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The *eBay* Effect: Tougher Standards but Courts Return to the Prior Practice of Granting Injunctions for Patent Infringement

By Stacy Streur

The 2006 Supreme Court decision in *eBay Inc. v. MercExchange, L.L.C.* marked a significant shift in how courts evaluate whether a patent holder, after proving infringement, is entitled to permanent injunctive relief. A close study of the cases, though, reveals that there has not been a corresponding shift in the outcome of those decisions. Prior to *eBay*, there was a general rule that upon proof of patent infringement, and “absent exceptional circumstances,” a permanent injunction would issue. The *eBay* Court held that in patent cases, as in all other cases, an injunction should issue only after analyzing the facts of the case in light of the four-factor test for equitable relief.

In response to *eBay* there was an immediate spike in the number of decisions in which a patent holder’s request for permanent injunctive relief was denied. Since the essence of a patent holder’s rights is the right to exclude, commentators, at the time, expressed concern that the patent system’s ability to achieve its primary objective, to promote innovation, was in jeopardy. Others observed that “the power (and, therefore, value) of patents has been diminished.”

Several years later, it is clear that injunctions are still granted in the majority of cases. In the three years since the *eBay* decision, there have been sixty-eight district court decisions considering whether permanent injunctive relief should be granted in a patent infringement action. In sixteen of those cases, the plaintiff’s request for an injunction was denied. In fifty-two of those cases the request for an injunction was granted. Insofar as the right to exclude is not fully protected without a corresponding

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2 *Id.* at 391.
3 Andrew Beckerman-Rodau, *The Supreme Court Engages in Judicial Activism in Interpreting the Patent Law in eBay, Inc. v. MercExchange, L.L.C.*, 10 TUL. J. TECH. & INTELL. PROP. 165, 168 (2008) (“Removing the grant of property rights would not bring about an end to research and development activities. However, it would certainly reduce such activities. Investments in some research and development activities would decrease, particularly in technology areas such as pharmaceutical development, where large financial investments are required and the resulting product is incapable of being protected as a trade secret.”); Vincenzo Denicolò et al., *Revisiting Injunctive Relief: Interpreting eBay in High-Tech Industries with Non-Practicing Patent Holders*, at 7, Dec. 3, 2007, http://ssrn.com/abstract=1019611 (“Certainly strategies deliberately aimed at creating holdup should not be tolerated. But in attempting to reduce what appears to be a fairly narrow problem we must be careful to avoid the very real danger of under-compensating innovation and, in the process, reducing the incentives to create more of it.”).
5 See Chart of Post-*eBay* Permanent Injunction Patent Cases, infra.
6 *Id.*
7 *Id.*
right to an injunction, the cases denying injunctions are significant and many articles have been written about those cases. Interestingly though, a lot can be learned about the scope of equitable relief by considering the cases in which injunctions have been granted.

In most of the post-\textit{eBay} cases in which an injunction was granted, the court described the parties as competitors. In comparison, when the injunction was denied, the patent holder was described as a non-practicing entity instead of being described as a competitor. This pattern predominated despite the \textit{eBay} court’s warning against categorical rules.\(^8\)

In an attempt to explain this trend of granting injunctions based on whether the parties were competitors, commentators theorized that rather than following the directive set out in the \textit{eBay} majority opinion, courts were following the Kennedy concurrence.\(^9\) In 2007, John Golden described the decisions denying injunctive relief as being “in apparent lockstep [with] Justice Kennedy’s concerns about trolls.”\(^10\) But is that trend still true today? What are the implications of the district courts’ (and Federal Circuit’s) post-\textit{eBay} decisions on the issue of injunctive relief? Is the “concern about trolls” directing the outcome of recent cases, or are other factors, like competition between the parties, driving the decisions on the issue of equitable relief? After \textit{eBay}, was there an initial spike in favor of rulings denying injunctive relief in patent infringement cases followed by a slide back to the historic practice of granting injunctions?

In this article, I will evaluate the post-\textit{eBay} patent cases,\(^11\) with a dual focus on the issue of “competition between the parties” and the period of time after \textit{eBay} in which the case was decided. This analysis demonstrates that, over time, there has been a progressively broader interpretation of what constitutes “competition between the parties” and a correspondingly broader view of what constitutes “irreparable harm” and “no adequate remedy at law.”\(^12\) I propose that the spike in post-\textit{eBay} cases denying equitable relief based on the patent holder’s failure to demonstrate irreparable harm was a

\(^8\) eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 393 (2006). (“Most notably, [the district court] concluded that a plaintiff’s willingness to license its patents and its lack of commercial activity in practicing the patents would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. . . . But traditional equitable principles do not permit such broad classifications. . . . To the extent that the District Court adopted such a categorical rule, then, its analysis cannot be squared with the principles of equity adopted by Congress.” (internal quotes and citations omitted)).

\(^9\) See Christopher A. Cotropia, Compulsory Licensing Under TRIPS and the Supreme Court of the United States’ Decision in \textit{eBay} v. MercExchange, in \textit{Comparative Patent Law: A Handbook of Contemporary Research} (Toshiko Takenaka & Rainer Moutafang eds., Edward Elgar 2008) (forthcoming 2008), available at http://ssrn.com/abstract=1086142 (“The courts all go through the four-factor analysis in an attempt to stay true to the holding in \textit{eBay}. But the practical effect is that this single fact—lack of commercialization—dictates the result in most cases. This demonstrates a heavy reliance on Justice Kennedy’s concurrence and potentially ignores the specific instruction in the majority opinion that such facts should not, by themselves, control the discretionary inquiry.”); see also Denicolò et al., supra note 3, at 3 (“Instead of following the majority prescription, however, many district courts faced with injunction decisions in the wake of \textit{eBay} appear to be focused on the minority opinion of Justice Kennedy.”).


\(^11\) This review is limited to patent cases decided between May 2006 and August 2009 that cite the Supreme Court decision \textit{eBay}, and in which the patent holder, after proving infringement, sought permanent injunctive relief.

\(^12\) The cases are organized by the year that the decision on injunctive relief was issued. When there is both a district court decision and a Federal Circuit decision I used the date of the district court decision unless the Federal Circuit decision reversed the district court on the issue of injunctive relief, in which case, I used the date of the Federal Circuit decision.
blip, similar to the pattern of decisions issued after the Federal Circuit’s *Phillips* decision. Several years later, it appears that courts are returning to an interpretation of the law more consistent with the prior practice of generally granting injunctions once a patent holder proves infringement.

