

## New Encouragement for Patent Owners Seeking Permanent Injunctions After Winning an Infringement Suit

Uncertainty continues to linger around a patent owner's ability to obtain a permanent injunction after succeeding in proving infringement at trial. A monetary award compensates the patent owner for the defendant's past infringement, but only an injunction stops future infringement. In *Robert Bosch LLC v. Pylon Manufacturing Corp.*, 659 F.3d 1142 (2011), the Federal Circuit ruled that permanent injunctions are not awarded as a matter of course, but, at the same time, it took a district court to task for not granting such relief to Bosch, a large supplier of automotive equipment. Whether or not the circuit's ruling portends an era during which injunctions can be obtained more easily depends on how district judges read between the lines of the *Bosch* decision.

In any type of dispute, a party seeking a permanent injunction must show the following:

- The party will suffer irreparable harm if the defendant is permitted to continue the offending conduct.
- Other remedies, such as monetary damages, will not suffice to compensate for the harm.
- The balance of hardships between the parties tilts in favor of the claimant.
- A permanent injunction will serve the public interest.

Proof of irreparable harm is always the dominating factor in this widely followed approach. The claimant will not get an injunction without proving irreparable harm. For many years, in the early stages of a patent case, if a patent owner proved a likelihood of success on its claim of infringement, irreparable harm was presumed and a *preliminary* injunction would be issued in order to stop the accused infringer from its offending activities for the duration of the litigation.

The analysis used for deciding on issuing a preliminary injunction involves the same factors as those listed above but also includes the requirement that the party seeking relief must show a likelihood of success on the merits of his or her claim. Similarly, once a party had prevailed in proving infringement at trial, irreparable harm was again presumed and a *permanent* injunction was granted in short order.

This mighty sword was lost to patent owners as a result of the U.S. Supreme Court's decision in *eBay Inc. v. MercExchange LLC*, 547 U.S. 388 (2006). That

case eliminated the presumption of irreparable harm and required district courts to conduct a more robust analysis of the facts. The result has been that, unless the patent owner sells a patented product, preliminary injunctions are all but impossible to obtain. Even patent owners who have competed with the accused infringers have faced an uphill battle.

Patent owners have been adjusting to the lessening of their leverage in litigation matters that *eBay* has wrought. It has been the working assumption that *eBay* inhibited the allowance of permanent injunctions as much as it lessened the likelihood of obtaining preliminary injunctions.

The courts had not, however, provided clear and consistent guidance. Was it now actually the law that a patent owner needed to show more than a judgment of infringement to prove irreparable harm and, in turn, to merit a permanent injunction? Or was there still room to argue that, once the patent owner prevailed on the merits, the fundamental right that the patent confers—to exclude others—would translate into a right to bar the defendant from future infringement?

In *Bosch*, a case involving a patent on wiper blades, the Federal Circuit took the opportunity to respond. In this case, the patent owner had proven infringement and asked the district court to enjoin further infringement. The district court denied the request, and the patent owner appealed the decision.

Tackling the big picture issue of the status of injunction law, the Federal Circuit held the following, to no one's surprise: "We take this opportunity to put the question to rest and confirm that *eBay* jettisoned the presumption of irreparable harm as it applies to determining the appropriateness of injunctive relief." In other words, according to the ruling, patent owners simply don't have a shortcut to injunctive relief.

Despite this pronouncement, the Federal Circuit did not leave Bosch out in the cold. The court instructed that district judges should not "entirely ignore the fundamental nature of patents as property rights granting the owner the right to exclude." The demise of the almost automatic permanent injunction and the district court's broad discretion in awarding injunctive relief "do not mandate that district courts must act on a clean slate."

The court explained the value of examining prior decisions, including those rejected with similar facts. Ultimately, the Federal Circuit rejected the district court's



judgment and ordered the court to enter a permanent injunction.

