

A Modern-Day Fairy Tale

INJUNCTIVE RELIEF
IN A POST-EBAY WORLD:
*The More Things Change,
the More They Remain the Same*

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Once upon a time, not so very long ago, in a land known simply as the Eastern District of Virginia, where cases proceeded with great haste, it was the birthright of all intellectual property owners near and far to wield the mighty Excalibur sword of injunction against all who infringed. With this presumptive right and with the speed of the commonwealth's "docket of rocket," any Jack or Jill could quickly vindicate the rights of their clients and become a killer of competition and an annihilator of evil, vanquishing all infringers large and small. News of this potent combination spread far and wide, drawing many suitors to the docket, and there was much happiness in the land.

Then, as if by magic, one of the docket's judges questioned this birthright, proclaimed that the law had no clothes, and deigned to require more. This right, he claimed, was not automatic, and like other rights, must be weighed, measured, and found not wanting. Though he was branded as a heretic and his judgment questioned, in the end, the Supreme Court of the land upheld this single judge and issued an edict known as *eBay Inc. v. MercExchange LLC*, 547 U.S. 388 (2006). With one stroke of the mighty pen, the law of injunctions was permanently changed. Gone was the automatic right to brandish Excalibur, gone was the birthright to a permanent injunction, and gone was the power to stop evil infringers from stealing the valuable rights of the good and virtuous holders of intellectual property (IP). There was much strife and gnashing of teeth in the land. How had things gone so terribly wrong? Why had the world been so beset by such evil? How would holders of precious intellectual rights live happily ever after without the giant-killing threat of an injunction?

Has the Sky Really Fallen?

The tale of *eBay* is well known. Equally well known are the countless articles and predictions of impending change and doom to come (such as the screaming headline, "*eBay* Heralds the End of Injunctions"). But has that much really changed? Has the right to a permanent injunction really dissipated for the IP holder, or have the courts simply begun treating the right to an injunction for intellectual property cases in line with well-established rules of equity governing injunctions in other instances? Although the final chapter of the tale has not been written, the emerging post-*eBay* law suggests that, even though a presumptive right to an injunction is gone, the right to a permanent injunction in such cases is still very much alive, permanent injunctions are regularly granted in most cases involving direct competition, and predictions of the demise of permanent injunctions amount to more of a fairy tale than an actual nightmare.

eBay's Alchemy and Application

The *eBay* case involved a claim by MercExchange that eBay's online auction systems violated several patents that MercExchange held for business methods. After a multimillion-dollar jury verdict of willful infringement against eBay, the trial court considered the plaintiff's request for a permanent injunction. Prior to that time, most courts started from the perspective that a permanent injunction was typically granted to a patent owner who had proven infringement. Within the Eastern District of Virginia, however, there was a strong penchant for applying a traditional four-part test that balances hardship and is applied in all cases for determining whether injunctive relief should be granted.¹ Under this balancing test, the district court found that an injunction should not be granted principally because MercExchange did not practice the patented business methods at issue, the company existed for the purpose of licensing the patents to make money and touted this purpose, and the patents at issue were patents for business methods that involved the combination of elements that were not unique.²

When MercExchange appealed the decision, the Court of Appeals for the Federal Circuit swiftly reversed the trial court noting that "absent exceptional circumstances," patent owners who establish infringement of a valid patent are entitled to injunctive relief.³ This decision was in line with case law that presumed that there was irreparable harm and a need for an injunction when the patentee proved infringement.⁴ The matter was appealed to the Supreme Court of the United States which has, of late, been engaged in rewriting the country's patent laws.⁵

In *eBay Inc. v. MercExchange LLC*, the Supreme Court unanimously reversed the Federal Circuit, holding that successful patent holders who establish infringement of a valid patent are not automatically entitled to a permanent injunction.⁶ The Supreme Court found nothing special about patents as opposed to other claims for such relief that justified a presumption of an injunction. Rather, the Court ruled that the trial court must follow "well established principles of equity"⁷ and establish four factors for injunctive 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. ... Neither the District Court nor the Court of Appeals below fairly applied these principles.

547 U.S. at 391, 393. The Federal Circuit had not applied the test at all, and the trial court had applied the test too generally.