Part I describes the Supreme Court decision in *eBay Inc. v. MercExchange, L.L.C.* Part II discusses the term “competitor” in the context of patentees seeking injunctive relief. Part III describes the cases in which courts have granted injunctive relief, focusing on the time period when the case was decided and the issues of irreparable harm, inadequate remedy at law and competition between the parties. Part IV describes the cases denying injunctive relief, focusing on the time period in which it was decided and the court’s reasoning for denying equitable relief. Part V identifies and describes the current trend of generally granting injunctions once the patent holder proves infringement.

**I. eBay v. MercExchange and Criteria for Granting Permanent Injunctive Relief**

Prior to the Supreme Court decision in *eBay*, a finding of patent infringement routinely resulted in an award of permanent injunctive relief. The theory behind this practice was that the patent gave the holder a right to exclude; therefore, the only appropriate remedy was an injunction. In *eBay*, the Supreme Court rejected the implied assumption that patent cases should be treated differently than other cases and reaffirmed the general principle that an award of equitable relief in a patent case, as in any other, is subject to an analysis of the facts of the case in light of the elements of the traditional four-factor test:

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

In *eBay*, MercExchange owned various patents on methods for conducting on-line sales, including U.S. Patent No. 5,845,265 (“the ‘265 patent”). eBay operated (and still operates) a popular website for conducting on-line sales. MercExchange attempted to

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15 *Id.*
16 *Ellis, supra* note 4, at 439.
17 George M. Newcombe et al., *Practitioner Note: Prospective Relief for Patent Infringement in a Post-eBay World*, 4 N.Y.U. J. L. & BUS. 549, 550 (2008). (“Because a patent offers its owner the right to exclude others from practicing a claimed invention, historically, a patentee received a permanent injunction as a matter of course when another party was found to infringe a valid patent.”).
18 *eBay*, 547 U.S. at 391.
negotiate a license with eBay for the use of its patented technology but the negotiations failed.\textsuperscript{19} Later, MercExchange sued eBay (and others) for patent infringement and the jury found the ‘265 patent valid and infringed by eBay.\textsuperscript{20} The district court, after considering the four-factor test, denied injunctive relief.\textsuperscript{21} On appeal, the Federal Circuit reversed the district court decision, seeing “no reason to depart from the general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.”\textsuperscript{22}

\section*{\textsuperscript{¶10}}
The Supreme Court reversed the Federal Circuit’s holding that injunctive relief should be granted as a general rule upon a finding of infringement.\textsuperscript{23} The Court also rejected the District Court’s method of applying the traditional four-factor test:

Although the District Court recited the traditional four-factor test . . . it appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases. Most notably, it concluded that a “plaintiff’s willingness to license its patents” and “its lack of commercial activity in practicing the patents” would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. . . . But traditional equitable principles do not permit such broad classifications.\textsuperscript{24}

\section*{\textsuperscript{¶11}}
In addition to Justice Thomas’ majority opinion, there were two concurring opinions. Chief Justice Robert’s concurrence emphasized the historic practice of granting injunctions in the “vast majority of patent cases,”\textsuperscript{25} and opined that courts today should continue to evaluate patent infringement cases in accordance with long established precedent.\textsuperscript{26} Justice Kennedy’s concurrence\textsuperscript{27} agreed that “history may be instructive,”\textsuperscript{28} but raised the concerns that

[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. . . . For these firms, an injunction, and the potentially serious sanctions arising from its violation, can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent. . . . When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.\textsuperscript{29}

\textsuperscript{19} Id. at 390.
\textsuperscript{20} Id. at 390-91.
\textsuperscript{21} Id. at 391.
\textsuperscript{22} MercExchange, L.L.C. v. eBay, Inc., 401 F.3d 1323, 1339 (Fed. Cir. 2005).
\textsuperscript{23} Id.
\textsuperscript{24} eBay, 547 U.S. at 393.
\textsuperscript{25} Id. at 395 (Roberts, J., concurring).
\textsuperscript{26} Id.
\textsuperscript{27} Id. at 395-97.
\textsuperscript{28} Id. at 396 (Kennedy, J., concurring).
\textsuperscript{29} Id. at 396-97.
II. THE SIGNIFICANCE OF COMPETITION BETWEEN THE PARTIES

¶12 In evaluating the first two prongs of the four-factor test for equitable relief, whether the plaintiff will suffer irreparable harm if the injunction does not issue and whether there is an adequate remedy at law, the post-\textit{eBay} courts have relied heavily on the degree of competition between the parties.\footnote{TruePosition Inc. v. Andrew Corp., 568 F. Supp. 2d 500, 531 (D. Del. 2008) (permanent injunction granted).} As stated in \textit{TruePosition Inc. v. Andrew Corp.},

The \textit{eBay} court specifically cautioned against the application of categorical rules, classifications and assumptions in these analyses. . . . Nevertheless, courts, presumably struggling to balance the absence of a presumption of irreparable harm with a patentee’s right to exclude, have frequently focused upon the nature of the competition between plaintiff and defendant in the relevant market in the context of evaluating irreparable harm and the adequacy of money damages.\footnote{\textit{Id.}}

If the parties can fairly be described as direct competitors, the first two factors will weigh heavily in favor of the plaintiff, and absent a compelling hardship or a public interest concern, an injunction will issue.\footnote{\textit{Id.} (“Courts awarding permanent injunctions typically do so under circumstances where plaintiff practices its invention and is a direct market competitor.”).} According to one commentator, “the emerging general rule appears to be that a patentee who competes in the market with the adjudged infringer will likely be awarded a permanent injunction while a patentee who does not compete with the infringer, but merely licenses its intellectual property, will likely not be awarded a permanent injunction.”\footnote{Newcombe, \textit{supra} note 17, at 559.} The Federal Circuit has gone so far as to say that, “the essential attribute of a patent grant is that it provides \textit{a right to exclude competitors} from infringing the patent.”\footnote{Acumed LLC v. Stryker Corp., 551 F.3d 1323, 1328 (Fed. Cir. 2008) (emphasis added). The court went on to note that “[i]n view of that right, infringement may cause a patentee irreparable harm not remediable by a reasonable royalty.” \textit{Id.}} In fact, the patent statute explicitly confers on patent holders the right to exclude.\footnote{35 U.S.C. § 154(a)(1) (2006) (“Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States.”) (emphasis added).}

¶13 Some experts question the emphasis on whether the parties are competitors in the marketplace, and the view that injury to a competitor is irreparable. They ask why, for example, loss of market share is not quantifiable.\footnote{Ellis, \textit{supra} note 4, at 446 (“Normal business losses, however, are not \textit{per se} incalculable. In fact, there is a whole industry of economists, financial analysts and accountants who regularly calculate damages associated with lost sales, loss of market share and lost profits, for example. And courts regularly accept these calculations. Many of these same calculations are used in the business world to forecast or predict various performance metrics and to value assets, liabilities, projects and other potential investment opportunities--billions of dollars are spent on the basis of these types of calculations. Done carefully, these calculations can be reliable. The fact that the impact of the loss of an asset may be challenging to estimate does not mean it is impossible.”).} Since determining who qualifies for an injunction depends largely on how the court views the competitive relationship between the parties, defining the term \textit{competitor} would add predictability to patent
litigation and clarify the scope of the injunctive relief. However, little discussion exists in the case law about what constitutes “competition between the parties.”

