a preliminary injunction.⁵⁹⁷

C. Recent Federal Circuit En Banc Comments

⁵⁸⁵ *Id.*

⁵⁸⁶ *Id.* at *11.

⁵⁸⁷ *Id.*

⁵⁸⁸ *Id.*

⁵⁸⁹ Civ. No. 07-137-SLR, 2007 WL 2228569, at *1 (D. Del. Aug. 2, 2007).

⁵⁹⁰ *See id.*

⁵⁹¹ *Id.* (citing *Abbott Labs. v. Andrx Pharms., Inc.*, 452 F.3d 1331, 1348 (Fed. Cir. 2006)).

⁵⁹² *Id.*

⁵⁹³ *Id.* at *2.

⁵⁹⁴ *Id.* at *3.

⁵⁹⁵ *Id.*

⁵⁹⁶ *Id.*

⁵⁹⁷ *Id.* at *4.

The August 20, 2007 Federal Circuit en banc ruling in *In re Seagate Technology, L.L.C.*,⁵⁹⁸ articulates new standards for finding willfulness and the scope of waivers that results from producing attorney opinions.⁵⁹⁹ However, a portion of the en banc opinion is directed to preliminary injunctions and is reproduced here:

[W]hen an accused infringer's post-filing conduct is reckless, a patentee can move for a preliminary injunction, which generally provides an adequate remedy for combating post-filing willful infringement.... A patentee who does not attempt to stop an accused infringer's activities in this manner should not be allowed to accrue enhanced damages based solely on the infringer's post-filing conduct. Similarly, if a patentee attempts to secure injunctive relief but fails, it is likely the infringement did not rise to the level of recklessness.

We fully recognize that an accused infringer may avoid a preliminary injunction by showing only a substantial question as to invalidity, as opposed to the higher clear and convincing standard required to prevail on the merits. ("Vulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial. The showing of a substantial question as to invalidity thus requires less proof than the clear and convincing showing necessary to establish invalidity itself."). However, this lessened showing simply accords with the requirement that recklessness must be shown to recover enhanced damages. A substantial question about invalidity or infringement is likely sufficient not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct.

We also recognize that in some cases a patentee may be denied a preliminary injunction despite establishing a likelihood of success on the merits, such as when the remaining factors are considered and balanced. In that event, whether a willfulness claim based on conduct occurring solely after litigation began is sustainable will depend on the facts of each case.⁶⁰⁰

This passage, among other things, seems to suggest that post-filing "recklessness" by the accused infringer is a basis to move for a preliminary injunction. Further, the statement that "when the remaining factors are considered and balanced" could suggest that the presumption of irreparable harm is not used. Without doubt, the Supreme Court will provide an explicit articulation on this point in due course.

IX. EBAY AND NON-PATENT CASES

⁵⁹⁸ 497 F.3d 1360 (Fed. Cir. 2007).

⁵⁹⁹ *Id.* at 1367.

⁶⁰⁰ *Id.* at 1374 (citations omitted).

The Supreme Court's ruling in *eBay* is being considered in all types of injunction cases outside the patent field. They are not discussed in detail herein, but include the following cases:

- *Advance Magazine Publishers, Inc. v. Leach*⁶⁰¹
- *Burgess v. Gilman*⁶⁰²
- *Canadian Lumber Trade Alliance v. United States*⁶⁰³
- *Lava Records L.L.C. v. Ates*⁶⁰⁴
- *Microsoft Corp. v. McGee*⁶⁰⁵
- *MyGym, L.L.C. v. Engle*⁶⁰⁶
- *National League of Junior Cotillions, Inc. v. Porter*⁶⁰⁷
- *O'Sullivan v. City of Chicago*⁶⁰⁸
- *Warner Bros. Entertainment, Inc. v. Carsagno*⁶⁰⁹

CONCLUSION

The reported cases support several conclusions. On the issue of irreparable harm, direct competition between the litigants in the patented product or process weighs heavily in determining irreparable harm.⁶¹⁰ Factors which courts look to as bearing on irreparable harm include lost sales of the patentee,⁶¹¹ erosion or loss of market share or a stifled opportunity to develop a market position in the patented product,⁶¹² damage to reputation for innovation,⁶¹³ and the opportunity to maintain one's own product as an industry standard.⁶¹⁴ When there is no direct competition,

⁶⁰¹ 466 F. Supp. 2d 628, 628 (D. Md. 2006) (copyright; preliminary injunction granted).