Consistent with the Supreme Court's direction, upon remand, the district court again refused to grant MercEx-

change an injunction. This time, the district court made specific findings under the four-part test and provided a treasure trove of factors to justify its decision, which focused in particular on the lack of irreparable harm.⁸ Chief among the factors that led the district court to refuse an injunction were the following:

- The patentee did not practice the patent and consistently sought to use and touted its use of the patent to achieve royalties, not to protect market share, reputation, or good will.⁹
- The patentee demonstrated its willingness to license the patent.¹⁰
- The patentee did not directly compete with eBay.¹¹
- The patentee never sought a preliminary injunction.¹²
- The patent in question was a patent for a business method that combined elements that were not unique but combined in a unique fashion.¹³
- The patentee offered no actual proof of loss of market share.¹⁴
- The patentee had an adequate remedy at law.¹⁵

Favoring an injunction was the fact that eBay had been adjudicated as a willful infringer and had the potential to take away the majority of the market share because of the company's size and hegemony in the market. In addition, the public interest favored maintaining the integrity of the patent system. In the end, however, the district court balanced all these factors and refused to grant an injunction.

Trail of Bread Crumbs

How then is the practitioner to find his or her way? Since *eBay*, courts have not been shy about granting injunctions to patentees that prove infringement. Even though the overall rate of injunctions being granted has declined from the pre-*eBay* rate, courts are still awarding injunctions to prevailing plaintiffs on a routine basis.¹⁶ Moreover, the Federal Circuit consistently has deferred to the discretion of district courts in granting or denying permanent injunctions when the four-part *eBay* test has been applied by the district court.¹⁷ Similarly, the Federal Circuit has reversed cases and remanded them to district courts when these courts failed to apply the *eBay* standard.¹⁸

While it is clear that the Supreme Court has mandated a case-specific analysis to justify an injunction,¹⁹ the Court has not specified how the four factors used in the *eBay* test should be applied. Fortunately, some clear trends have emerged.²⁰

"Whatever harm thy charms and irreparable curse may bring"

Following the lead from the *eBay* and *eBay II* cases, it is clear that proving irreparable harm is king. Courts will no longer presume irreparable harm, and proving the irreparable harm factor has become the critical factor in obtaining a permanent injunction.²¹ Failure to prove this critical factor has even led several district courts to refuse to move on to

analyzing the balance of the hardships and simply to deny injunctive relief.²² Examples of what constitutes irreparable harm abound:

- loss of market share,²³
- price erosion,²⁴
- difficulty in calculating damages,²⁵ and
- harm to reputation or good will.²⁶

“One against one, trial by mortal combat be the competition at stake”

Equally important—and perhaps as a surrogate for and enhancer of the irreparable harm factor—direct competition between the battling parties also has become a key determinant in awarding injunctive relief.²⁷ District courts continue to grant permanent injunctions when the patentee and the infringer are in direct competition with each other,²⁸ although competition alone is not enough.²⁹ Showing direct competition supports a patentee’s ability to establish that it will suffer irreparable harm if a permanent injunction is not granted. Similarly, those parties that do not compete or only compete indirectly fair much worse in the injunction calculus.³⁰

“Gruff going for the troll beneath the bridge”

Although not universal, in most cases in which the patentee does not commercially practice its invention, the courts have denied injunctive relief.³¹ This trend is particularly true for “trolls.”³² But this is not a bright-line rule—meaning that a moving party may be entitled to a permanent injunction even when it does not practice the patent.³³ In particular, the courts are more receptive to the party that does not practice its patent when the entity is a university or a research facility that relies on others to help develop or perfect the invention.³⁴

“How then do you spin gold from straw, Manikin?”

Patents are granted for all types of inventions. As noted by the Supreme Court in *eBay*, “when a patented invention is but a small component of the product the companies seek to produce, ... legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.”³⁵ Several courts have thus added a qualitative weighing of the scope of the invention to their analysis, making injunctions more likely when the invention is a pioneering product or method, not just a small part of an overall product or method.³⁶ The decision in the *eBay II* case lends support to the primacy of utility patents over business method patents.³⁷

Miscellaneous Magic


In conjunction with the instructive themes set forth above, several other factors have been cited as supporting the denial of a permanent injunction, including the following:

- willingness of the patentee to license its invention or a similar technology;³⁸
- proof of irreparable harm only to the licensee as opposed to the patentee;³⁹
- failure to move for a preliminary injunction;⁴⁰
- adjudication as a willful infringer;⁴¹
- expense and adverse effect of injunctive relief on the marketplace (recall, redesign, or disruption) given the nature of the invention;⁴²
- harm to the infringer caused by the infringing activity;⁴³
- lack of any competing public interest to trump the public interest in maintaining the integrity of the patent system;⁴⁴ and
- availability of sunset provisions in the law to allow sufficient time for the infringer to implement noninfringing substitutes.⁴⁵