In an unusually explicit opinion, the court in Broadcom Corp. v. Qualcomm Inc. 37 expressly addressed the issue of competition and identified two distinct types of “competition between the parties.” With regard to certain infringed patents, Broadcom and Qualcomm both offered the products embodying the patent. Both shared the same customers, and thus were in direct competition (“product competition”). With regard to certain other infringed patents, Broadcom was not offering a product that embodied the patented technology, but the court nonetheless considered the parties competitors: “That Broadcom does not currently offer plug-for-plug replacements for Qualcomm’s CDMA chips may affect the degree of competition, but it does not change the fact that both firms compete in the same market”38 (“market competition”).

In analyzing the issue of irreparable harm with regard to market competition, the court noted that “one need not necessarily be a direct competitor in order to secure an injunction. . . . In addition, there is injury to Broadcom’s right to enforce its exclusionary right to manage its patent portfolio in accordance with its chosen strategy.”39

III. POST-EBAY CASES GRANTING INJUNCTIVE RELIEF BASED ON IRREPARABLE INJURY AND NO ADEQUATE REMEDY AT LAW

Prior to the decision in eBay, lower courts considering granting equitable relief often held that proof of infringement gave rise to a presumption of irreparable harm and no adequate remedy at law.40 In fact, some courts believed that it was an irrebuttable presumption.41 The eBay decision requires that courts evaluating whether to grant a permanent injunction provide a factual and legal analysis for each of the prongs of the traditional four-factor test for equitable relief.42 Courts must separately analyze whether the plaintiff would suffer irreparable harm if the injunction did not issue, and whether an adequate remedy at law exists. Consequently, the opinions are detailed but, due to the inherent overlap between the facts that courts rely on to show irreparable harm and the

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38 Id. at *9.


40 Trading Techs. Int’l, Inc. v. eSpeed, Inc., No. 04 C 5312, 2008 U.S. Dist. LEXIS 86953, at *2-14 (N.D. Ill. May 22, 2008) (“Before eBay, the irreparable injury prong of the four-factor test was ‘presumed’ to be met following a ‘clear showing’ of patent validity and infringement.”).

41 See Gretchen S. Sween, Who’s Your Daddy? A Psychoanalytic Exegesis of the Supreme Court’s Recent Patent Jurisprudence, 7 NW. J. TECH. & INTELL. PROP. 204, 209-10 (2009) (“In any event, the eBay petitioner and many amici who urged the Court to hear the appeal effectively characterized the case so as to arouse the Court’s ire against the Federal Circuit and the latter’s view that proving infringement created a virtually irrebuttable presumption that an injunction would issue. And the strategy worked.”).

facts that courts rely on to show no adequate remedy at law, the decisions are sometimes awkward. Some district court judges have expressly acknowledged the overlap. In *Smith & Nephew* the court opined that “[a]lthough stated as two separate factors under *eBay*, the irreparable harm requirement contemplates the inadequacy of alternate remedies available to the plaintiff.” Another district court noted that, “by definition irreparable injury is that for which compensatory damages are unsuitable.”

In the first twelve months after *eBay* (May 2006 through April 2007) there were twenty patent cases granting permanent injunctive relief. In the second twelve months (May 2007 through April 2008), there were thirteen decisions granting permanent injunctive relief. In the most recent twelve-month period (May 2008 through April 2009), there were thirteen decisions granting permanent injunctive relief.

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45 Id. at 982-83.


48 Cases granting injunctive relief between May 2007 and April 2008: Commonwealth Scientific &
2009), there were fifteen cases granting permanent injunctive relief.\(^49\) In most of these post-eBay decisions granting injunctive relief, the parties were described as competitors, with the concept of competition growing broader over time.

In the first twelve months after eBay, courts relied heavily on direct competition between the parties in granting equitable relief.\(^50\) The holding in Visto Corp. v. Seven Networks, Inc.\(^51\) is representative of those cases. In Visto, the parties were direct
competitors in the mobile email market. The *Visto* court, citing *Tivo*\(^{52}\) and finding irreparable injury, held, “[t]he parties to this case are direct competitors, and this fact weighs heavily in the court’s analysis. Intellectual property enjoys its highest value when it is asserted against a direct competitor in the plaintiff’s market.”\(^{53}\) Judge Folsom found irreparable harm because “the availability of the infringing products leads to loss of market share for Plaintiff’s products.”\(^{54}\) Additionally, during this period (May 2006 through April 2007), as reflected in *TransOcean*,\(^{55}\) a finding of direct competition between the parties, in the form of shared customers,\(^{56}\) generally resulted in an expansive definition of “inadequate remedy at law”: “The court is persuaded that if it does not enter a permanent injunction, it will force a compulsory license on Transocean that will not contain any of the commercial business terms typically used by a patent holder to control its technology or limit encroachment on its market share.”\(^{57}\) Rejecting the defendant’s argument that the Kennedy concurrence in *eBay* should be interpreted to prohibit the issuance of an injunction, the court reasoned that the portion of the Kennedy concurrence relating to licensing and component parts is strictly limited to situations in which the plaintiff was willing to license and the technology was but a small component of the defendants product.\(^{58}\) The *Visto* court offered a similarly broad reading of what constitutes lack of an adequate remedy at law when the parties are competing for the same customers:

> Although future damages may compensate *Visto* for an *approximate* loss, that does not make them adequate in the sense that they are a suitable proxy for injunctive relief. What makes legal remedies inadequate under the circumstances of this case is the inability to calculate the plaintiff’s future losses with precision. An injunction against the continued use of the plaintiff’s intellectual property is the proper remedy to prevent future infringement.\(^{59}\)

Towards the end of the first twelve month period after *eBay*, the District of Delaware seemed to expand the definition of what constitutes “competition between the parties” when it granted injunctive relief in *Novozymes*.\(^{60}\) In that case, the patentee had a non-exclusive license with one of its subsidiaries that was practicing the patent. The plaintiff sought to join its subsidiary as a co-plaintiff, but the court held that the subsidiary did not have standing because its license was non-exclusive. Nonetheless, the court held that Novozymes, the licensor/patent-holder, and defendant, the infringer, were “head-to-head competitors.”\(^{61}\) The court further commented that “even though


\(^{54}\) *Id*.


