

# The Federal Circuit’s Presumptively Erroneous Presumption of Irreparable Harm

Roy H. Wepner\*  
Richard W. Ellis†

I.	INTRODUCTION .....	148
II.	ORIGINS OF THE PRESUMPTION .....	149
III.	THE PRESUMPTION OF IRREPARABLE INJURY IN PATENT CASES IS FLAWED .....	152
	A. <i>Smith International Involved Unique Circumstances Rarely Present in the Typical Patent Case</i> .....	152
	B. <i>A Presumption of Irreparable Injury Is Improper in a Patent System That Guarantees Adequate Compensation</i> .....	154
	C. <i>The Need for Discovery to Develop Certain Defenses Further Militates Against a Presumption of Irreparable Injury</i> .....	157
	D. <i>The Presumption of Irreparable Harm Discourages Efforts by Competitors to Design Around Patents and May Buttress Invalid Patents</i> .....	161
	E. <i>The Federal Circuit’s Reliance on Trademark and Copyright Precedent Is Inappropriate</i> .....	163
	1. Trademark Cases Involve a Type of Injury That Is Totally Dissimilar to That Which Is Present in Patent Cases.....	164
	2. Copyright Precedent Is Tenuous and Largely Overdue for a Reexamination in Its Own Right .....	165
IV.	CONCLUSION .....	168

---

\* Partner, Lerner, David, Littenberg, Krumholz & Mentlik, LLP, Westfield, New Jersey; J.D., University of Pennsylvania Law School; M.M.E., B.S.M.E., Rensselaer Polytechnic Institute.

† Intellectual Property Counsel, W.L. Gore & Associates, Inc. J.D., Rutgers University Law School; B.S.C.E., North Carolina State University. This Article grew out of a student paper written by Mr. Ellis while at Rutgers University Law School in Newark, New Jersey, under the supervision of Mr. Wepner, then an Adjunct Professor of Law. The views expressed herein are those of the authors alone and are not necessarily the views of their respective organizations and/or their clients.

## I. INTRODUCTION

In *Smith International, Inc. v. Hughes Tool Co.*, the United States Court of Appeals for the Federal Circuit set into motion a line of authority to the effect that when a patent owner seeks a preliminary injunction in a patent infringement case and provides a clear showing that the patent-in-suit is valid and is infringed, irreparable harm will be presumed.<sup>1</sup> Since such a presumption frees the patentee from having to prove irreparable injury, as is typically done in other types of cases where preliminary injunctive relief is sought, the presumption has made it materially easier for a patentee to obtain a preliminary injunction, and concomitantly has increased the risk to an accused infringer of a patent that a preliminary injunction might be entered. This has been the state of affairs in patent litigation for two decades.

It is our contention that the Federal Circuit's presumption of irreparable injury in patent cases is erroneous—or at least presumptively erroneous. We have reached this conclusion for several reasons.

First, the facts of *Smith International* were so unusual—with the appeal to the Federal Circuit having been taken after a prior appellate ruling which conclusively established infringement and validity—as to be a totally inappropriate precedent for the typical situation, in which a preliminary injunction is sought at the very outset of an infringement action.<sup>2</sup>

Second, *Smith International* is flawed because it creates a presumption of irreparable injury under a patent system in which a prevailing patentee is guaranteed by statute the ability to recover damages “adequate to compensate for the infringement,” along with prejudgment and postjudgment interest.<sup>3</sup> All of this suggests that the harm to a patentee will indeed be “reparable” or, at the very least, creates a presumption that this is the case.

Third, the presumption of irreparable harm fails to take into account that certain key defenses to a patent infringement suit can rarely be established without discovery—sometimes extensive discovery—from the patentee. If the patentee placed the subject invention “on sale” or in “public use” in the United States more than a year before the patent's effective filing date, the patent is invalid.<sup>4</sup> And, if the patentee withheld information material to patentability—such as a highly pertinent prior art

---

1. 718 F.2d 1573 (Fed. Cir. 1983).

2. *See id.* at 1575.

3. 35 U.S.C. § 284 (2000).

4. *Id.* § 102(b).

reference—from the Patent and Trademark Office (PTO) during prosecution of the patent, with an intent to deceive the PTO, the patent would be unenforceable.<sup>5</sup> But these and other defenses can rarely be proven without discovery, including document production and depositions. When a preliminary injunction is sought through expedited proceedings at the outset of an action, the ability to take such discovery before the court rules on a preliminary injunction motion is significantly diminished.

Fourth, the presumption established in *Smith International* is also inappropriate—and, we contend, erroneous—at least in situations where the accused infringer has attempted to design around the patent. Since public policy permits, and even encourages, competitors to design around patents and perhaps come up with new inventions that are superior to the patented invention which was designed around, a presumption that places competitors at risk when they attempt to design around patents tends to undermine as much as it promotes federal intellectual property policy. Moreover, because a preliminary injunction may so devastate the defendant as to prevent it from fighting the case any further, the presumption of irreparable harm can have the effect of vindicating worthless patents while shielding them from close scrutiny.

Fifth, and finally, the Federal Circuit's reliance in *Smith International* (and in a later case which built on it<sup>6</sup>) on cases from other branches of intellectual property law (copyright and trademark law) fails to take into account the important differences between trademark law and patent law; fails to explore the questionable genesis of the presumption in copyright cases; and fails to consider the very real possibility that the presumption of irreparable injury may well be as erroneous in copyright cases as it is in patent cases.

With the Federal Circuit now into its third decade of operations, it is time to revisit the rule of *Smith International*.

## II. ORIGINS OF THE PRESUMPTION

*Smith International* began as an action for a declaratory judgment, in which Smith sought a declaration that two patents owned by Hughes were invalid.<sup>7</sup> Hughes counterclaimed for infringement, and Smith asserted invalidity as an affirmative defense to the counterclaims.<sup>8</sup>

---

5. See, e.g., *Purdue Pharma L.P. v. Boehringer Ingelheim GmBH*, 237 F.3d 1359, 1366 (Fed. Cir. 2001).

6. See *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266 (Fed. Cir. 1985).

7. *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1575 (Fed. Cir. 1983).

8. *Id.*

During proceedings before the district court, Smith repeatedly admitted that it was not denying infringement, and that it was only contesting the validity of the Hughes patents.<sup>9</sup> The United States District Court for the Central District of California agreed with Smith that the patents were invalid.<sup>10</sup> However, Hughes appealed, and the United States Court of Appeals for the Ninth Circuit reversed, declaring both patents to be valid.<sup>11</sup> The Supreme Court denied *certiorari*.<sup>12</sup>

After remand to the district court, Hughes sought a preliminary injunction, but the district court refused to enter one.<sup>13</sup> Hughes appealed this time to the Federal Circuit, which had now begun operations, setting the stage for the Federal Circuit's 1983 decision.<sup>14</sup>

In considering Hughes' appeal from the denial of the preliminary injunction, the Federal Circuit noted that the issue of validity had been adjudicated in Hughes' favor by a competent appellate court.<sup>15</sup> It also concluded that while Smith had raised issues as to the "extent" of its infringement, it had never denied the "fact" of infringement.<sup>16</sup> Thus, while further proceedings were necessary to determine Hughes' damages, the issue of whether Smith was guilty of infringement was no longer an open question.<sup>17</sup>

The Federal Circuit noted that over the years, courts had developed a reluctance to grant preliminary injunctions in patent infringement cases and had constructed what the Federal Circuit considered a strict standard for the granting of such relief.<sup>18</sup> The Federal Circuit cited earlier cases, which had stated as a general proposition that the movant must show that the patent is "beyond question valid and infringed."<sup>19</sup> It explained that in order to meet such a burden, the movant had sometimes been required to show either that there had been a previous adjudication of validity, or that there had been public acquiescence in its validity, or that there was conclusive direct technical evidence proving validity.<sup>20</sup> The court posited

---

9. *Id.* at 1576.