Mother Goose or the Goose that Laid the Golden Egg

Understandably, the contours of post-trial relief have shifted for the successful plaintiff when an injunction has been denied. With the erosion of the presumptive right to an injunction comes a renewed emphasis on post-verdict relief in two areas: (1) sunset provisions—delaying the imposition of an injunction to allow the infringer to design around and lessen the impact to the public—and (2) the award of post-verdict royalties when an injunction is denied to compensate the patentee for continued use of the invention. As discussed above, the courts have adopted the first on a regular basis when an injunction is to be awarded but time is needed to blunt the adverse impact of the injunction.⁴⁶

When the injunction is denied and use of the patented invention continues despite infringement, the court must fashion relief. In a recent line of cases, the Federal Circuit has approved the use of such relief in cases in which the “court’s task is to assess an appropriate level of damages for ongoing infringement under circumstances where an injunction is not warranted.”⁴⁷ Indeed, analogizing to anti-trust law, the Federal Circuit concluded that, although not always awarded, “[u]nder some circumstances an ongoing royalty for patent infringement in lieu of injunction may be appropriate. ...”⁴⁸ Assessing royalty rates to be paid after the judgment is a matter of judicial discretion that is typically done after evidence has been presented and may be awarded by the court without the aid of the jury.⁴⁹ Royalty rates should take into account additional economic factors arising out of the imposition of ongoing royalties: “[p]re-suit and post-judgment acts of infringement are separate and may warrant different royalty rates given the change in the parties’ legal relationship and other factors. ...”⁵⁰

Happily Ever After  *And so, it came to pass that the good people of the docket were greatly enlightened and soon came to accept their Supreme Court’s edict. The prophecies of doom and angst*

never came to pass. Cases proceeded in an orderly fashion. Infringers still felt the sting of Excalibur in most cases, and the many suitors continued to come. Once more there was joy in the land for the good people had learned a valuable and enduring lesson: for holders of intellectual property who marshaled their facts in a responsible and thoughtful manner, there was relief and justice against the profligate and evil. Life was good, and they lived happily ever after. **TEL**

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Endnotes

¹As the court prophetically stated: "Issuance of injunctive relief against [the defendants] is governed by traditional equitable principles, which require the consideration of (i) whether the plaintiff would face irreparable injury if the injunction did not issue, (ii) whether the plaintiff has an adequate remedy at law, (iii) whether granting the injunction is in the public interest, and (iv) whether the balance of hardships tips in plaintiff's favor." *MercExchange LLC v. eBay Inc.*, 275 F. Supp. 2d 695, 711 (E.D. Va. 2003) (citation omitted), *aff'd in part, rev'd in part*, 401 F.3d 1323 (Fed. Cir. 2005), *vacated and remanded*, 547 U.S. 388 (2006), *on remand*, 500 F. Supp. 2d 556 (E.D. Va. 2007).

²*Id.* at 711–15.

³*eBay Inc.*, 401 F.3d at 1339.

⁴*Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246–47 (Fed. Cir. 1989) ("Infringement having been established, it is contrary to the laws of property, of which the patent law partakes, to deny the patentee's right to exclude others from use of his property. ... It is the general rule that an in-

junction will issue when infringement has been adjudged, absent a sound reason for denying it.")

⁵Considering that the Supreme Court was quiet in the patent arena for many years, its recent decisions over the past decade and a half have marked a concerted effort to rein in patent rights and patent litigation. *See, e.g., KSR v. Teleflex*, 550 U.S. 398 (2007) (Court rewrote "obviousness" standard); *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007) (extraterritorial infringement); *MedImmune v. Genentech*, 550 U.S. 118 (2007) (redefined case and controversy standard for patent licensees); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002) (Court put limits on the doctrine of equivalents); *Warner-Jenkinson Co. Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997) (doctrine of equivalents); *Markman v. Westview Instruments Inc.*, 515 U.S. 1192 (1996) (construing patents relegated to trial court as a matter of law).

⁶*MPT Inc. v. Marathon Labels Inc.*, 505 F. Supp. 2d 401, 420 (N.D. Ohio 2007), *aff'd in part, rev'd in part*, 258 F. App'x 318 (Fed. Cir. 2007).