⁶⁰² 475 F. Supp. 2d 1051, 1063 (D. Nev. 2007) (trademark; permanent injunction granted).

⁶⁰³ 441 F. Supp. 2d 1259, 1259 (Ct. Int'l Trade 2006) (anti-dumping/custom duties; injunction granted).

⁶⁰⁴ No. Civ.A. 05-1314, 2006 WL 1914166, at *4 (W.D. La. July 11, 2006) (copyright; injunction granted).

⁶⁰⁵ 490 F. Supp. 2d 874, 874 (S.D. Ohio 2007) (copyright, trademark; permanent injunction granted).

⁶⁰⁶ No. 1:06-CV-130 TC, 2006 WL 3524474, at *13 (D. Utah Dec. 6, 2006) (trademark; preliminary injunction denied).

⁶⁰⁷ No. 3:06-CV-508-RJC, 2007 WL 2316823, at *9 (W.D.N.C. Aug. 9, 2007) (non-compete agreement, trademark infringement, copyright infringement; preliminary injunction granted).

⁶⁰⁸ 478 F. Supp. 2d 1034, 1034 (N.D. Ill. 2007) (racial discrimination; injunction granted).

⁶⁰⁹ No. 06 CV 2676(NG)(RLM), 2007 WL 1655666, at *1 (E.D.N.Y. June 4, 2007) (copyright; permanent injunction entered).

⁶¹⁰ See, e.g., *Smith & Nephew, Inc. v. Synthes (U.S.A.)*, 466 F. Supp. 2d 978, 983 (W.D. Tenn. 2006); *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333-TJW, 2006 WL 3741891, at *4 (E.D. Tex. Dec. 19, 2006).

⁶¹¹ See, e.g., *Wald v. Mudhopper Oil Field Servs., Inc.*, No. CIV-04-1693-C, 2006 WL 2128851, at *5 (W.D. Okla. July 27, 2006); *Sundance, Inc. v. DeMonte Fabricating Ltd.*, No. 02-73543, 2007 WL 37742, at *2 (E.D. Mich. Jan. 4, 2007).

⁶¹² See, e.g., *Wald*, 2006 WL 2128851, at *5; *TiVo Inc. v. EchoStar Commc'ns Corp.*, 446 F. Supp. 2d 664, 669-70 (E.D. Tex. 2006); *Smith & Nephew*, 466 F. Supp. 2d at 983; *Black & Decker Inc. v. Robert Bosch Tool Corp.*, No. 04 C 7955, 2006 WL 3446144, at *4 (N.D. Ill. Nov. 29, 2006).

⁶¹³ See, e.g., *Wald*, 2006 WL 2128851, at *5; *Smith & Nephew*, 466 F. Supp. 2d at 981; *Black & Decker*, 2006 WL 3446144, at *4.

⁶¹⁴ See, e.g., *Wald*, 2006 WL 2128851, at *5.

courts are less likely to enter injunctive relief.⁶¹⁵ Courts generally do not recognize as direct competition situations where the patented invention is only a small part of the infringing product.⁶¹⁶ The patentee must show how it is losing market share, goodwill, or the like.⁶¹⁷ Courts may dismiss harm that is not personal to the patentee, i.e., harm to another.⁶¹⁸

In other instances, there is no direct competition between the parties, but the patentee is a research institution or other entity which does not actually practice the patent. Injunctive relief may still be appropriate, as irreparable harm can be shown by damage to reputation, by lost opportunities, diverted “business,” and other factors akin to damage to goodwill. Thus, it is improper to reject categorically the opportunity of a research institution to obtain equitable relief or as incapable of being irreparably harmed.

On the issue of the adequacy of a monetary remedy, courts often look to the same factors mentioned above regarding the irreparable harm issue. Some judges hold simply that money damages (a legal remedy) cannot replace the exclusionary right (the patent right). This, however, seems to beg the question of how to apply the standard principles of equity, i.e., the four factors. Some courts require a monetary remedy to be “plain and adequate” or as practical and efficient to the ends of justice and its administration as the legal remedy before it will be deemed “adequate.” Courts will often find money damages inadequate to account for lost market share and damaged goodwill or reputation. One question would be, for example, whether the patentee proves that it is suffering harm beyond what it would recover as a reasonable royalty. Additionally, at least one court has ruled that when it is difficult to determine future damages, this favors the patentee.⁶¹⁹ Inadequacy of monetary remedies may arise from high levels of difficulty the patentee may have in levying against an infringer’s assets that are outside the United States and “far-flung.”⁶²⁰ On the other hand, a patentee’s offer of a royalty-bearing license before filing suit is a factor indicating that money damages are adequate.⁶²¹ The sufficiency of a monetary remedy is not treated as a defense to a motion but instead as part of the patentee’s burden, and the patentee must provide proof that money damages would be insufficient.⁶²²