10. *Id.* at 1575.

11. *Smith Int'l, Inc. v. Hughes Tool Co.*, 664 F.2d 1373, 1377 (9th Cir. 1982). Smith's original appeal was taken to the Ninth Circuit, since the Federal Circuit had yet to begin its operations.

12. *See Smith Int'l, Inc. v. Hughes Tool Co.*, 456 U.S. 976 (1982).

13. *See Smith Int'l*, 718 F.2d at 1577.

14. *See id.*

15. *See id.* at 1579.

16. *Id.*

17. *See id.* at 1580.

18. *See id.* at 1578.

19. *Id.* (citations omitted).

20. *See id.* (citations omitted).

as the basis for such a severe rule both a distrust of and unfamiliarity with patent issues, along with a belief that the *ex parte* examination by the PTO is inherently unreliable.<sup>21</sup>

Turning now to the issue of irreparable harm, the Federal Circuit noted that some courts had refused to find irreparable harm to exist without a showing of financial irresponsibility, a fact which had not been shown to exist in the present case.<sup>22</sup> However, the court noted that none of the cases it had reviewed in which injunctions were denied for lack of irreparable harm involved “such a strong showing of validity and infringement as exists in the instant case.”<sup>23</sup> Noting that the very nature of the patent right is the right to exclude others, the Federal Circuit stated that courts should not be reluctant to use their equity powers “once a party has so clearly established his patent rights.”<sup>24</sup> The court then issued the following holding that would reverberate through patent litigation for the last two decades: “We hold that where validity and continuing infringement have been clearly established, as in this case, immediate irreparable harm is presumed.”<sup>25</sup> The court noted in a footnote that a presumption of irreparable harm “is the rule in copyright cases.”<sup>26</sup>

The Federal Circuit thus concluded that the district court had erred in denying the injunction, reversed the district court’s decision, and remanded with instructions to issue an appropriate preliminary injunction.<sup>27</sup>

Two years later, in *Roper Corp. v. Litton Systems, Inc.*, the Federal Circuit reaffirmed the presumption of irreparable injury from *Smith*.<sup>28</sup> It noted that *Smith International* had “adopted” a so-called “‘rule of irreparable injury’ from copyright cases,” citing additional cases from three circuits.<sup>29</sup> The court in *Roper* also went further, adding that “[t]he same is generally true of preliminary injunctions granted in protection of a trademark owner’s rights,” citing additional cases.<sup>30</sup>

---

21. *See id.*

22. *See id.* at 1580.

23. *Id.* (footnote omitted).

24. *Id.* at 1581.

25. *Id.* (footnotes omitted).

26. *Id.* at 1581 n.7 (citing Bradford J. Duft, *Patent Preliminary Injunctions in United States Court of Appeals for the Federal Circuit*, 65 J. PAT. OFF. SOC’Y 131, 150 & n.64 (1983)).

27. *Id.* at 1581-82.

28. 757 F.2d 1266, 1271 (Fed. Cir. 1985).

29. *Id.* (citations omitted). The court in *Roper* also noted that patents and copyrights arise from the same constitutional provision; that each creates a personal right to exclude; and that no reason exists to have different standards for patents and copyrights regarding a presumption of irreparable injury. *See id.* at 1272.

30. *Id.* at 1271.

Over the next two decades, the Federal Circuit repeatedly restated and applied the presumption of irreparable injury. By 2003, the “rule” had evolved into this succinct statement: “irreparable harm is presumed when a clear showing of patent validity and infringement has been made.”<sup>31</sup>

### III. THE PRESUMPTION OF IRREPARABLE INJURY IN PATENT CASES IS FLAWED

#### A. Smith International *Involved Unique Circumstances Rarely Present in the Typical Patent Case*

In the typical patent infringement action in which a preliminary injunction is sought, a request for injunctive relief is typically brought by motion, or even by order to show cause, at the outset of the action, at a time when little or no discovery has been taken. This will typically set in motion a chain of events in which the parties may be given an abbreviated opportunity to take discovery and brief the issues. Courts will sometimes conduct evidentiary hearings—typically where they perceive a need to resolve important factual issues—but oftentimes the motions are decided primarily on a paper record consisting of affidavits, deposition testimony and briefs.

In short, the typical situation in which a preliminary injunction against continued patent infringement is requested bears no resemblance to the situation that existed in *Smith International*.

As discussed above,<sup>32</sup> the request for injunctive relief in *Smith* occurred after there had been a final appellate decision upholding the patent’s validity, under circumstances in which the accused infringer had conceded the fact that, if the patent was valid, it had committed acts of infringement. Thus, this was not a situation where a district court had to predict the likelihood of success at trial. On the contrary, the trial in *Smith International* had come and gone, as had the appeal on liability issues, and the patentee had prevailed on the contested issue of validity and the uncontested issue of infringement.

Indeed, it was probably a mistake to describe the relief sought by Hughes as a *preliminary* injunction. Since the relief was being requested

---

31. *Oakley, Inc. v. Sunglass Hut Int’l*, 316 F.3d 1331, 1345 (Fed. Cir. 2003) (quoting *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001)).

32. *See supra* Part II.

after a full trial and appeal on the issue of liability, in every real sense, Hughes was seeking—and was granted—a *permanent* injunction.<sup>33</sup>

One finds hints in the Federal Circuit's decision in *Smith International* that the holding, the presumption of irreparable injury, should only apply in circumstances that were at least close to the unique circumstances of *Smith International*. Thus, as noted above, the Federal Circuit had remarked that in none of the cases it had reviewed in which injunctions were denied for lack of irreparable harm was there "such a strong showing of validity and infringement *as exists in the instant case*."<sup>34</sup> And even in the court's express holding, it stated that "where validity and continuing infringement have been clearly established, *as in this case*, immediate irreparable harm is presumed."<sup>35</sup> Of course, "in the instant case" there was a final, conclusive, appellate determination of patent validity, and infringement had been conceded since the outset of the action.<sup>36</sup>

But in the typical case discussed above, nothing remotely similar to the circumstances in *Smith International* is present. In a garden variety case, the request for preliminary injunctive relief is addressed months, if not years, before a trial, let alone a final appellate resolution rendered after development of a full record. On the contrary, a preliminary injunction motion is typically decided in an accelerated proceeding, on a limited evidentiary record. To compare this typical situation to the circumstances of *Smith International* is completely inappropriate.