⁷In his concurring opinion, Chief Justice Roberts—perhaps reflecting his experience with the Fourth Circuit—opined that the majority opinion supported the general rule rather than overruled it. *eBay*, 547 U.S. at 395. Indeed, in so many words, even though the emphasis changed, the result, like the results in so many cases before, should not, as: "a page of history is worth a volume of logic." *Id.* at 396 (citation omitted). Justice Kennedy disagreed, arguing that each case must be viewed through the prism of the four factor test in order to allow for the courts to adapt to changes in technology and legal developments in the patent system. *Id.*

⁸*MercExchange LLC v. eBay Inc.*, 500 F. Supp. 2d 556, 568–69 (E.D. Va. 2007) ("*eBay II*").

⁹*Id.* at 570.

¹⁰*Id.* at 569–70. The efforts to license were not to develop the technology but rather to monetize the patent.

¹¹*Id.* at 581.

¹²*Id.* at 573.

¹³*Id.* at 574. The court was particularly mindful of the impact of the Supreme Court's case of *KSR Int'l v. Teleflex Inc.*, 550 U.S. 398 (2007) upon such business method patents.

¹⁴*Id.* at 577 ("Although the 'quantum of evidence' required to prove irreparable harm remains unclear, ... the potential for loss of market share is insufficient to establish the same; otherwise, a scenario would never arise where an injunction did not issue.")

¹⁵*Id.* at 582. Indeed, as noted by the court, *MercExchange* with two employees, and no permanent office space was set up to monetize the patent, and it had publicly stated and acted consistently to obtain royalties in exchange for a license to its intellectual property.

¹⁶A listing of post-*eBay* injunction cases through June 2009 showing the 68 cases in which an injunction was granted and 25 cases in which an injunction was denied (25) may be found at www.patstats.org/Injunction_rulings_post-eBay_to_6-19-09_post.xls. Additional statistics relating to the topic may be found at: [November/December 2009 | *The Federal Lawyer* | 23](http://www.patstats.org/Patstats3.</p></div><div data-bbox=)

[html](#). In a September 2009 update, the authors of that site concluded that

Our recent posts updating grants and denials of permanent injunctions show the grant rate going down. In the two years immediately following *eBay* the grant rate was about 75%, not far below the pre-*eBay* rate of 84%. In the past year the rate has dropped to 60%. As noted by other observers, prevailing patentees who are operating under the patents in suit have the best chance of obtaining permanent injunctive relief, and entities that are purely licensing vehicles have the least chance.

¹⁷See, e.g., *Fresenius USA Inc. v. Baxter Int'l Inc.*, Nos. 2008-1306, 2008-1331, 2009 U.S. App. LEXIS 20155 (Fed. Cir. Sept. 10, 2009) (holding that the district court did not abuse its discretion when it granted permanent injunctive relief but vacating injunction and remanding to district court to revise or reconsider the injunction in light of the reversal of the district court's grant of JMOL regarding the '027 and '151 patents); *Acumed LLC v. Stryker Corp.*, 551 F.3d 1323 (Fed. Cir. 2008) (affirming district court's grant of permanent injunction where district court did not abuse its discretion); *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683 (Fed. Cir. 2008) (holding that the district court did not abuse its discretion in granting a permanent injunction but reversing injunction as it pertains to the '686 patent and remanding based on reversal of the jury verdict on infringement); *Voda v. Cordis Corp.*, 536 F.3d 1311 (Fed. Cir. 2008) (affirming district court's denial of permanent injunction where moving party did not establish irreparable harm); *cf. Innogenetics N.V. v. Abbott Labs.*, 512 F.3d 1363 (Fed. Cir. 2008) (vacating injunction because its issuance was an abuse of discretion by the district court).

¹⁸*Ecolab Inc. v. FMC Corp.*, 569 F.3d 1335 (Fed. Cir. 2009) (vacating district court's denial of motion for permanent injunction and remanding case to district court to perform analysis required by *eBay*); *Acumed LLC v. Stryker Corp.*, 483 F.3d 800 (Fed. Cir. 2007) (vacating permanent injunction and remanding case to district court to reconsider four factor test as propounded by *eBay*). In particular, the Federal Circuit affirmed the grant of a permanent injunction in a review of a case decided by the Eastern District of Virginia in *Verizon Services Corporation v. Vonage Holdings Corporation*, 503 F.3d 1295, 1310–11 (Fed. Cir. 2007).