\(^{56}\) *Id* at *12 (injunction necessary because parties shared customers in the “deep water oil rig” market).

\(^{57}\) *Id* at *19.

\(^{58}\) *Id*.

\(^{59}\) *Visto* Corp., 2006 U.S. Dist. LEXIS 91453, at *13 (emphasis in original).


\(^{61}\) *Id* at 612.
Novozymes does not market the alpha-amylases itself, it has suffered harm beyond the reasonable royalty that it can recover from Defendants[, and] Novozymes will continue to suffer such irreparable harm if Defendants are not enjoined.”62 The court also noted that “Novozymes has a right, granted by Congress, not to assist its rival with the use of proprietary technology.”63 The defendant argued that under eBay, the loss of the right to exclude could not be irreparable harm, but the court disagreed. It reasoned that “[c]ontrary to Genencor’s argument . . . the Supreme Court in eBay did not state that loss of the right to exclude could not be irreparable harm. Rather, the Court simply rejected the proposition that the patentee’s right to exclude should always lead to injunctive relief for patent infringement.”64 In addition, toward the end of the first year post-eBay, the court in MPT, Inc. v. Marathon Labels, Inc.65 felt that the public interest invariably supports an injunction.66

¶20 Through the next twelve-month post-eBay period (May 2007 through April 2008), the courts’ views of what constituted sufficient evidence of irreparable harm expanded. However, direct competition between the parties remained the principle basis for granting injunctive relief. As the court noted in Muniauction, Inc. v. Thomson Corp.,67 “[p]laintiff and defendants are direct competitors in a two-supplier market. If plaintiff cannot prevent its only competitor’s continued infringement of its patent, the patent is of little value.”68 In Johns Hopkins University v. Datascope Corp.,69 the court noted that the defendant’s product “competes directly with the Plaintiffs’ product.”70 “In fact, it is the only competition and thus, its sale reduces the Plaintiffs’ market share. Continued sales by [the defendant] will irreparably harm the Plaintiffs.”71 In Martek Biosciences Corp. v. Nutrinova Inc.,72 the court concluded that “Lonza is Martek’s only competitor in the vegetarian DHA market for adult foods and beverages, and is targeting Martek’s customers in that industry [and] if Lonza is not enjoined from infringing the ‘594 and ‘281 patents, [Martek] is likely to lose market share that it may not be able to recapture.”73 In Brooktrout, Inc. v. Eicon Networks Corp.,74 U.S. District Judge T. John Ward concluded that the parties were direct competitors in the fax server board market and granted injunctive relief, citing the plaintiff’s loss of market share as a basis for finding irreparable harm:

62 Id.
63 Id. at 613.
64 Id. at 612.
66 Id. at 420 (“There is a general public interest in favor of strong patent protection, except in cases where an obvious public interest such as public health and safety exists.”).
68 Id. at 482.
70 Id. at 586.
71 Id.
73 Id. at 558.
Additionally, although future damages in lieu of an injunction may compensate Brooktrout for an approximate loss, that does not make future damages adequate in the sense that they are a suitable proxy for injunctive relief. The inability to calculate the plaintiff’s future loss with reasonable precision makes legal remedies inadequate in this case. An injunction against future acts of inducement is the proper remedy to prevent future infringement.\(^75\)

For the same basic reasons, Judge Ward also found that there was no adequate remedy at law.\(^76\)

\[\S 21\]

During this second year after \(eBay\) (May 2007 through April 2008), a district court granted the first post-\(eBay\) permanent injunction in favor of a non-practicing entity in \(Commonwealth Scientific & Industrial Research Organisation\).\(^77\) In that case, the plaintiff was described as the Australian equivalent of the National Institute of Health, and its activities included developing technology that could be used to create start-up companies and/or for licensing to firms to earn commercial royalties. The court stated that the parties were not competitors, but found that the plaintiff would suffer irreparable harm without an injunction. The court reasoned that the inability to enforce the patent against one infringer significantly increased the risk that other parties would be willing to risk infringing the patented technology. Discussing the Kennedy concurrence in \(eBay\), the \(Commonwealth Scientific\) court specifically concluded that “[t]his case is not the situation that concerned Justice Kennedy; Buffalo’s infringing use of CSIRO’s technology is not limited to a minor component of the technology. The ‘069 patent is the core technology embodied in [patents].”\(^78\)

\[\S 22\]

Nearly two years after \(eBay\) one district court further and expanded the post-\(eBay\) scope of irreparable harm. In \(Fresenius Medical Care Holdings, Inc.\),\(^79\) the plaintiff sued Baxter for declaratory judgment. The court acknowledged the economic value of the right to exclude and stated that “[w]ithout the right to obtain an injunction, the right to exclude granted to the patentee would have only a fraction of the value it was intended to have, and would no longer be as great an incentive to engage in the toils of scientific and technological research.”\(^80\) The \(Fresenius\) court further stated that “the loss of goodwill, reputation for innovation, the legal right to exclude, including the right to control the terms of any licensing arrangement, are all forms of irreparable injury that cannot be easily and readily quantified through a simple monetary award.”\(^81\)

\[\S 23\]

During the most recent twelve-month post-\(eBay\) period, (May 2008 through April 2009) direct competition between the parties continued to be the principle basis for courts finding irreparable harm and no adequate remedy at law,\(^82\) but the scope of what qualified as “competition between the parties” and “irreparable harm” continued to grow.

\(^{75}\) Id. at *4-5 (emphasis in original).
\(^{76}\) Id. at *5.
\(^{78}\) Id. at 606.
\(^{80}\) Id. at *8 (quoting Smith Int’l, Inc. v. Hughes Tool Co., 718 F.2d 1573, 1578 (Fed. Cir. 1983)).
\(^{81}\) Id. at *13-14.
\(^{82}\) See, e.g., TruePosition Inc. v. Andrew Corp., 568 F. Supp. 2d 500 (D. Del. 2008) (granting permanent injunction because parties were direct competitors); Amgen, Inc. v. F. Hoffmann-La Roche Ltd., No. 05-
In Trading Technologies International, Inc., the court explained why the loss of market share is an irreparable injury. According to the Trading Technologies court, market share is one of the patent holder’s most valuable assets. “Erosion of this intangible asset would cause incalculable extraneous injury to [Trading Technologies’] business. Therefore, the continuing existence of eSpeed’s infringing products in the same marketplace . . . poses a risk of irreparable harm to [Trading Technologies].”

In October 2008, the Amgen court identified an injury not discussed in previous cases. The court concluded that without an injunction, the value of the Amgen’s stock would be in jeopardy. According to the court, loss of value of its stock would result in loss of investment capital to pursue research and development. In addition, the Amgen court recognized the risk that allowing the defendant to continue to infringe would invite other infringers and likely result in significant legal fees to enforce the patent.