It is sometimes said that "hard cases make bad law."<sup>37</sup> Easy cases do, too.<sup>38</sup> But *Smith International* should not have been a "hard case," at least after the initial appeal in which the validity of the patents had been finally upheld. A *permanent* injunction should have issued virtually as a matter of course. A more apt description of *Smith International* is to characterize it (in the words of the Federal Circuit's predecessor) as a

---

33. CHARLES ALAN WRIGHT, ARTHUR R. MILLER & MARY KANE, FEDERAL PRACTICE AND PROCEDURE § 2941, at 33 (2d ed. 1995) ("A preliminary injunction is effective *pendente lite* until a decision has been reached at a trial on the merits. A permanent injunction will issue only after a right thereto has been established at a trial on the merits." (footnote omitted)).

34. *Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1580 (Fed. Cir. 1983) (emphasis added).

35. *Id.* at 1581 (emphasis added, footnotes omitted).

36. *See id.* at 1580.

37. *See, e.g.*, *United States v. Clark*, 96 U.S. 37, 49 (1877) (Harlan, J., dissenting) ("[I]t is the duty of all courts of justice to take care, for the general good of the community, that hard cases do not make bad law.").

38. *See, e.g.*, *O'Bannon v. Town Court Nursing Ctr.*, 447 U.S. 773, 804 (1980) (Blackmun, J., concurring); *Flores v. Demskie*, 11 F. Supp. 2d 299, 301 n.1 (S.D.N.Y. 1998) ("[E]asy cases make bad law because their apparent simplicity invites carelessness of thought and word, which results in rules ill suited to more complex cases.").

“one swallow does not make a summer” situation.<sup>39</sup> *Smith International* was a slender reed upon which to build a presumption that could effectively put an accused infringer out of business in cases where, unlike in *Smith v. Hughes*, infringement and validity had yet to be decided.

*B. A Presumption of Irreparable Injury Is Improper in a Patent System That Guarantees Adequate Compensation*

One common definition of irreparable harm is “injury that is neither remote nor speculative, but actual and imminent *and that cannot be remedied by an award of monetary damages.*”<sup>40</sup> The Federal Circuit itself has defined irreparable harm as “harm not readily remediable monetarily.”<sup>41</sup>

If irreparable harm is defined (at least in part) as harm which cannot be adequately compensated by money, it ought to be especially difficult to prove *irreparable* harm (that is, harm that *cannot* be remedied with money) in the context of patent infringement where, by statute, an aggrieved patentee is assured of full, complete, and adequate compensation.

Section 284 of the Patent Act provides in pertinent part as follows:

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.<sup>42</sup>

The Patent Act also provides for an award of reasonable attorneys’ fees to the prevailing party in exceptional cases.<sup>43</sup>

Let us consider first the basic compensatory damage award provided by § 284. A prevailing patentee may recover actual damages in the form of lost profits with proper proof as to what the patentee’s condition would have been but for the infringement.<sup>44</sup> Thus, in an appropriate case, the patentee can recover its lost profits on sales that

---

39. *In re Zahn*, 617 F.2d 261, 269 (C.C.P.A. 1980) (internal quotes omitted).

40. *Forest City Daly Hous., Inc. v. Town of N. Hempstead*, 175 F.3d 144, 153 (2d Cir. 1999) (quoting *Rodriguez v. DeBuono*, 162 F.3d 56, 61 (2d Cir. 1999), *cert. denied*, 537 U.S. 1232 (2003)) (emphasis added).

41. *Monsanto Co. v. McFarling*, 302 F.3d 1291, 1297 (Fed. Cir. 2002).

42. 35 U.S.C. § 284 (2000).

43. *Id.* § 285.

44. *See Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1064-65 (Fed. Cir. 1983).

were lost to the infringer.<sup>45</sup> A patentee can even sometimes recover for lost sales of a product that is not even covered by the infringed patent.<sup>46</sup> A patentee can also recover lost profits in the form of “price erosion” where the patentee was forced to reduce its price in the face of competition by the infringer.<sup>47</sup> The Federal Circuit has even affirmed awards of profits lost because of retarded sales growth.<sup>48</sup>

A patentee may not always be able to prove lost profits, particularly in situations where the patentee does not have a product that competes with the infringer’s product. Even under that circumstance, the patent statute guarantees the patentee a reasonable royalty<sup>49</sup> as a “floor” below which damage awards in patent cases may not fall.<sup>50</sup> Thus, if patent infringement has occurred, even in situations in which the patentee cannot prove that it suffered any actual damage, the patentee is guaranteed to receive not just a royalty, but a *reasonable* royalty. The Federal Circuit has even affirmed split awards, with lost profits awarded as to a percentage of the infringer’s sales, and a reasonable royalty awarded as to the infringer’s remaining sales.<sup>51</sup>

But those are not the only forms of monetary relief available to a patentee. As noted above, § 284 allows the court to increase damages up to three times the amount found or assessed, but does not specify any criteria for awarding the same.<sup>52</sup> For some time, it was an open question as to whether the purpose of an increased damage award should be exemplary (e.g., to deter willful infringement) or compensatory.<sup>53</sup> Under current Federal Circuit law, damages cannot be enhanced under § 284 to provide additional compensation where a court views the actual award as inadequate; enhancement is only available in cases of willful infringement or bad faith.<sup>54</sup> Thus, the Federal Circuit has apparently concluded that additional compensation is not an appropriate use of increased damages.<sup>55</sup>

---

45. See, e.g., *Yarway Corp. v. Eur-Control USA, Inc.*, 775 F.2d 268, 275 (Fed. Cir. 1985).

46. See *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1546-47 (Fed. Cir. 1995) (en banc).

47. See *Minn. Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1578-79 (Fed. Cir. 1992).

48. See *Lam*, 718 F.2d at 1063.

49. See *King Instruments Corp. v. Perego*, 65 F.3d 941, 947 (Fed. Cir. 1995).

50. See *Rite-Hite Corp.*, 56 F.3d at 1544.

51. *State Indus., Inc. v. More-Flo Indus., Inc.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989).

52. 35 U.S.C. § 284 (2000).