⁶¹⁵ *Abbott Labs. v. Andrx Pharms., Inc.* 452 F.3d 1331, 1348 (Fed. Cir. 2006); *z4 Techs., Inc. v. Microsoft Corp.* 434 F. Supp. 2d 437, 440 (E.D. Tex. 2006), *aff’d*, No. 2006-1638, 2007 WL 3407175 (Fed. Cir. Nov. 16, 2007).

⁶¹⁶ *See, e.g., 800 Adept, Inc. v. Murex Sec., Ltd.*, No. 6:02-cv-1354-Orl-28DAB, 2007 WL 1101238, at *7 (M.D. Fla. April 12, 2007); *Sundance*, 2007 WL 37742, at *2.

⁶¹⁷ *See supra* text accompanying notes 481–487.

⁶¹⁸ *See Voda v. Cordis Corp.*, No. CIV-03-1512-L, 2006 WL 2570614, at *5 (W.D. Okla. Sept. 5, 2006).

⁶¹⁹ *See Brooktrout Inc. v. Eicon Network Corp.*, No. 2:03-CV-59, 2007 WL 1730112, at *2 (E.D. Tex. June 14, 2007).

⁶²⁰ *See Canon Inc. v. GCC Int’l Ltd.*, 450 F. Supp. 2d 243, 256 (S.D.N.Y. 2006), *aff’d*, No. 2006-1615, 2007 WL 4005018 (Fed. Cir. Nov. 16, 2007) (non-precedential).

⁶²¹ *See Sundance*, 2007 WL 37742, at *2 (E.D. Mich. Jan. 4, 2007); *see also MercExchange, L.L.C. v. eBay, Inc.*, 500 F. Supp. 2d 556, 571 (E.D. Va. 2007).

⁶²² *See Praxair, Inc. v. ATMI, Inc.*, 479 F. Supp. 2d 440, 444 (D. Del. 2007).

In weighing relative hardships, courts have looked for specific evidence of how parties would be harmed by an injunction or lack thereof.⁶²³ This may include determining whether the product at issue is the core business of a party (making it more important).⁶²⁴ Courts look at the effects an injunction would have if the infringer or alleged infringer is enjoined. On the other hand, courts often rule that an infringer cannot develop equities in permitting continued infringement.⁶²⁵ Yet, in cases where there is no direct competition and no irreparable harm to the patentee, a balancing of harms may tip in favor of the infringer who may show interrupted sales, supply chain issues, damage to reputation, etc., as in the *Paice v. Toyota* case.⁶²⁶

The egregiousness of a defendant's conduct in infringing the patent seems to be disregarded, or at least not discussed, in the balancing of equities. While it seems logical to disregard the fact that infringement may be innocent or debatable, query whether it would be proper to weigh equities against the infringer for egregious actions.

On the public interest factor, district judges have wide discretion and hold varying opinions on whether the public interest is best served by enjoining further infringement, thereby to strengthen the patent system and discourage infringement in general.⁶²⁷ Several courts have ruled that issuance of an injunction serves the public interest (or fails to disserve it) because it provides an adequate remedy to a patentee or because of a strong public policy in favor of enforcing patent rights.⁶²⁸

Courts are divided on whether the presumption of irreparable harm survived *eBay*.⁶²⁹ That presumption is generally more important in deciding preliminary injunction motions, but it also applies in considering permanent relief. While courts fall on both sides of the question,⁶³⁰ the better reasoned view appears to be that the presumption has no continued viability. First, it is difficult to accept that a patentee should benefit *before trial* from a presumption that assists in obtaining an injunction against the alleged infringer during the litigation, while on the other hand, the test for granting permanent injunctive relief (after trial) is more rigorous—even though more certainty has been obtained by virtue of a verdict or judgment of infringement. It should be *harder*, not easier, for a patentee to obtain injunctive relief before trial rather than after trial, and giving a presumption to the patentee necessarily makes obtaining an injunction easier. Second, raising a presumption of irreparable harm seems inconsistent with the reasoning in the Supreme Court's ruling in *eBay*⁶³¹ and,

⁶²³ See *Smith & Nephew, Inc. v. Synthes (U.S.A.)*, 466 F. Supp. 2d 978, 983–84 (W.D. Tenn. 2006).