In November 2008, the court in Callaway Golf Co. v. Acushnet Co. further expanded the definition of “competition,” and hence, the scope of granting injunctive relief. Despite the fact that there were multiple competitors in the three-layer golf ball market, the court found sufficient evidence that plaintiff suffered irreparable harm. According to the court, “[a] credible case can be made that, had defendant not launched the Pro V1® ball in late 2000, a large number of its tour players may have switched to the Rule 35® ball in January 2001.” In addition, the Callaway court rejected the notion that a party’s willingness to license was a sufficient basis to prove that monetary damages would be an adequate remedy.

Although plaintiff’s willingness to forgo its patent rights (generally) for compensation may be inconsistent with the notion that money damages are inadequate, it is certainly not a dispositive factor. . . In this regard, of utmost
import in the context of evaluating irreparable harm and the adequacy of money
damages is the nature of the competition between plaintiff and defendant in the
three-piece golf ball market.\textsuperscript{90}

In December 2008, the Federal Circuit offered its perspective on the issue of whether a
patent holder’s willingness to license could be a basis for concluding that monetary
damages would be an adequate remedy:

The essential attribute of a patent grant is that it provides a right to exclude
competitors from infringing the patent. 35 U.S.C. s 154(a)(1)(2000). In view of
that right, infringement may cause a patentee irreparable harm not remediable by
a reasonable royalty. While the fact that a patentee has previously chosen to
license the patent may indicate that a reasonable royalty does compensate for an
infringement, that is but one factor for the district court to consider. The fact of
the grant of previous licenses, the identity of the past licensees, the experience in
the market since the licenses were granted, and the identity of the new infringer
all may affect the district court’s discretionary decision concerning whether a
reasonable royalty from an infringer constitutes damages adequate to compensate
for the infringement.\textsuperscript{91}

In February 2009, a district court in New Jersey gave “irreparable harm” and
“competition between the parties” perhaps their most expansive reading to date.\textsuperscript{92} In
\textit{Joyal Products, Inc}, the plaintiff was a defunct business in the process of liquidating its
assets. It argued that the parties were competitors and that without an injunction against
the defendant it would suffer irreparable harm because it would not be able to obtain the
maximum value for the patented assets. In granting the permanent injunction, the court
reasoned that anything less than a permanent injunction would damage the value of the
patent since the “principal value of a patent is its statutory right to exclude.”\textsuperscript{93} The court
went on to explain why there was no adequate remedy at law:

\begin{quote}
[A]s Joyal is no longer conducting business, it wishes to divest itself of this asset.
It justifiably expects to be able to sell that asset for maximum value. Joyal’s
ability to obtain the maximum value from the sale - indeed, the very ability to sell
the patent at all - will be materially impaired if Johnson is permitted to continue
[to] produce and sell infringing products in the United States.\textsuperscript{94}
\end{quote}

\textbf{IV. POST-\textit{EBay} CASES DENYING INJUNCTIVE RELIEF BASED ON IRREPARABLE HARM AND
NO ADEQUATE REMEDY AT LAW ARE DIMINISHING}

In the first twelve months after \textit{eBay} (May 2006 through April 2007), there were
twenty-eight decisions addressing the issue of permanent injunctive relief. Of those,
eight (or twenty-nine percent) resulted in a denial of an injunction based on the patent

\begin{flushright}
\textsuperscript{90} Id. at 620.
\textsuperscript{91} Acumed LLC v. Stryker Corp., 551 F.3d 1323, 1328 (Fed. Cir. 2008).
\textsuperscript{92} Joyal Prods., Inc. v. Johnson Elec. N. Am., Inc., No. 04-5172, 2009 U.S. Dist. LEXIS 15531 (D.N.J.
\textsuperscript{93} Id. at *31 (quoting Polymer Techs., Inc. v. Bridwell, 103 F.3d 970, 976 (Fed. Cir. 1996)).
\textsuperscript{94} Id. at *32-33.
\end{flushright}
holders failure to demonstrate irreparable harm. 95 During the second twelve months (May 2007 through April 2008), there were sixteen decisions granting permanent injunctions with three resulting in denials, but none were based on the patent holders failure to demonstrate irreparable harm or no adequate remedy at law. 96 In the most recent twelve-month period after eBay (May 2008 through April 2009), there were twenty permanent injunction decisions with five denials, but only two of those denials were primarily based on the patent holders failure to demonstrate irreparable harm (ten percent). 97 The eight denial-of-injunction decisions from the first year post-eBay (May 15, 2006 to May 15, 2007) were all based on the plaintiff’s failure to demonstrate that it would suffer irreparable harm in the event that an injunction did not issue. 98

One of the early post-eBay denial cases was Paice LLC v. Toyota Motor Corporation. 99 In that case, the patented technology was a hybrid electric vehicle train, a component of the hybrid automobile engine, and the defendant’s hybrid automobile engine infringed. The district court applied the four-factor test and found that Paice failed to demonstrate irreparable harm. 100 After considering the parties’ arguments, the district court decided that Toyota’s continued sale of its hybrid automobile (the allegedly infringing product) would not negatively impact Paice’s efforts to license its electric

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101 Id. at *12.
vehicle train. The court reasoned that since Paice does not manufacture automobiles, it was not at risk of losing name recognition or market share.\textsuperscript{101} The plaintiff (Paice) argued that without an injunction, it would suffer irreparable harm in that it would be unable successfully to license its patented technology. In support of this claim, the plaintiff offered evidence of its failure to license the technology thus far. The court rejected this argument, citing evidence in the record that plaintiff’s failure to license its technology may have resulted from misrepresentations and improper business tactics.\textsuperscript{102}

¶29 As in Paice, the plaintiff in z4 Technologies, Inc. v. Microsoft Corp.\textsuperscript{103} was a non-practicing entity and the patented technology was a component of the adjudged infringer’s final product. Specifically, Microsoft’s Office and Windows software programs infringed the plaintiff’s product activation technology. The court nevertheless denied injunctive relief, concluding that “Microsoft’s continued infringement does not inhibit z4’s ability to market, sell, or license its patented technology. . . . Microsoft does not produce product activation software that it then individually sells, distributes, or licenses to other software manufacturers or consumers.”\textsuperscript{104} Here the plaintiff was a non-practicing entity, but the fact that the infringed technology was a component of the defendant’s product was, again, arguably, equally significant.