¹⁹Note that the Federal Circuit still clings to the thought that “[i]t remains an open question ‘whether there remains a rebuttable presumption of irreparable harm following *eBay*.’” *Broadcom Corp.*, 543 F.3d at 702 (citing *Amado v. Microsoft Corp.*, 517 F.3d 1353, 1359 n.1 (Fed. Cir. 2008)).

²⁰These trends are helpful in assessing the injunction analysis, but none alone is determinative. As the Supreme Court cautioned “traditional equitable principles do not permit such broad classifications” as presuming that a patentee cannot establish irreparable harm based on a patentee's “willingness to license its patents” or “its lack of commercial activity in practicing the patents.” 547 U.S. at 393; see also *Broadcom Corp.*, 543 F.3d at 703 (affirming

district court's grant of injunction after proof of irreparable harm despite indirect competition, failure to practice, and several other indicia that in other instances have led to the denial of injunctive relief).

²¹*Sundance Inc. v. Demonte Fabricating Inc.*, No. 02-73543, 2007 U.S. Dist. LEXIS 158 (E.D. Mich. Jan. 4, 2007) (denying injunction where plaintiff failed to tie alleged lost sales to the nature of defendant's infringement, resulting in no showing of irreparable harm), 2007 U.S. Dist. LEXIS 77728 (E.D. Mich. Oct. 19, 2007) (granting permanent injunction based upon changed circumstances).

²²*Medtronic Sofamor Danek USA Inc. v. Globus Med. Inc.*, Civil Action No. 06-4248, 2009 U.S. LEXIS 61332 (E.D. Pa. July 17, 2009) (denying permanent injunction when irreparable harm evidence was not presented); *Telcordia Techs. Inc. v. Cisco Sys. Inc.*, 592 F. Supp. 2d 727 (D. Del. 2009) (denying permanent injunction where only evidence before court suggests that moving party will not suffer irreparable harm if injunction is denied).

²³*Funai Elec. Co. Ltd. v. Daewoo Elec. Corp.*, 593 F. Supp. 2d 1088, 1111 (N.D. Cal. 2009) (“the evidence in the record establishes that Funai has suffered irreparable harm in the form of loss of market share, particularly with respect to the impact Daewoo's infringement had on Funai's relationship with Target”); *Becton Dickinson and Co. v. Tyco Healthcare Group LP*, Civil Action No. 02-1694 GMS, 2008 U.S. Dist. LEXIS 87623, *10 (D. Del. Oct. 29, 2008) (finding that irreparable harm was established where “BD has lost market share to Tyco as a result of Tyco's sales of Magellan products”); *Trueposition Inc. v. Andrew Corp.*, 568 F. Supp. 2d 500, 532 (D. Del. 2008) (“As plaintiff and defendant are the only suppliers in a two-supplier market, defendant's infringement has necessarily affected plaintiff's market position. On this record, plaintiff has established irreparable harm.”).

²⁴*Fresenius Med. Care Holdings Inc. v. Baxter Int'l Inc.*, No. C 03-1431 SBA, 2008 U.S. LEXIS 79689, *11 (N.D. Cal. April 4, 2008) (“The law favors Baxter's right to full value of its property, particularly the ability to keep it out of its main competitor's hands.”), *vacated on other grounds*, Nos. 2008-1306, 2008-1331, 2009 U.S. App. LEXIS 20155 (Fed. Cir. Sep. 10, 2009); *Atlanta Attachment Co. v. Leggett & Platt Inc.*, Civil Action No. 1:05-CV-1071-ODE, 2007 U.S. Dist. LEXIS 96872, *19 (N.D. Ga. Feb. 23, 2007) (granting permanent injunction where plaintiff has presented evidence of prices erosion in the form of a declaration that “it has had to significantly lower the price of its rufflers in response to the pricing of L&P's infringing rufflers”); *MPT Inc.*, 505 F. Supp. 2d at 420–21 (granting a permanent injunction where royalties “will not stop the erosion of MPT and TKG's market”).