53. See 7 DONALD S. CHISUM, PATENTS § 20.03[4][b][iii] (2003).

54. See *Beatrice Foods Co. v. New Eng. Printing & Lithographing Co.*, 923 F.2d 1576, 1578-80 (Fed. Cir. 1991).

55. But see *Stickle v. Heublein, Inc.*, 716 F.2d 1550, 1563 (Fed. Cir. 1983) (stating that a trial court may award an amount of damages greater than a reasonable royalty so that the award is

The scope of the statutory guarantee of adequate compensation in patent cases was explored by the Supreme Court, in the context of prejudgment interest, in *General Motors Corp. v. Devex Corp.*<sup>56</sup> There, the Supreme Court stated that it was convinced that “the underlying purpose of the provision [35 U.S.C. § 284] strongly suggests that prejudgment interest should ordinarily be awarded where necessary to afford the plaintiff *full compensation* for the infringement.”<sup>57</sup> The Court noted that prior to 1946, the owner of a patent could recover both his own damages and the infringer’s profits, but Congress had decided in 1946 to exclude the infringer’s gain, which had often been the subject of protracted litigation.<sup>58</sup> The Court also noted that, at the same time, Congress wanted to ensure that the patent owner would receive “full compensation” for any damages due to infringement.<sup>59</sup> The Court thus concluded that the standard governing the award of prejudgment interest “should be consistent with Congress’s overriding purpose of affording patent owners *complete compensation*.”<sup>60</sup> It noted that, in the typical case, an award of prejudgment interest was necessary so that the patent owner would be placed in as good a position as he would have been in had the infringer entered into a reasonable royalty agreement.<sup>61</sup>

Thus, in every patent infringement case, every patentee can seek to recover actual damages and is guaranteed no less than a reasonable royalty. In virtually every case, the patentee can recover prejudgment interest.<sup>62</sup> In cases of willful infringement or other flagrant misconduct, the patentee can recover up to three times the actual damages. In exceptional cases, the patentee can even recover attorneys’ fees.<sup>63</sup> And since the year 2000, it has become possible to obtain “provisional rights” in the form of a reasonable royalty for use made of the invention *before* a patent issues, going back to the date the application is published.<sup>64</sup>

---

adequate to compensate for the infringement, which would be characterized as either a reasonable royalty *for an infringer* or as an increase in the reasonable royalty determined by the court).

56. 461 U.S. 648 (1983).

57. *Id.* at 654 (emphasis added).

58. *See id.*

59. *See id.* at 654-55.

60. *Id.* at 655 (emphasis added).

61. *Id.*

62. *See* *Gen. Motors Corp. v. Devex Corp.*, 461 U.S. 648, 656-57 (1983) (noting that prejudgment interest may be limited or denied altogether where the patent owner has been responsible for undue delay in prosecuting the lawsuit).

63. The prevailing patent owner can most typically recover attorneys’ fees in cases of willful patent infringement and/or litigation misconduct by the defendant. *See, e.g.*, *Epcon Gas Sys., Inc. v. Bauer Compressors, Inc.*, 279 F.3d 1022, 1034 (Fed. Cir. 2002).

64. 35 U.S.C. § 154(d) (2000).

It goes without saying that all of the provisions in the Patent Act for full compensation to patentees mean little or nothing if the defendant is not financially responsible. To be sure, a defendant's inability to respond in damages is a factor properly considered in any analysis of irreparable injury.<sup>65</sup> On the other hand, the ability of a defendant to respond in damages is properly treated as a factor tending to negate irreparable injury.<sup>66</sup> We do not suggest that a defendant's ability to respond in damages precludes a finding of irreparable injury. The Federal Circuit itself has properly rejected the view that an alleged infringer's ability to compensate ends the court's inquiry on irreparable injury.<sup>67</sup>

In our view, provided that the defendant has the ability to pay, the statutory guarantee of "full," "complete" and "adequate" compensation in patent cases militates strongly against a presumption of irreparable injury in patent infringement actions. To the contrary, if anything is to be presumed, it should be presumed that the patentee will be adequately compensated. If a defendant is unable to respond in damages, the court may properly conclude that irreparable harm is present, but it should do so based upon that *fact*, not upon any *presumption*.

*C. The Need for Discovery to Develop Certain Defenses Further  
Militates Against a Presumption of Irreparable Injury*

The basic predicate for the presumption of irreparable harm is typically recited as a clear showing of patent validity and infringement.<sup>68</sup> As a procedural matter, a patentee seeking a preliminary injunction has the burden of establishing that it is likely to succeed on the issue of validity.<sup>69</sup> This is true even though the defendant would bear the ultimate burden of proving invalidity at trial.<sup>70</sup> As a practical matter, to stave off an injunction or, at a minimum, to make it less than "clear" that the patent is valid for purposes of avoiding a presumption of irreparable

---

65. See, e.g., *Eli Lilly & Co. v. Premo Pharm. Lab., Inc.*, 630 F.2d 120, 137 (3d Cir. 1980); *Transonic Sys., Inc. v. Non-Invasive Med. Tech. Corp.*, 127 F. Supp. 2d 1315, 1321 (D. Utah 2000).

66. See *Eli Lilly & Co. v. Am. Cyanamid Co.*, 82 F.3d 1568, 1578-79 (Fed. Cir. 1996).

67. See *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1226, 1269 n.2 (Fed. Cir. 1985) (noting that to hold that the ability to compensate ends any inquiry on irreparable injury would encourage infringement by the rich, cause frequent devastation of less affluent patentee's business, and suggest the ready grant of injunctions against the less affluent among alleged infringers).

68. See, e.g., *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 390 (Fed. Cir. 1987).

69. See *New Eng. Braiding Co. v. A.W. Chesterton*, 970 F.2d 878, 882-83 (Fed. Cir. 1992).

70. See 35 U.S.C. § 282 (2000).

harm—the accused infringer must come forward with substantial evidence of invalidity.

To be sure, certain invalidity defenses often can be developed by accused infringers and their counsel without any input from the patentee. These include defenses of invalidity for anticipation<sup>71</sup> or obviousness<sup>72</sup> based upon, e.g., prior patents and printed publications, or for insufficient disclosure.<sup>73</sup>

But there are other invalidity defenses that, as a practical matter, cannot be established without discovery—sometimes, significant amounts of discovery—from the patentee. For example, under 35 U.S.C. § 102(b), if an invention was placed “on sale” or in “public use” in the United States more than one year before the filing date of the patent (by the patentee or anyone else), the patent is invalid. While facts regarding an event such as placing an invention “on sale” or in “public use” may be thought of as “public domain” information because they establish prior art,<sup>74</sup> in the real world, it may be impossible to establish such facts without obtaining documents from and deposing witnesses associated with the patentee. And while there may well be potential witnesses who are not associated with the patentee (for example, persons to whom the invention was offered for sale or actually sold, or persons who witnessed a public use), it may not be possible for the accused infringer to even locate such nonparty witnesses without obtaining discovery from the patentee.

Another common defense to an infringement action is unenforceability of the patent due to inequitable conduct in its procurement. In its most common form, this defense requires a showing that the patentee had knowledge of prior art information that was known to be material to patentability and that the patentee failed to disclose such information to the PTO resulting from an intent to mislead the PTO.<sup>75</sup> In most cases, such a defense is difficult to establish without discovery from the patentee and people associated with the patentee regarding what people knew, when they knew it, and the state of mind of the person or persons who chose not to disclose the information.

---

71. *See id.* § 102.

72. *See id.* § 103.

73. *See id.* § 112.

74. *See, e.g.,* Linear Tech. Corp. v. Micrel Inc., 275 F.3d 1040, 1047, (Fed. Cir. 2001), *cert. denied*, 123 S. Ct. 2129 (2003) (noting that in *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998), the Supreme Court sought a standard regarding the on-sale bar which strives to, inter alia, protect the public’s right to retain knowledge already in the public domain).