¶30 A third decision, issued during the first year post-	extit{eBay}, in which the patent holder was denied injunctive relief based on his failure to demonstrate irreparable harm, was Amado v. Microsoft Corp.\textsuperscript{105} In Amado, the infringed patent was a point-and-click interface for linking database records and spreadsheets. Microsoft incorporated the patented technology into its software programs. That case was originally decided prior to 	extit{eBay} and the district court awarded Amado an injunction. After the 	extit{eBay} decision, Microsoft requested reconsideration of the injunction, and the District Court held that under the dictates of 	extit{eBay}, plaintiff had not met his burden for establishing irreparable harm. The permanent injunction was dissolved, with the court reasoning that:

Amado does not compete with Microsoft, does not sell a product covered by the patent and is no longer even attempting to commercialize or license the patent. Moreover, Amado’s patent only covers a very small component of the infringing products - claim 21, the only claim that the jury found Microsoft Office and Access infringed, covers a single feature linking Access and Excel. . . . Thus, Amado’s injury can be adequately compensated through monetary damages.\textsuperscript{106}

The Amado Court noted that the plaintiff was not in the business of selling a product covered by the patent, pointed out that the patent covered only a small component of the infringing product, and found that the plaintiff was not trying to license the patented technology.\textsuperscript{107}

\begin{footnotes}
\item[101] Id. at *14.
\item[102] Id. at *12-13.
\item[103] z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437 (E.D. Tex. 2006) (denying permanent injunction), aff’d, 507 F.3d 1340 (Fed. Cir. 2007).
\item[104] Id. at 440.
\item[105] Amado v. Microsoft Corp., 517 F.3d 1353 (Fed. Cir. 2008).
\item[107] Id.
\end{footnotes}
¶31 Sundance, Inc. v. DeMonte Fabricating Ltd., 108 also decided during that first year post e-Bay, is notable because the court first denied an injunction, then granted it, leading some commentators to categorize this as an “injunction-granted” case. 109 Sundance is also interesting because its reasoning and holding conflict with those of a significant number of subsequent decisions. In Sundance, the patented technology was not a small component of the infringing product and the plaintiff argued that the infringing sales would damage his relationship with his licensees. The court rejected that argument:  

[I]t cannot be said that Sundance’s licensees are losing sales to DeMonte expressly because of its infringement of the segmented cover. It is possible that lost sales are due to a desire for other features of the Quick Draw system or are sales lost to other competitors in the marketplace. Sundance simply cannot tie alleged lost sales to the nature of DeMonte’s infringement. 110

Other district courts faced with similar facts have granted injunctive relief, finding that plaintiff and defendant were competitors with regard to the product or the market generally. 111 In November 2008, one court specifically rejected this strict requirement of proof, requiring only that the plaintiff demonstrate a “credible case” that there was irreparable injury and would continue to be. 112

Discussing whether there was an adequate remedy at law, the court in Sundance noted that “Sundance licenses the ‘109 patent to others, and offered to license it to DeMonte prior to filing suit against it, thus demonstrating that money damages are adequate. Their conduct against DeMonte and others . . . indicates an interest only in obtaining money damages against accused infringers.” 113 In other cases in which the plaintiff was willing to license, the court nonetheless held that money damages would not be an adequate remedy at law. 114 Interestingly, on reconsideration, the court, granted the

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109 See, e.g., Newcombe et al., supra note 17, at 557-59 (“Since eBay, at least 30 permanent injunctions have issued. In all but two of these cases, the infringer was a direct horizontal competitor plaintiff patentee [sic]. Conversely, in six of the seven cases where the patentee and infringer were not direct-horizontal competitors, the courts initially denied a permanent injunction. Thus, the emerging general rule appears to be that a patentee who competes in the market with the adjudged infringer will likely be awarded a permanent injunction while a patentee who does not compete with the infringer, but merely licenses its intellectual property, will likely not be awarded a permanent injunction.”).


112 Callaway Golf, 585 F. Supp. 2d at 620.


injunction; but rather than relying on irreparable harm, it relied on “changed circumstances,” which, according to the court, warranted the issuance of an injunction.115

¶33 Also during this first year post-eBay, the Western District of Oklahoma denied an injunction in Voda v. Cordis Corp.116 The plaintiff was a licensor of certain patents which described an angioplasty guide catheter and the inventive technique for using the catheter to perform angioplasty. According to the Voda court, “any harm would have been directed at plaintiff’s licensee, Scimed, not plaintiff.”117 “Moreover, other than the presumption of irreparable harm, plaintiff identifies no harm to himself; rather, he relies on alleged harm to a non-party, Scimed.”118 The court rejected plaintiff’s argument that its relationship with its exclusive licensee would be damaged: “[t]his argument . . . is simply the other side of the right-to-exclude coin and is not sufficient to justify granting injunctive relief.”119 This reasoning has been rejected by subsequent district court decisions.120 Douglas Ellis aptly points out that prohibiting a patent holder, like the one in Voda, from obtaining an injunction unless its licensee joins the action provides licensees with an opportunity to renegotiate their licensing terms if the terms of the initial deal were less favorable ex post than was expected ex ante. Simply put, if the terms turn out to be a favorable deal . . . then the licensee may join the patent holder in obtaining a permanent injunction against an infringer . . . . If, however, the licensing terms turn out to be unfavorable for the licensee . . . then the exclusive licensee may refuse to join the suit . . . .121

¶34 In the next year (May 2007 to May 2008), there were three cases denying injunctive relief. None of those denials was based on plaintiff’s failure to prove irreparable harm. In Respironics122 and Nichia,123 the denials were based on plaintiff’s failure to prove a likelihood of future infringement. In Innogenetic,124 the court’s denial was based on the fact that the jury awarded a royalty which included a market entry fee; therefore, the defendant was entitled to continue to practice the invention.

¶35 In the most recent year (May 2008 to April 2009), five cases denied injunctive relief: two from the District of Delaware, two from the Northern District of California, and one from Arizona.125 Of those decisions, one was a case in which the patent holder

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117 Id. at *12.
118 Id., at *18-19.
119 Id., at *20.
120 Novozymes A/S v. Genencor Int’l Inc., 474 F. Supp. 2d 592, 612-613 (D. Del. 2007) (perm. inj. granted, plaintiff was licensor and subsidiary was non-exclusive licensee).
121 Ellis, supra note 4, at 460-61.
was seeking a compulsory license and not an injunction, and two were cases involving medical technology in which the public interest was a significant factor in the decision. In the remaining two cases, the district courts found that the plaintiffs failed to show irreparable harm.