²⁵*Callaway Golf Co. v. Acushnet Co.*, 585 F. Supp. 2d 600, 621 (D. Del. 2008) (“Future damages are informed by past damages, which are undeterminable to the extent that the harm to plaintiff's market position, good will and reputation is unknown.”), *aff'd in part, vacated in part on other grounds*, 576 F.3d 1331 (Fed. Cir. 2009); *Emory Univ. v. Nova Biogenetics Inc.*, Civil Action No. 1:06-CV-0141-TWT, 2008 U.S. Dist. LEXIS 57642, *13 (N.D. Ga. July 25,

2008) (“the negative effects of the Plaintiffs’ potential loss in goodwill, market share, and prestige are real, and would be difficult to quantify solely through monetary damages”).

²⁶*Amgen Inc. v. F. Hoffmann-La Roche Ltd.*, Civil Action No. 05-12237-WGY, 2008 U.S. Dist. LEXIS 77343, *135 (D. Mass. Oct. 2, 2008) (holding that irreparable harm had been established because if a permanent injunction was denied, the infringer would enter the market as a direct competitor to plaintiff and sales by the infringer would result in “lost profits, market share, and good will” for the plaintiff), *aff’d*, 296 F. App’x 69 (Fed. Cir. 2008); *800 Adept Inc. v. Murex Sec. Ltd.*, 505 F. Supp. 2d 1327, 1337 (M.D. Fla. 2007) (granting permanent injunction where plaintiff was losing market position and goodwill), *aff’d in part, vacated in part, rev’d in part on other grounds*, 539 F.3d 1354 (Fed. Cir. 2008) (reversing district court’s motion for judgment of non-infringement as a matter of law and vacating infringement damages award and permanent injunction).

²⁷*Callaway Golf Co.* 585 F. Supp. 2d at 619 (“Courts awarding permanent injunctions typically do so under circumstances where plaintiff practices its invention and is a direct market competitor.”); *Emory Univ. v. Nova Biogenetics Inc.*, Civil Action No. 1:06-CV-0141-TWT, 2008 U.S. Dist. LEXIS 57642, *12 (N.D. Ga. July 25, 2008) (holding that plaintiffs established irreparable harm where they are direct competitors with defendant).

²⁸*Transamerica Life Ins. Co. v. Lincoln Nat’l Life Ins. Co.*, 625 F. Supp. 2d 702 (N.D. Iowa 2009) (finding that patentee would be irreparably harmed by use of its claimed method by a direct competitor); *Mass Engineered Design Inc. v. Ergotron Inc.*, Case No. 2:06 CV 272, 2009 U.S. Dist. LEXIS 34173 (E.D. Tex. Apr. 17, 2009) (finding that trial testimony was overwhelming that defendant was a direct competitor to plaintiff); *Joyal Prods. Inc. v. Johnson Elec. N. Am. Inc.*, Civil Action No. 04-5172 (JAP), 2009 U.S. Dist. LEXIS 15531 (D.N.J. Feb. 27, 2009) (holding that competitors of defendant would have little incentive to purchase a patent that does not give them exclusivity); *cf Praxair Inc. ATMI Inc.* 479 F. Supp. 2d 440 (D. Del. 2007); *IMX Inc. v. LendingTree LLC*, 469 F. Supp. 2d 203 (D. Del. 2007) (injunction denied despite competition).

²⁹*Advanced Cardiovascular Sys. Inc. v. Medtronic Vascular Inc.*, 579 F. Supp. 2d 554 (D. Del. 2008) (denying permanent injunction where parties were direct competitors as the moving party was unable to show any sales which it had lost or stood to lose); *see also Finjan Software Ltd. v. Secure Computing Corp.*, C.A. No. 06-369 (GMS), 2009 U.S. Dist. LEXIS 72825 (D. Del. Aug. 18, 2009) (granting permanent injunctions where moving party showed infringer was a direct competitor and established loss of market share); *Sensormatic Elec. Corp. v. Tag Co. US*, No. 06-81105-IV-Hurley/Hopkins, 2008 U.S. Dist. LEXIS 102690, *82 (S.D. Fla. Dec. 19, 2008) (granting a permanent injunction where plaintiff faced future loss of market share and erosion of the AM label market caused by defendants’ continued infringement).

³⁰*Mass Engineered Design Inc. v. Ergotron Inc.*, No. 2:06 CV 272, 2009 U.S. Dist. LEXIS 34173, *85 (E.D. Tex. April

17, 2009) (“The fact that there is direct competition in a marketplace weighs heavily in favor of a finding of irreparable harm.”); *Advanced Cardiovascular Sys.*, 579 F. Supp. 2d at 559 (denying injunction where there was “no indication that Medtronic is currently drawing bare-metal stent sales away from ACS, as compared to BSC”).