75. *See* Elk Corp. of Dallas v. GAF Bldg. Materials Corp., 168 F.3d 28, 30 (Fed. Cir. 1999).

A case that illustrates these problems is *Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*<sup>76</sup> In *Paragon*, the Federal Circuit affirmed rulings by a district court granting summary judgment that the patent was invalid under 35 U.S.C. § 102(b) based upon sales of the patented article by the patentee more than one year before the filing date.<sup>77</sup> In addition, somewhat unusually, the Federal Circuit also affirmed the district court's grant of summary judgment of unenforceability due to inequitable conduct.<sup>78</sup> While the patent at issue in this case was so dubious that it could not survive a motion for summary judgment, it is hard to imagine defenses like these being developed without discovery.

If an accused infringer is unexpectedly hit with a suit for patent infringement and a motion for preliminary injunction, it is highly unlikely that the accused infringer will have information regarding potential defenses such as "on sale"/"public use" activity by the patentee or inequitable conduct. The accused infringer may not even have a basis to suspect the existence of such defenses. Indeed, because it has been held that inequitable conduct must be pleaded with specificity in accordance with Federal Rules of Civil Procedure 9(b),<sup>79</sup> an accused infringer may not have any responsible basis even to *plead* unenforceability at the outset of an action.

Some courts, perhaps (at least in part) to give defendants the opportunity to develop certain defenses which require discovery, will provide a short period of expedited discovery before holding a hearing on a preliminary injunction motion. Indeed, the Federal Circuit itself has recognized the time constraints within which an accused infringer must respond to a preliminary injunction motion and has taken this into account in denying a preliminary injunction where a question was raised about an invalidity defense that manifestly required potentially significant discovery.<sup>80</sup>

But experienced litigators know that counsel for a patentee seeking a preliminary injunction can erect roadblocks to discovery, which might well prevent the accused infringer from developing the evidence needed

---

76. 984 F.2d 1182 (Fed. Cir. 1993).

77. *Id.* at 1185-88.

78. *Id.* at 1188-93.

79. *See Xilinx Inc. v. Altera Corp.*, 33 U.S.P.Q.2d 1149, 1151 (N.D. Cal. 1993); *Environ Prods., Inc. v. Total Containment, Inc.*, 951 F. Supp. 57, 59 (E.D. Pa. 1996).

80. *See New Eng. Braiding Co. v. A.W. Chesterton*, 970 F.2d 878, 882-83 (Fed. Cir. 1992) (affirming denial of preliminary injunction based on accused infringer's evidence that the patentee was not the actual inventor but rather derived the invention from another, raising an invalidity question under 35 U.S.C. § 102(f)).

to present at least a colorable defense of invalidity or unenforceability.<sup>81</sup> And if a patentee stonewalls discovery long enough to get to a preliminary injunction hearing, and the injunction is granted, the evidence of invalidity and/or unenforceability may never be unearthed because the injunction may so devastate the defendant that it cannot continue contesting the lawsuit.<sup>82</sup> Unlike criminal defendants convicted of a capital offense, who may have the benefit of public defenders searching for exonerating evidence while pursuing years of appeals before the sentence is carried out, a small business under what amounts to a “death sentence” in the form of a preliminary injunction is not likely to have anyone zealously championing its cause. Nor is it likely that there will be enough time for exoneration to take place before the “sentence” is carried out.

We do not here suggest that preliminary injunctions in patent cases should be denied simply because of the hypothetical possibility that an invalidity or unenforceability defense exists as to which the information may be substantially in the hands of the patentee. On the other hand, a presumption of irreparable injury which is predicated in part on a purportedly “clear showing” of validity must be viewed (where appropriate) as being based on circumstances where neither the defendant nor anyone else has had a full opportunity to explore potentially important defenses.

It also should be recognized that the presumption of patent validity typically results from a proceeding that is entirely *ex parte*, in which an examiner who is unaware of facts suggesting unpatentability has no real choice but to issue a patent. It may not be too much to ask courts to recognize that the massive number of patents being issued by the PTO today calls for real caution before issuing a preliminary injunction. In fact, the Supreme Court strongly suggested that the PTO was issuing too many patents more than 40 years ago, when it was issuing but a fraction of the number of patents that are being issued today.<sup>83</sup> Indeed, the fact that patents are sometimes issued in the face of prior art references that

---

81. James Lardner, *Annals of Law: The Betamax Case-Part I*, THE NEW YORKER, Apr. 1987, at 56. (“As any practiced hand at the discovery game knows, there is a time for withholding documents, a time for turning them over, and a time for turning them over with a vengeance.”).

82. See, e.g., *Ill. Tool Works, Inc. v. Grip-Pak, Inc.*, 906 F.2d 679, 683 (Fed. Cir. 1990) (discussing the hardship on a preliminarily enjoined manufacturer who must withdraw its product from the market before trial can be devastating and might even destroy the accused infringer).

83. See *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966). In 1966, the Patent Office issued approximately 68,000 utility patents. In 2002, the PTO issued about 168,000 patents. See USPTO-IPO/TAF Branch, *available at* <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/issuyear.htm> (last modified Nov. 16, 2003).

are cited to the PTO, which turn out to be invalidating, is itself another reason to be cautious about granting preliminary injunctions.<sup>84</sup>

Perhaps one solution is for courts to treat the presumption of irreparable harm with some sort of “sliding scale” in which the more discovery a defendant has received, the “stronger” the presumption becomes. But it would seem virtually impossible for courts to accordingly quantify the strength of a presumption and weigh it against other evidence tending to show the existence or absence of irreparable injury.

In our view, the better approach is to recognize this factor—the very real possibility that significant invalidity and unenforceability defenses have not been explored at the preliminary injunction stage—along with the other concerns we have raised here as a basis for abolishing the presumption of irreparable harm altogether.

*D. The Presumption of Irreparable Harm Discourages Efforts by Competitors to Design Around Patents and May Buttress Invalid Patents*

The patent system functions, at least in part, to make innovations available so that they can be improved upon.<sup>85</sup> Designing around a competitor’s products, even when they are patented, brings a steady flow of innovations to the marketplace.<sup>86</sup> Although innovations produced by efforts to design around patent innovation may not be pioneering, such evolutionary development amounts to a high percentage of technological progress and is rightfully encouraged. A substantial public benefit is lost when the prospect of a preliminary injunction inhibits such potentially valuable evolutionary innovation.

---

84. Examiners sometimes fail to appreciate that prior art that is before them should render the invention being examined unpatentable. *See, e.g.,* Bristol-Myers Squibb Co. v. Boehringer Ingelheim Corp., 86 F. Supp. 2d 433, 439 (D.N.J. 2000) (invalidating patent claims on summary judgment based upon prior art considered during prosecution), *aff’d in part, vacated and remanded in part*, 246 F.3d 1368 (Fed. Cir. 2001); Atlas Powder Co. v. IRECO, Inc., 190 F.3d 1342, 1350 (Fed. Cir. 1999) (holding patent found to be anticipated on same art already considered by PTO, noting that to uphold the patent “would preclude the public from practicing the prior art”); Tyler Refrigeration v. Kysor Indus. Corp., 777 F.2d 687, 690 (Fed. Cir. 1985). But where an allegedly invalidating prior art reference has been considered by the PTO in issuing a patent, courts often add to the statutory presumption of validity a presumption of administrative correctness vis-à-vis the PTO’s consideration of the particular reference. *See* Am. Hoist & Derrick Co. v. Sowa & Sons, 725 F.2d 1350, 1359-60 (Fed. Cir. 1984). That presumption of administrative correctness can be argued to establish a “strong” showing of patent validity, leading to a presumption of irreparable harm.