⁶²⁴ See *800 Adept, Inc. v. Murex Sec., Ltd.*, No. 6:02-cv-1354-Orl-28DAB, 2007 WL 1101238, at *7 (M.D. Fla. Apr. 12, 2007).

⁶²⁵ See, e.g., *Brooktrout Inc. v. Eicon Networks Corp.*, No. 2:03-CV-59, 2007 WL 1730112, at *2 (E.D. Tex. June 14, 2007); *Allan Block Corp. v. E. Dillon & Co.*, No. 04-3511, 2007 WL 2409669, at *13 (D. Minn. Aug. 20, 2007).

⁶²⁶ *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139, at *6 (E.D. Tex. Aug. 16, 2006), *aff'd in part, vacated in part*, Nos. 2006-1610, 2006-1631, 2007 WL 3024994 (Fed. Cir. Oct. 18, 2007).

⁶²⁷ See, e.g., *TiVo Corp. v. EchoStar Commc'ns Corp.*, 446 F. Supp. 2d 664, 670 (E.D. Tex. 2006).

⁶²⁸ See, e.g., *Christiana Indus. v. Empire Elecs., Inc.*, 443 F. Supp. 2d 870, 882 (E.D. Mich. 2006).

⁶²⁹ See *supra* Parts IV.B, IV.C.

⁶³⁰ *Id.*

⁶³¹ *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1841 (2006).

moreover, appears to be a prohibited “categorical rule.” Nevertheless, some district courts have adhered to and applied the presumption.⁶³²

The Federal Circuit (or Supreme Court) needs to speak definitively on the presumption question. The Federal Circuit’s 2006 decision in *Abbott Laboratories, supra*,⁶³³ could have addressed the issue directly but avoided the issue by stating that the conditions for raising the presumption had not been established.⁶³⁴ This was a lost opportunity, but the court may have wanted the issue to percolate in the district court before settling the question. Even so, it seems clear to many district judges that the Supreme Court tacitly overruled any presumption of irreparable harm to a patentee arising simply by the patentee showing of success on the merits.⁶³⁵ If a patentee must demonstrate irreparable harm after proving liability, why should less be needed *before* the patentee proves its case?

Regarding defenses, courts do not accept the statement that the defendant has stopped the infringing activity.⁶³⁶ Instead, courts look for concrete evidence that the defendant cannot infringe.⁶³⁷ For example, if the defendant still has manufacturing capacity, an injunction may be in order.⁶³⁸ If, however, defendant had a mold that it modified to avoid infringement, and if defendant has zero remaining inventory of infringing products, so that further direct infringement would require changing the mold back to its former state, a court could decide that no injunction is necessary to protect the right to exclude.

Further concerning defenses, at least one court was not sufficiently moved by aggressive behavior of the patentee in respect of the market for the patented goods.⁶³⁹ Nevertheless, old principles of equity may someday be invoked, viz., one must “do equity” to “obtain equity,” no equitable relief to a petitioner with unclean hands, etc.

Finally, when patentees have proven infringement—even willful infringement—and the courts deny injunctive relief, they have provided for an ongoing royalty for continued infringement.⁶⁴⁰ Alternatively, they have granted leave to renew following any appeal, sometimes offering the patentee the opportunity to provide additional evidence.⁶⁴¹

⁶³² See *supra* Part IV.C.

⁶³³ See *supra* text accompanying notes 38–49.

⁶³⁴ *Abbott Labs. v. Andrx Pharms., Inc.*, 452 F.3d 1331, 1348 (Fed. Cir. 2006).

⁶³⁵ See *supra* Part IV.B.

⁶³⁶ See *Wald v. Mudhopper Oil Field Servs., Inc.*, No. CIV-04-1693-C, 2006 WL 2128851, at *5 (W.D. Okla. July 27, 2006).

⁶³⁷ *Id.*

⁶³⁸ *Id.*

⁶³⁹ See *GP Indus., Inc. v. Bachman*, No. 8:06CV51, 2006 U.S. Dist. LEXIS 83450, at *15 (D. Neb. Nov. 8, 2006), *rev’d*, 500 F.3d 1369 (Fed. Cir. 2007).

⁶⁴⁰ See *supra* Part VII.A.

⁶⁴¹ *IMX, Inc. v. LendingTree L.L.C.*, 469 F. Supp. 2d 203, 226 (D. Del. 2007).