³¹*Orion IP LLC v. Mercedes-Benz USA LLC*, Case No. 6:05 CV 322, 2008 U.S. Dist. LEXIS 108683, *12 (E.D. Tex. Mar. 28, 2008) (“Orion does not practice the patented invention, does not compete in the marketplace with Hyundai, nor does research or develop new technologies for which it requires licensing funds to finance its efforts. . . . Orion’s sole purpose is to license existing patents. Accordingly, money damages is an adequate compensation for any ongoing infringement.”); *Respironics Inc. v. Invacare Corp.*, Civil Action No. 04-0336, 2008 U.S. Dist. LEXIS 1174, *13 (W.D. Pa. Jan. 8, 2008) (denying permanent injunction where plaintiff never made, offered for sale, or made a trade show device displayed for a short time at a trade show).

³²Justice Kennedy specifically noted the downside to automatically issuing injunctions to trolls stating: “[a]n industry has developed in which firms use patents not as a basis for producing and selling goods, but, instead, primarily for obtaining licensing fees. . . . Issuing trolls automatic injunctions upon a finding of infringement allows them to extort settlements that vastly exceed the true economic value of their patents and imposes enormous social costs, particularly in the computer and internet industries. . . .” *eBay*, 547 U.S. at 396–97.

³³*Bartex Research LLC v. FedEx Corp.*, 611 F. Supp. 2d 647, 652 (E.D. Tex. 2009).

³⁴*Id.* (holding that plaintiff may still be entitled to a permanent injunction even though it does not practice its patent); *Commonwealth Scientific and Ind. Research Org. v. Buffalo Tech. Inc.*, 492 F. Supp. 2d 600, 604 (E.D. Tex. 2007) (“CSIRO is a research institution and relies heavily on the ability to license its intellectual property to finance its research and development.”).

³⁵*eBay*, 547 U.S. at 396–97 (Justice Kennedy).

³⁶*800 Adept Inc.*, 505 F. Supp. 2d at 1337 (“where a company pioneers an invention in the marketplace, irreparable harm flows from a competitor’s attempts to usurp the pioneering company’s market position and goodwill”).

³⁷*eBay*, 500 F. Supp. 2d at 574.

³⁸*Innogenetics N.V. v. Abbott Labs.*, 578 F. Supp. 2d 1079, 1104 (W.D. Wis. 2007) (granting permanent injunction; monetary damages are not enough to make whole where plaintiff was awarded damages “equal to what defendant would have paid had it agreed with plaintiff to take a license to the invention claimed by the ‘704 patent”), *vacated*, 512 F.3d 1363 (Fed. Cir. 2008) (holding that granting an injunction was an abuse of discretion); *MGM Well Servs. Inc. v. Mega Lift Sys. LLC*, 505 F. Supp. 2d 359, 379 (S.D. Tex. 2007) (“The ‘060 Patent gives MGM the right to exclude others from practicing its patent, and MGM has proven an existing policy not to license its patented technology.”), *aff’d*, 264 F. App’x 900 (Fed. Cir. 2008); *Novozymes A/S v.*

Continuations—Future Work

The IP Practice Group seeks to continue the work it has done to date. Specifically, in addition to the regular social events, the group has planned two major events to be held in the first part of 2010. First, once the *Markman* survey is completed and its results are circulated, the group will host a forum for an open and candid dialogue between the bench and the bar about the information that has been gathered. Second, the group is planning to conduct a high-profile demonstration of a mock trial involving patent issues. This event, tentatively planned for late spring, is intended to highlight effective trial advocacy for difficult and complex material.

The Minnesota Chapter's IP Practice Group has been a success for two reasons. The first is the dedication, motivation, and initiative of the initial trio who recognized the need for the District of Minnesota to have a group that would focus specifically on IP litigation and then

carried through on that idea to get the group up and running. Second, the success of the IP Practice Group is possible only with the interest and efforts of the district's judiciary. "The judges are truly interested in making this district a workable and user-friendly place for litigants and the court—and that makes all the difference," says Norgard. The bar in Minnesota is grateful for the care, attention, and consideration the judges give to these issues and for the judges' efforts to engage in dialogue with practitioners to achieve the best possible practices and procedures for the District of Minnesota. **TFL**

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Int'l Inc., 474 F. Supp. 2d 592, 612 (D. Del. 2007) ("The Court also rejected a categorical rule that a patentee's willingness to license its patent is enough to establish that the patentee would not suffer irreparable harm in the absence of an injunction.")