85. *See* State Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1235 (Fed. Cir. 1985).

86. *See id.* at 1236.

The threat of a preliminary injunction particularly stifles innovative competition by small companies.<sup>87</sup> Companies that are short on capital can easily be manipulated by their more established competitors.<sup>88</sup> Preliminary injunction motions can be a great investment for those companies that can afford them, because they can vanquish a smaller rival on an abbreviated record without incurring the expense of a full-blown trial. A small company's prospects of raising necessary capital under the specter of a preliminary injunction are low; few small innovators will be able to raise the funds necessary to support litigation long enough to reach a final judgment. Raising capital is made more difficult if the target firm is forced to disclose its contingent liability to creditors and inventors.<sup>89</sup>

Faced with the prospect of a door-closing injunction, many innovators (and capitalists) will give even weak patents a wide berth. A real public benefit is lost when noninfringing evolutionary inventions are excluded from the marketplace because the inventor simply cannot obtain the capital necessary to challenge a patent or defend a claim of infringement.

The right of exclusion, which is vindicated by an injunction, is not itself a policy objective that courts need to promote. The rights to exclude that are conferred by a patent are provided as a means to encourage investment in new technology and invention. The constitutional *purpose* is to promote the useful arts.<sup>90</sup> Courts that focus on the right to exclude as the *policy* confuse that means with the end. The policy of encouraging innovation by the publication of ideas so that they may spawn new improvements is equally important and is jeopardized by a policy which makes it easier to obtain an injunction on a less-than-complete record.

The presumption of irreparable harm also may rob the public of competition in areas that are rightfully in the public domain. A strong federal policy has long existed favoring the elimination of invalid patents because innovation is thwarted by the burden of invalid patents. For example, in *Lear, Inc. v. Adkins*, the Supreme Court observed that the

---

87. See Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. REV. 509, 525-27 (2003) (citations omitted).

88. Empirical evidence shows that preliminary injunctions tend to be used in patent cases mostly by large firms that seek to impose a financial burden on smaller rivals. See Jean O. Lanjouw & Josh Lerner, *Tilting the Table? The Use of Preliminary Injunctions*, 44 J.L. & ECON. 573, 575-76 (2001) (stating that smaller firms have higher litigation costs and suffer greater indirect costs caused by the dilution of management's equity ownership).

89. *Id.*

90. U.S. CONST. art. I, § 8, cl. 8.

public interest in the “full and free use of ideas in the public domain” was significantly more important than the contract equities of a patent licensor.<sup>91</sup>

The presumption of irreparable harm ought not to come into play where a defendant raises a substantial question of patent invalidity in response to a preliminary injunction motion.<sup>92</sup> On the other hand, as discussed above, there may be cases where a patent is invalid or unenforceable, but the evidence thereof is solely in the hands of the patentee and may not come to light during accelerated preliminary injunction proceedings.<sup>93</sup> If a defendant’s inability to mount an invalidity defense in response to a preliminary injunction motion (because the defendant has no timely access to the necessary facts) results in the invocation of the presumption of irreparable harm leading to entry of an injunction, a worthless patent may be vindicated when, instead, it ought to be invalidated. To the extent the presumption of irreparable harm allows this to happen, this is a further reason why the presumption is a bad idea.

*E. The Federal Circuit’s Reliance on Trademark and Copyright Precedent Is Inappropriate*

As noted above, in *Smith International*, the Federal Circuit cited precedent for the proposition that irreparable injury is presumed in copyright cases.<sup>94</sup> Thereafter, in *Roper*, the Federal Circuit noted that the same is generally true of preliminary injunctions granted in protection of a trademark owner’s rights, but did so in the context of a case where likelihood of success was not established and where irreparable harm was absent for other reasons.<sup>95</sup>

It is our contention that trademark cases involve circumstances which are so totally dissimilar to those in patent cases that trademark precedent is largely worthless in the context of patent infringement actions. With regard to copyright cases, while the analogy is somewhat

---

91. 395 U.S. 653 (1969).

92. See *supra* Part III.C.

93. See *New Eng. Braiding Co. v. A.W. Chesterton Co.*, 970 F.2d 878, 882-83 (Fed. Cir. 1992).

94. *Smith Int’l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1581 n.7 (Fed. Cir. 1983).

95. The Federal Circuit held that the district court did not abuse its discretion in denying a preliminary injunction. *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1226, 1270-71 (Fed. Cir. 1985). There was a serious question whether *Roper*, as the moving party, had carried its burden of proving likelihood of success on the issue of infringement. See *id.* Moreover, the court noted that the defendant did not presently make, and had no immediate plans to make, the accused product, and that the patentee itself was not presently practicing its invention, thus leading to a conclusion that the patentee had not established irreparable injury. See *id.* at 1272-73.

better, the precedent itself is weak and arguably ought to be reexamined in its own right.

1. Trademark Cases Involve a Type of Injury That Is Totally Dissimilar to That Which Is Present in Patent Cases

It is well settled that, in trademark cases in which a plaintiff seeks a preliminary injunction, where the plaintiff has established a likelihood of confusion, irreparable harm ordinarily is presumed.<sup>96</sup> A number of courts have justified this rule on the basis that the “very nature” of trademark infringement makes the injury caused by such infringement irreparable.<sup>97</sup>

Courts sometimes explain this rule by stating that the confusion caused by trademark infringement causes the plaintiff to lose control over its own reputation, a species of harm which is irreparable.<sup>98</sup> As the United States Court of Appeals for the Second Circuit has explained:

Where there is, then, such high probability of confusion, injury irreparable in the sense that it may not be fully compensable in damages almost inevitably follows. While an injured plaintiff would be entitled to recover the profits on the infringing items, this is often difficult to determine; moreover, a defendant may have failed to earn profits because of the poor quality of its product or its own inefficiency. Indeed, confusion may cause purchasers to refrain from buying either product and to turn to those of other competitors. Yet to prove the loss of sales due to infringement is also notoriously difficult. . . . Furthermore, if an infringer’s product is of poor quality, or simply not worth the price, a more lasting but not readily measurable injury may be inflicted on the plaintiff’s reputation in the market.<sup>99</sup>

Thus, in trademark cases, where the defendant’s conduct is likely to cause confusion in the marketplace, courts appear to proceed on a theory that confusion in the minds of actual and potential purchasers can never be undone (let alone compensated with money). In other words, the eggs cannot be unscrambled.

---

96. See, e.g., *Rodeo Collection, Ltd. v. W. Seventh*, 812 F.2d 1215, 1220 (9th Cir. 1987); *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 625 (8th Cir. 1987).