¶36 In the court in Advanced Cardiovascular Systems (ACS) held that denial of the injunction would not cause the plaintiff irreparable harm. After (1) scrutinizing the stent market, (2) detailing the relationship between the overall stent market, the bare metal stent market and the drug-eluting stent market, (3) discussing the role of other principal players in the stent market, and (4) citing Morgan Stanley’s estimates regarding predicted changes in market share, the court concluded that “[t]hough Medtronic appears to be gaining market momentum, it appears to be not only at the cost of ACS, clouding the relationship between Medtronic’s infringement and ACS’s losses.” Further, “ACS has[d] not identified any specific customers it has lost, or stands to lose, directly as a result of Medtronic’s continued sales of infringing stents.” On this basis, the court concluded that the issue of irreparable harm favored the defendant. In reaching this conclusion, the court relied on Praxair and ignored other cases with multiple competitors in which the court found irreparable harm. With regard to the issue of whether there was an adequate remedy at law, the court noted that because the plaintiff was willing to license its patents in the past, money damages should be adequate: “Money damages are rarely inadequate in these circumstances; rather, permanent injunctions are typically granted in two-competitor situations where the patentee has demonstrated an unwillingness to part with the exclusive right.” Again, this reasoning conflicts with the decisions of numerous other courts, which have held that future damages are difficult to quantify and therefore an injunction is the appropriate remedy.

¶37 Notably, in support of the argument that injunctions are granted in two competitor situations, the court cited Novozymes. However, in Novozymes, the patent holder did not practice the patent but licensed it to a subsidiary as part of a non-exclusive license. While the court refused to allow the licensee to join the suit because of the non-exclusive nature of the license agreement, it characterized the licensor (patent holder) and the defendant (infringer) as “head-to-head” competitors.

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127 Advanced Cardiovascular, 579 F. Supp. 2d 554.
128 Id. at 559.
129 Id. at 560.
130 Id. at 613.
132 Advanced Cardiovascular, 579 F. Supp. 2d at 560.
135 Id. at 613.
Although the ACS court made a finding that the patent holder failed to show that, absent an injunction, it would suffer irreparable harm, the public interest factor may explain the court’s analysis. According to the court, there is a strong public interest in maintaining diversity in the coronary stent market and there was evidence in the record that some physicians preferred the defendant’s stent.\textsuperscript{136}

\textit{Telcordia Technologies, Inc. v. Cisco Systems, Inc.}\textsuperscript{137} is one of four denial-of-injunction decisions issued by the District of Delaware since the decision in \textit{eBay}.\textsuperscript{138} The patented technology in that case related to telecommunications networks. The patentee-plaintiff derived revenue from licensing the technology and the court held that it failed to provide evidence of irreparable harm “such as lost sales, licensing, or research and development opportunities.”\textsuperscript{139} The court stated “[i]nfringing one’s right to exclude, alone, is insufficient to warrant injunctive relief.”\textsuperscript{140} The court rejected Telcordia’s argument that its “leverage in the market will be harmed if it cannot advise potential licensees that infringement of its patents can result in a permanent injunction.”\textsuperscript{141} The court called that claim “nothing more than attorney argument.”\textsuperscript{142}

On February 23, 2009, the District Court for the Northern District of California denied equitable relief to a successful patent plaintiff in \textit{Hynix Semiconductor}.\textsuperscript{143} In that case, Rambus held a patent on certain dynamic random access memory (“DRAM”) interface technology. The patent was found valid and infringed so Rambus moved for injunctive relief. Hynix, the infringer, derived its revenue from the manufacture and sale of DRAM, not merely a small component of the patented technology. Rambus, however, derived its revenues solely from licensing DRAM. The court discussed at length a multitude of details regarding the nature of the patented technology. Ultimately, it concluded that Rambus failed to prove that it would suffer irreparable harm without the injunction.

Interestingly, the court began its analysis of the issue of equitable relief as follows: “Like cases should be decided alike, and centuries of equity practice shepherd this court’s exercise of its power to enjoin infringement.”\textsuperscript{144} When it discussed the issue of irreparable harm, the court found that there was real future harm to Rambus in the battle over the next memory interface standard; however, the court found that the “weight of such harm is small.”\textsuperscript{145} The court then asked whether that harm was compensable by money damages and concluded that it was not: “When Rambus loses a design win to an

\textsuperscript{136} \textit{Advanced Cardiovascular}, 579 F. Supp. 2d at 561 (“A strong public interest supports a broad choice of drug-eluting stents, even though no published study proves the superiority of either [of the available products].” (quoting Cordis Corp. v. Boston Scientific Corp., 99 F. App’x 928, 935 (Fed. Cir. 2004)).


\textsuperscript{139} \textit{Telcordia Techs.}, 592 F. Supp. 2d at 747.

\textsuperscript{140} \textit{Id.} at 747-48 (quoting IMX, Inc. v. Lendingtree, LLC, 469 F. Supp. 2d 203, 225 (D. Del. 2007)).

\textsuperscript{141} \textit{Id.} at 747.

\textsuperscript{142} \textit{Id.} at 748.


\textsuperscript{144} \textit{Id.} at 966.

\textsuperscript{145} \textit{Id.} at 981.
infringing alternative, its realistic alternative is to license its patents to the users of the infringing standard. While Rambus may collect royalties from such licensing, Rambus is shut out of the “innovation loop.”146 Finally, discussing the issue of loss of market share, the court acknowledged that Rambus would suffer loss of goodwill in the event that an injunction did not issue. The court then discussed Rambus’s claim that it would also suffer irreparable harm in the form of diminished royalties, harm to research and development and damage to its image as an innovator. It acknowledged that “Rambus’s argument has initial appeal, and it was adopted to support an injunction in Commonwealth Scientific,”147 but the court distinguished Commonwealth Scientific and Broadcom and ultimately concluded that no injunction should issue.148

¶42

The key to this decision may be in the court’s analysis of the balance of hardships. “[B]y the time Hynix became aware of Rambus’s asserted patents, Rambus’s technologies were entrenched in the industry standard DRAM interface. . . . Th[is] lock-in resulted in large part because Rambus did not disclose and, in fact, did not obtain the patents in suit until its efforts to establish RDRAM as the industry standard faltered and the JEDEC standards had enjoyed nearly five years of success.”149

V. MOST COURTS IN 2009, RELYING ON AN EXPANDING DEFINITION OF “COMPETITION BETWEEN THE PARTIES,” IMPOSE A PERMANENT INJUNCTION AGAINST PATENT INFRINGERS, SIGNALING A SHIFT BACK TO PRE-EBAY TREATMENT OF PERMANENT INJUNCTIONS IN PATENT INFRINGEMENT

¶43

Prior to the Supreme Court’s eBay decision there was a “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.”150 With its eBay decision, the Supreme Court rejected that principle and held that the proper test for determining whether to impose an injunction against a patent infringer is the standard four-factor test for imposing equitable relief.

¶44

The result was an immediate spike in the number of patent cases in which requests for injunctive relief were denied. Those denials were frequently based on the patent holder’s inability to demonstrate the first two factors of the test, irreparable harm and no adequate remedy at law. Post-eBay courts, obligated to apply the four-factor test, often evaluated the first and second factors based on the nature of the competition between the parties. Despite the significance of inter-party competition on the outcome of post-eBay cases there is no universally accepted description of what constitutes “competition between the parties.”