³⁹See, e.g., *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008) (alleged harm to exclusive licensee but noting that despite result, "patent owners that license their patents rather than practice them 'may be able to satisfy the traditional four-factor test' for permanent injunction ...").

⁴⁰*eBay*, 500 F. Supp. 2d at 573.

⁴¹*eBay*, 500 F. Supp. 2d at 583–84; *Muniauction Inc. v. Thomson Corp.*, 502 F. Supp. 2d 477, 483 (W.D. Pa. 2007) ("The jury's finding that defendants have willfully infringed plaintiff's patent for six years supports our conclusion that plaintiff has suffered irreparable injury to its patent rights, for which there is no adequate remedy at law."), *rev'd in part, vacated in part on other grounds*, 532 F.3d 1318 (Fed. Cir. 2008), *cert. denied*, 129 S. Ct. 1585 (2009).

⁴²See, e.g., *z4 Techs. Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437, 443–44 (E.D. Tex. 2006); *Paice LLC v. Toyota Motor Corp.*, No. 2:04-CV-211, 2006 U.S. Dist. LEXIS 61600 (E.D. Tex. Aug. 16, 2006), *aff'd in part, vacated in part on other grounds, and remanded*, 504 F.3d 1293 (Fed. Cir. 2007). But note that the Federal Circuit approved the amelioration of such adverse effects by the district court through a sunset provision. *Voda*, 536 F.3d at 1329.

⁴³*Broadcom Corp.*, 543 F.3d at 704 (affirming permanent injunction in face of arguments of harm claimed by infringer noting "[o]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected").

⁴⁴*Acumed LLC v. Stryker Corp.*, 04-CV-513-BR, 2007 U.S. Dist. LEXIS 86866, *20 (D. Or. Nov. 20, 2007) ("the court concludes there is not sufficient objective evidence of any public-health issue in the form of screw back-out problems with the

Polarus product to find the public interest would be disserved by a permanent injunction against Defendant"); *Martek Biosciences Corp. v. Nutrinova Inc.*, 520 F. Supp. 2d 537, 559 (D. Del. 2007) ("Lonza has presented no evidence nor made any argument that a permanent injunction would harm the public") *aff'd in part, rev'd in part*, Nos. 2008-1459, 2008-1476, 2009 WL 2780367 (Fed. Cir. 2009); *800 Adept Inc.*, 505 F. Supp. 2d at 1338 (granting permanent injunction where there is no evidence of record that suggests that the infringing services are related to any issue of public health or some critical public interest); *MPT Inc.*, 505 F. Supp. 2d at 421 (granting permanent injunction where there "is no critical public need for use of placards to practice the patented method").

⁴⁵*Broadcom Corp.*, 543 F.3d at 704 (noting "[w]e agree that the sunset provisions mitigate the harm to the public and that the district court did not abuse its discretion in fashioning a remedy that protects [the patentee's] rights while allowing [the infringer] time to develop non-infringing substitutes."); see also *Verizon Servs. Corp.*, 503 F.3d at 1311, n.12 (approving the use of sunset provisions to blunt harm to public and/or infringer).

⁴⁶See note 43.

⁴⁷*Amado v. Microsoft Corp.*, 517 F.3d 1353, 1361 (Fed. Cir. 2008), citing *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1317 (Fed. Cir. 2007); see also *Fresenius USA Inc. v. Baxter Int'l Inc.*, 2008-1306, 2008-1331, 2009 U.S. App. LEXIS 20155 (Fed. Cir. Sept. 10, 2009). Obviously, this would be unnecessary if the parties' agreed to license terms.

⁴⁸*Paice*, 504 F.3d at 1314.

⁴⁹This, of course, does raise some Seventh Amendment issues, chiefly whether the imposition of the post-verdict royalties by the court deprives the patentee of its right to a jury on this damages issue. *Paice* is supportive of the conclusion that the Federal Circuit does not think this is a problem. See also *Fresenius USA Inc.*, 2009 U.S. App. LEXIS 20155 (remanding determination of post-verdict royalties for determination by court in light of other rulings).

⁵⁰*Paice*, 504 F.3d at 1317.