97. See, e.g., *Societe des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 640 (1st Cir. 1992); *Int’l Kennel Club of Chi., Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1091 (7th Cir. 1988); 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:47 (2003).

98. See, e.g., *Ty, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 902-03 (7th Cir. 2001); *Power Test Petroleum Distribs., Inc. v. Calcu Gas, Inc.*, 754 F.2d 91, 95 (2d Cir. 1985); *Chips ‘N Twigs, Inc. v. Chip-Chip, Ltd.*, 414 F. Supp. 1003, 1018 (E.D. Pa. 1976).

99. *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971).

While we believe the presumption of irreparable harm in trademark cases is appropriate, we also believe that such rule from trademark cases is not applicable to patent cases. To begin with, the nature of the injury is generally quite different. Patent infringement actions typically do not involve situations where confusion—the heart of trademark infringement—takes place.<sup>100</sup> Moreover, in contrast to the situation in trademark cases, where proving damages is “notoriously difficult,”<sup>101</sup> patent owners are guaranteed damages adequate to compensate for the infringement but no less than a reasonable royalty.<sup>102</sup>

Thus, while we believe the presumption of irreparable harm in trademark cases is quite sound, we do not believe it provides support for a similar presumption in patent infringement cases.

## 2. Copyright Precedent Is Tenuous and Largely Overdue for a Reexamination in Its Own Right

In *Smith International*, in support of its contention that copyright cases provided precedent in the patent arena, the Federal Circuit cited an article by Bradford J. Duft. In Mr. Duft’s article, he cited six cases.<sup>103</sup> Thereafter, in *Roper*, the Federal Circuit cited to three additional copyright cases.<sup>104</sup>

We have reviewed the copyright cases cited in the Duft article (which provided the sole support in *Smith International*) and in *Roper*, and we have attempted to trace back the body of law establishing that, in copyright infringement cases, a clear showing of validity and infringement will give rise to a presumption of irreparable injury. As a result of this review, certain conclusions can be drawn:

---

100. This is not to say that issues of reputation and good will can never figure into the issue of irreparable harm in a motion for a preliminary injunction based upon patent infringement. On the contrary, courts have often made reference to the acts of an infringer causing damage to a patentee’s reputation and its good will. *See, e.g., CVI/Beta Venture, Inc. v. Custom Optical Frames, Inc.*, 859 F. Supp. 945, 949 (D. Md. 1994); *Motorola, Inc. v. Alexander Mfg. Co.*, 21 U.S.P.Q.2d 1573, 1578-79 (N.D. Iowa 1991) (stating that striking similarity between the plaintiff’s and the defendant’s products created likelihood that consumers could assume that the defendant’s product is actually made or approved by the plaintiff). While there may be situations where a patent owner can prove, as a factual matter, that its reputation or good will is being impaired by virtue of acts of patent infringement, in cases of trademark infringement, such confusion is necessarily present where a court finds that a trademark owner is likely to succeed on the merits.

101. *Omega Importing*, 451 F.2d at 1195.

102. *See* 35 U.S.C. § 284 (2000); *supra* Part III.B.

103. *See Smith Int’l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1581 n.7 (Fed. Cir. 1983).

104. *See Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266, 1271 (Fed. Cir. 1985) (citations omitted).

- The presumption in copyright cases that was relied upon in *Smith International* and *Roper* is overwhelmingly a construct of the Second Circuit. The vast majority of the cases we found in this chain of authority are decisions of the Second Circuit itself, or of district courts within the Second Circuit. In some cases that arose outside the Second Circuit, to the extent earlier authority was cited, it was Second Circuit authority.<sup>105</sup> In at least one case from outside the Second Circuit, *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*<sup>106</sup> (one of the cases cited in *Roper*), no prior authority was cited at all. It may well be that at the time this line of authority was starting to be generated, the Second Circuit was the only circuit worth consulting on copyright matters. However, that was no longer true in the early 1980s when the Federal Circuit decided *Smith International* and *Roper*. To be sure, it is not even close to being true today.
- In at least three cases we have located in this line of authority, the court was not addressing a request for a preliminary injunction, but was dealing with a request for injunctive relief *after trial*.<sup>107</sup> Two of those are district court cases that are over a century old.<sup>108</sup> In *American Visuals Corp. v. Holland*, the plaintiff had previously moved for a preliminary injunction, but the district court denied it. The Second Circuit then affirmed the denial with the district court later granting the defendant's motion for summary judgment. The Second Circuit subsequently reversed.<sup>109</sup> In the decision that was later cited, the Second Circuit affirmed the district court's final judgment in favor of the plaintiff, including the plaintiff's entitlement to damages and an injunction.<sup>110</sup> Yet, *American Visuals* is part of a line of authority that can be traced forward all the way to *Smith*.<sup>111</sup>

---

105. See, e.g., *Atari, Inc. v. N. Am. Phillips Consumer Elecs. Corp.*, 672 F.2d 607, 620 (7th Cir. 1982) (citing *Wainwright Sec., Inc. v. Wall St. Transcript Corp.*, 558 F.2d 91, 94 (2d Cir. 1977)); *F.E.L. Publ'ns, Ltd. v. Nat'l Conference of Catholic Bishops*, 200 U.S.P.Q. 301, 307 (N.D. Ill. 1978) (citing *Rice v. Am. Program Bureau*, 446 F.2d 685 (2d Cir. 1971)).

106. 600 F.2d 1184, 1187-88 (5th Cir. 1979).

107. See *Am. Visuals Corp. v. Holland*, 261 F.2d 652, 654 (2d Cir. 1958); *Fishel v. Lueckel*, 53 F. 499 (S.D.N.Y. 1892); *Gilmore v. Anderson*, 38 F. 846, 847 (S.D.N.Y. 1889).

108. See *Fishel v. Lueckel*, 53 F. 499, 500 (C.C.N.Y. 1892); *Gilmore v. Anderson*, 38 F. 846, 847 (C.C.N.Y. 1889).

109. 261 F.2d at 653-54.

110. See *id.* at 655.

111. *American Visuals* was cited in *Concord Fabrics, Inc. v. Marcus Bros. Textile Corp.*, 409 F.2d 1315, 1317 (2d Cir. 1969), for the proposition that "[a]n injunction pending the outcome of trial in such a [copyright] case should issue if plaintiff can show a reasonable probability of

- A number of Second Circuit cases in the line of authority cited by the Federal Circuit in *Smith* and *Roper* did not actually speak in terms of a presumption of irreparable harm. Rather, they held that where a *prima facie* case of copyright infringement is made out, a plaintiff is entitled to a preliminary injunction without a “detailed showing” of irreparable harm.<sup>112</sup> It is quite a leap from the proposition that a plaintiff seeking a preliminary injunction in a copyright case is not required to make a “detailed showing” to a presumption of irreparable harm, i.e., a rule that discharges a plaintiff from *any* responsibility to prove irreparable harm. Yet, the Second Circuit apparently made that very leap in *American Metropolitan Enterprises of New York, Inc. v. Warner Bros. Records, Inc.* when it cited prior cases stating that a “detailed showing” of irreparable harm was unnecessary, and then proceeded to hold that, “[a] copyright holder in the ordinary case may be presumed to suffer irreparable harm when his right to the exclusive use of the copyrighted material is invaded” without any further citation.<sup>113</sup>

To be sure, there is a certain degree of kinship between patent law and copyright law, much of it historical. As the Federal Circuit noted in *Roper*, the congressional authority to enact patent and copyright laws arises out of the same clause of the U.S. Constitution.<sup>114</sup> Thus, if there was a solid, policy-based reason to presume irreparable injury in copyright cases, it might well be appropriate for the Federal Circuit to have looked to copyright law in creating a similar presumption in patent cases. However, as demonstrated above, the origins of the presumption in copyright cases are sketchy and questionable.