¶45

In the first year following eBay, the definition of “competition between the parties” was narrow. Parties were described as competitors only when they were in direct competition (i.e., had the same customers and the sale of products to one party would have a negative impact on the sale of products to the other party).151 Evidence of

146 Id.
147 Id. at 983.
148 Id. at 969-70 (discussing Broadcom Corp. v. Qualcomm Inc., 543 F.3d 683 (Fed. Cir. 2008)).
149 Hynix Semiconductor, 609 F. Supp. 2d at 984-85.
competition, and thereby irreparable harm, in those early cases was limited to loss of market share or the like: price erosion, lost profits, loss of brand name recognition, or loss of goodwill. Notably, when direct competition existed between the parties, courts gave the inadequate remedies at law prong an expansive scope, including the loss of the right to exclude and the inability to calculate future profits.

Since the first year post-eBay the scope of what constitutes competition between the parties has expanded. As a direct result of those changes, there has been a corresponding expansion in the scope of what constitutes irreparable harm. In the second year following eBay, a Texas District Court granted an injunction in favor of a non-practicing entity. Later, a California court granted an injunction based on market competition, not just product competition, specifically holding, “one need not necessarily be a direct competitor in order to secure an injunction.” The District Court in Oregon granted an injunction to a patent holder that was one of a number of competitors in a particular market and had licensed the patented technology to other competitors.

In the third year post-eBay, the definition of “competitor” expanded further. In the District of Delaware, a court granted the patent holder a permanent injunction although it had ceased manufacturing the product embodying the patented technology.

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152 See cases listed in note 151, supra.

level (rather than at the product level). In the Northern District of Georgia, a permanent injunction against a patent infringer was granted despite the fact that the corporate defendant was dissolved and its principal was incarcerated. The court noted that “especially when an infringing company is not actively selling the offending product, the harm to a patent-holder may seem esoteric.”  Nonetheless, the court considered the parties competitors and granted the request for an injunction. The District Court in New Jersey found irreparable harm although the patent holder had ceased operating and was in the process of liquidating its assets through a bankruptcy proceeding. It granted the injunction recognizing that in order for the patent holder to maximize the value of the patent, there would have to be an injunction against infringement.

The District Court in the Eastern District of Texas, in a decision regarding a requested stay of the proceedings, recently confirmed its view that patent holders that are also non-practicing entities may be entitled to permanent injunctive relief.

The eBay decision has had a significant impact on the analytical process courts use to determine whether a patent holder is entitled to an injunction. Every post-eBay case to consider a request for equitable relief contains an evaluation of the facts of the case in view of each of the four elements of the traditional four-factor test for equitable relief. If such an analysis is not present and an appeal is taken, the Federal Circuit is likely to remand the case for further proceedings. However, the eBay decision has not had a significant and lasting impact on the outcome of those decisions. A close analysis of the post-eBay cases reveals that in most jurisdictions, courts have returned to the pre-eBay practice of generally granting injunctions against patent infringers. In the first year after the eBay decision, there was a noticeable spike in the number of cases denying injunctive relief. Those decisions, relying on a narrow definition of competition between the parties, often found that the patent holder had failed to demonstrate that it would suffer irreparable harm unless an injunction issued. In recent years, the scope of what courts find constitutes competition between the parties and thereby irreparable harm, has expanded. As a result, the number of cases in which a patent holder is denied permanent injunctive relief has diminished.

Today, in most jurisdictions, proof of patent infringement will generally, absent a compelling public interest concern, result in the imposition of a permanent injunction against the infringer.

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161 BarTex Research, LLC v. FedEx Corp., 611 F. Supp. 2d 647, 652 (E.D. Tex Apr. 20, 2009) (“BarTex may still be entitled to a permanent injunction, even though it does not practice its patent”).
## Chart of Post-*eBay* Permanent Injunction Patent Cases

Cases are listed by the date of the district court decision unless the decision was reversed on appeal and the reversal was based on the issue of equitable relief. In that situation, the case is listed by the date of the appellate court decision. The cases listed in parentheses are ones in which the request for injunctive relief was denied.

*Injunction denied based on the courts determination that there was no likelihood of future infringement.

**Injunction denied without prejudice, so not a final order. Decided by Judge Sue Robinson, District of Delaware.

***Injunction denied based on the fact that the jury’s royalty award included a market entry fee.

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<tr>
<td>eBay'</td>
<td>(z4)</td>
<td>(Finisar)m</td>
<td>Waldtv</td>
<td>KEGv</td>
<td>(Paice)v</td>
<td>USSCvii</td>
<td>Flocviii</td>
<td>Litecubesi</td>
<td>Tivoi</td>
<td>Telequipii</td>
<td>(Voda)m</td>
</tr>
<tr>
<td>(Sundance)xvi</td>
<td>Leggett &amp; Plattxxxi</td>
<td>O2 Microxxv</td>
<td>Ortho-Mcneilxxv</td>
<td>(Praxair)**xxvi</td>
<td>(Amado)xxvii</td>
<td>MGMxxviii</td>
<td>800 Adeptxxix</td>
<td>CSIROxxx</td>
<td>Brooktroutxxx</td>
<td>M RSAuctionxxxiii</td>
<td>JohnsHopkinsxxxiv</td>
</tr>
<tr>
<td>(Respironics)xxv</td>
<td>(Nichia)**xvii</td>
<td>Broadcomxxvii</td>
<td>Power-Onexlv</td>
<td>Freseniusslv</td>
<td>eSpeedxvii</td>
<td>TruePositionxviii</td>
<td>Emoryxlviii</td>
<td>Mannatechlix</td>
<td>(Medtronic)i</td>
<td>Amgenii</td>
<td>Bectoniii</td>
</tr>
<tr>
<td>U.S. Philipsxviii</td>
<td>(Telcordia)xix</td>
<td>(Hynix)xx</td>
<td>Joyalxxi</td>
<td>Kowalskixxii</td>
<td>(Bard)xliiv</td>
<td>Ergotronxxv</td>
<td>Ecolabxxvii</td>
<td>TransAmericanxvii</td>
<td>i4ix</td>
<td>Finjanxx</td>
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</tbody>
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ii z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437 (E.D. Tex. 2006) (permanent injunction denied), aff’d, 507 F.3d 1340 (Fed. Cir. 2007).


Verizon Servs. Corp. v. Vonage Holdings Corp., 503 F.3d 1295 (Fed. Cir. 2007) (affirming injunction as to certain claims and reversing injunction as to certain claims).