Such a reversal is not ordered lightly, since the standard of review is stringent: (1) abuse of discretion, which requires an error of law; (2) erroneous findings of fact; or (3) a clear error of judgment. This means that the Federal Circuit must give greater deference to a district court's decision on injunctive relief than it is required to give when reviewing claim construction, for example.

For the Federal Circuit, the facts made the case:

- The parties were direct competitors.
- The patent owner had lost market share and customer access.
- The infringer did not appear to have the financial means to satisfy a monetary judgment.

In light of this evidence, the court held that there was no basis for the lower court's judgment.

For its part, the district court had declined to find irreparable harm because the parties were not the only two players in the market, and the wiper blades were not the core of Bosch's business. The Federal Circuit was unimpressed by this analysis and explained that, even though the patented product being the core of a patent owner's business can weigh in favor of an injunction, the fact that it is not at the core does not require denial of the injunction.

It is not hard to see why the Federal Circuit reversed the district court's judgment on injunctive relief. The result is not novel or inconsistent with past cases that examined similar requests. The Federal Circuit's opinion seems to be an entirely sensible application of key principles of equity. If this patent owner could not show irreparable harm sufficient to win an injunction, we would be hard-pressed to find one who could.

If the logic of the district court were allowed to stand, we might see courts deciding what actually constitutes a party's core business. That development could evolve into a scenario in which only a patent owner whose sole business is the sale of a patented product could make a case for injunctive relief. The Federal Circuit, if nothing else, erected a guardrail in front of that slippery slope.

The question now is: Does *Bosch* provide useful guidance as to when a permanent injunction is proper? Does the ruling change the way the courts remedy patent infringement? The answer is that *Bosch* is a net gain for patent owners—but not because of the individual holdings. In *Bosch*, two things happened, and it was important that they happened together. First, the Supreme Court put to rest the issue of whether *eBay* extends to permanent injunctions. The decision that it does is not controversial after *eBay*. Practitioners have been operating on the assumption that they have to develop concrete evidence to support a request for any type of injunctive relief.

The Federal Circuit simply confirmed that district

courts must perform the full four-pronged analysis in acting on requests for an injunction. This holding, on its own, does not favor patent owners. As with *eBay*, it lessens an infringer's risk of drawing a lawsuit, because the drastic outcome of having to stop the infringing activity does not automatically accompany a finding of liability.

The second thing the Federal Circuit did, however, was more important. The circuit's ruling provided cover to courts that may be inclined to use their considerable discretion and experience to impose injunctive relief, particularly when the parties are direct competitors. The opinion assures district judges that equitable relief is still a viable patent remedy. It allows patent owners to invoke older case law in which patentees were granted injunctions, even in a post-*eBay* world. The Federal Circuit explicitly rejected the need of a "core business" requirement or a two-player market for a showing of irreparable harm.

Even though the legal holding does not bring particular relief to patent owners who may be feeling embattled, the Federal Circuit's coupling of the pronouncement with a harsh reversal of the district court's denial of injunctive relief sends another message: District courts cannot automatically rule out injunctions.

Certainly, it would have been more useful if the Federal Circuit had provided a bright-line test for evaluating irreparable harm. Nevertheless, the ruling clearly sends a signal to district judges that it is proper for them to award permanent injunctions to prevailing patent owners if the right evidence is presented. **TFL**

---

*Meredith Ainbinder is a partner in the Litigation Group of Sunstein Kann Murphy & Timbers LLP, where she handles intellectual property and complex business litigation, including matters involving false advertising and unfair competition, patent and trademark infringement, trade secrets violations, and Internet rights. She counsels clients on intellectual property policies and guides them in developing agreements that maximize their rights and protect their business investments. Ainbinder is a member of the Federal Bar Association, co-chair of the Boston Bar Association's Federal Practice and Procedure Committee, and Secretary of the Women's Bar Association of Massachusetts. She is a graduate of Brown University and Boston College Law School. © 2012 Meredith Ainbinder. All rights reserved.*