Indeed, some of the other reasons we have discussed herein as to why no presumption should exist in patent cases may well militate against a similar presumption in copyright cases. For example, we have pointed out in Part III.B that the statutory guarantee of adequate compensation in patent cases militates against a presumption of irreparable harm. In fact, copyright law includes a somewhat analogous

---

prevailing on the merits.” *Concord*, in turn, was cited in *Novelty Textile Mills, Inc. v. Joan Fabrics Corp.*, 558 F.2d 1090, 1094 (2d Cir. 1977), and *Novelty* was cited in Duft, *supra* note 26, at 150 n.64. As noted previously, Duft was cited in *Smith Int'l*, 718 F.2d at 1581 n.7.

112. See *Uneeda Doll Co. v. Goldfarb Novelty Co.*, 373 F.2d 851, 852 n.1 (2d Cir. 1967); *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144, 147 (2d Cir. 1956); *Rushton v. Vitale*, 218 F.2d 434, 436 (2d Cir. 1955).

113. 389 F.2d 903, 905 (2d Cir. 1968).

114. *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266, 1272 (Fed. Cir. 1985) (citing U.S. CONST. art. I, § 8, cl. 8).

arrangement in the form of “statutory damages.”<sup>115</sup> Indeed, it has been held that one of the statutory purposes of the Copyright Act is to provide “adequate compensation” to the owner of the copyright.<sup>116</sup> However, unlike the situation in patent cases, where a patentee is *always* entitled to at least a reasonable royalty, in certain copyright cases, the right to obtain statutory damages can be lost.<sup>117</sup> Nonetheless, at least in copyright infringement cases where the right to obtain statutory damages has not been forfeited, it could be argued that the guaranteed right to recover statutory damages militates against a presumption of irreparable harm in copyright cases.

We hasten to add that the propriety of the presumption of irreparable harm in copyright cases is beyond the scope of this Article. It seems likely, though, that a thoughtful reconsideration of the presumption in copyright cases may well be overdue. It may well be that, upon such an analysis, one or more courts may conclude that the presumption in copyright cases should no longer exist.<sup>118</sup> We do believe, however, that the questionable genesis of the presumption of irreparable harm in copyright cases is a sufficient basis to conclude that the existence of the presumption in copyright cases should not and does not outweigh the significant reasons discussed herein why the presumption is simply inappropriate in patent cases.

#### IV. CONCLUSION

For all of the foregoing reasons, we believe the Federal Circuit should, at a minimum, reconsider the presumption of irreparable injury in patent infringement actions. We further believe that, upon such reconsideration, it should overrule its prior decisions creating that presumption, including *Smith International* and *Roper*.

While proposing this change is easy enough for us to make in this Article, bringing about such a change may not be so simple. Since *Smith International*, *Roper*, and later decisions that have applied the

---

115. 17 U.S.C. § 504(c) (2000).

116. *See, e.g.,* *Kamar Int'l v. Russ Berrie & Co.*, 829 F.2d 783, 786 (9th Cir. 1987) (quoting *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 520 (9th Cir. 1985)).

117. *See* 17 U.S.C. § 412 (prohibiting an award of statutory damages for any infringement of copyright in an unpublished work commenced before the effective date of its registration, or any copyright infringement commenced after the first publication of the work and before the effective date of the registration, unless the registration was made within three months after the first publication of the work).

118. Unlike patent infringement cases in which one appellate court, the Federal Circuit, has exclusive jurisdiction over all appeals, copyright cases are appealable to the appropriate regional circuit court of appeals. *See* 28 U.S.C. § 1295 (2000).

presumption of irreparable injury are precedential decisions of the Federal Circuit, they could only be overruled by the court sitting en banc.<sup>119</sup>

Convincing the Federal Circuit to revisit a long-settled issue en banc is itself no small task.<sup>120</sup> But the difficulty would be compounded in this context by the fact that this would have to take place within the confines of an appeal from a motion for preliminary injunction—a proceeding that is likely to play out under an accelerated schedule. When the Federal Circuit does consider a matter en banc, it normally does so on a request for rehearing after a decision by a three-judge panel; however, the rules do make provision for an appeal to be heard initially by the court sitting en banc.<sup>121</sup> Indeed, the Federal Circuit quite recently decided to revisit an issue en banc in its initial consideration of an appeal and apparently decided to do so *sua sponte*.<sup>122</sup>

To complicate matters further, the Federal Circuit might take the position that it should not reconsider the presumption of irreparable injury unless it can be shown, in the case before it, that the presumption actually makes a difference in the disposition of the case.<sup>123</sup> Thus, for the Federal Circuit to agree to reconsider the presumption of irreparable harm, it is conceivable that the court would only do so in a case where the presumption made a real difference, e.g., a case where an injunction was granted, and the only basis for finding irreparable injury was the presumption.

Notwithstanding the foregoing, however the issue may be brought before the Federal Circuit, it is an issue which we respectfully contend should be addressed by the full Federal Circuit sitting en banc.

---

119. See, e.g., *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1563 (Fed. Cir. 1991); *Kimberly-Clark Corp. v. Ft. Howard Paper Co.*, 772 F.2d 860, 863 (Fed. Cir. 1985).

120. But see *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 344 F.3d 1336 (Fed. Cir. 2003) (explaining Federal Circuit *sua sponte* decision to hear matter *en banc*).

121. See FED. R. APP. P. 35.

122. See *Knorr-Bremse*, 344 F.3d at 1336.

123. As documented in *In re Zurko*, 142 F.3d 1447, 1449 (Fed. Cir. 1998), *rev'd*, *Dickinson v. Zurko*, 525 U.S. 961, 119 S. Ct. 401 (1998), the Commissioner of the Patent and Trademark Office had campaigned for some time to convince the Federal Circuit to review factual findings of the PTO Board of Patent Appeals and Interferences under the more deferential “substantial evidence” standard set forth in the Administrative Procedure Act, but the Federal Circuit had previously declined to address that issue unless resolution of the case depended on the standard of review. Finally, in *Zurko*, the Federal Circuit did conclude that the outcome of the appeal turned on the standard of review and that it was still appropriate to apply the “clearly erroneous” standard. *Id.* at 1459. The Supreme Court subsequently reversed, holding that the “substantial evidence” standard should be applied. *Dickinson v. Zurko*, 527 U.S. 150 (1999).