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Reflections on *The Real Truth About Obama*

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Six months have passed since the Fourth Circuit abandoned its 32-year old standard for granting or denying a preliminary injunction. How has the federal court in the District of Maryland adjusted to the change, and in particular, what has been the effect on intellectual property litigation?

Before the Supreme Court's decision in W*inter v. Natural Resources Defense Council, Inc.*, ____ U.S. ____, 129 S. Ct. 365 (2008), the standard for preliminary injunctions in the Fourth Circuit was based on a test where the likelihood of irreparable harm to the plaintiff was balanced against the likelihood of harm to the defendant. *Blackwelder Furniture Co. of Statesville v. Seilig Manufacturing Co*, 550 F.2d 189, 195 (4th Cir. 1977). The plaintiff was not required to first show likelihood of success on the merits in order to be entitled to preliminary relief. *Id*. The decision in *Winter*, however, caused the Fourth Circuit to reevaluate *Blackwelder* resulting in the Court's holding that the "balance-of-hardship test may no longer be applied in granting or denying preliminary injunctions in the Fourth Circuit." *The Real Truth About Obama, Inc. v. Federal Election Commission*, 575 F.3d 342, 347 (4th Cir. 2009), pet. for cert. filed, No. 09-724, 78 USLW 3375 (12/16/09).

In *Real Truth*, the plaintiff was a corporation, organized under Section 527 of the Internal Revenue Code, alleging that its intention to publish audio advertisements and to circulate a fundraising letter to publicize then-candidate Barack Obama's views on abortion was chilled by three Federal Election Commission ("FEC") regulations and an FEC enforcement policy aimed at determining if a group was a Political Action Committee. The plaintiff sought to preliminarily enjoin the enforcement of these provisions. The U.S. District Court for the Eastern District of Virginia denied the motion for preliminary injunction and Real Truth filed an appeal.

It was readily apparent on appeal that the *Blackwelder* standard stood, as the Fourth Circuit stated, "in fatal tension" with the 2008 decision in *Winter*. 575 F.3d at 346. To obtain a preliminary injunction, the Supreme Court had held that the plaintiff must demonstrate by "a clear showing" that it is likely to succeed at trial on the merits, and that it is likely to suffer irreparable harm if preliminary relief it not granted. In addition, the plaintiff must demonstrate that the balance of equities tips in its favor, and that an injunction is in the public interest. *Id*. at 346-7. "And all four requirements must be satisfied." *Id*. at 346.

The *Winter* decision, requiring a plaintiff to make a clear showing that it would be likely to succeed on the merits at trial, stands in stark contrast to the *Blackwelder* holding that

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likelihood of success would be considered, if at all, only after the hardships were balanced, and if "grave or serious questions" were presented for trial. *Id*. at 346. Moreover, *Blackwelder* required the plaintiff to show only that its irreparable harm outweighed the defendant's harm while *Winter* requires the plaintiff to make a clear showing that it is likely to be irreparably harmed if preliminary relief is not granted. *Id*. at 347. Under *Blackwelder*, a plaintiff needed only to show a strong probability of success, and a possibility of irreparable injury, while *Winter* requires proof that both are likely.

The third prong of the *Winter* test is also arguably more stringent than what *Blackwelder* required. The Supreme Court stated that a court in deciding on preliminary relief should pay "*particular regard* for the public consequences in employing the extraordinary remedy of injunction." *Id*. at 347, quoting *Winter*, 129 S.Ct. at 376-77 (emphasis added). While the public interest always had to be considered under *Blackwelder*, it was not always considered at length in analyzing requests for preliminary injunctions. *Id.*

Under *Blackwelder*, whether a preliminary injunction would be ordered depended upon what the court referred to as a "flexible interplay" among all of the factors under consideration. *Id*. at 347. By comparison, *Winter* articulates four requirements, each of which must be satisfied completely. *Real Truth* therefore held that the *Blackwelder* balance-of-hardship test was overruled and would no longer be applied in the Fourth Circuit.

Judges in the federal court for the District of Maryland have had several opportunities to use the *Winter* standards in considering whether to grant preliminary relief since *Real Truth,* most of which have been unpublished decisions in *pro se* prisoner cases. See, for example, *Bailey v. Warden*, 2009 WL 2884758 (D.Md., 9/3/09); *House v. Shearin*, 2009 WL 2986436 (D.Md., 9/16/09); *Boeh v. Horning*, 2009 WL 4943212 (D.Md., 12/11/09) ("It is no longer permissible to balance the potential hardships of each party before determining whether plaintiff is likely to succeed on the merits. Rather, plaintiff must make a clear showing that he will likely succeed at trial. Plaintiff must also establish by a clear showing that he is likely to be irreparably harmed if the preliminary injunction is not granted." (citation omitted)). There appears to have been only one other decision where the *Winter* standard was used in a civil case involving a request for preliminary injunction.[1]

In *Silverman, Thompson, Slutkin and White, LLC v. SuperMedia, LLC*, 2010 WL 234993 (D.Md., 1/15/10), a Baltimore law firm ("STSW") sued SuperMedia, LLC, claiming that SuperMedia breached a contract which allegedly guaranteed STSW an advertisement on the outside back cover of the Baltimore City Yellow Pages. STSW moved for a preliminary injunction. The District Judge noted that before *Winter*, the *Blackwelder* balance-of-hardships test would have governed the motion, but that *Real Truth* changed the standard "by (1) requiring a clear showing that the plaintiff is likely to succeed on the merits at trial and is likely to suffer

[1] *Winter* was cited in both *L'Occitane, Inc. v. Trans Source Logistics, Inc.*, 2009 WL 3746690 (D.Md., 11/2/09) and *Wereldhave USA-San Antonio, L.P. v. Peter Fillat Architects, Inc.*, 2010 WL 419388 (D.Md., 1/29/10), but *L'Occitane* involved a request for expedited discovery, and *Wereldhave* addressed a request for temporary restraining order, so *Winter* was not dispositive in either case.

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irreparable harm absent preliminary relief, (2) instructing the Court to pay 'particular regard for the public consequences,' and (3) requiring the presence of all four factors of the *Winter* test." (citation omitted). 2010 WL 234993, n.2. Therefore, "[t]he *Blackwelder* balancing approach 'may no longer be applied in granting or denying preliminary injunctions in the Fourth Circuit.'" (citation omitted). *Id*. Although STSW had raised a "serious question" for litigation, it failed to make a clear showing of likely success on its claim for breach of contract. The court therefore denied the motion for preliminary injunction.

Although there has not been a reported decision involving a request for pretrial relief in an intellectual property case in Maryland since *Real Truth*, the issue has arisen in Virginia and South Carolina. For example, in a patent infringement case, a federal court in Virginia held that in order to show likelihood of success on the merits, the plaintiff had to demonstrate that "in light of the presumptions and burdens that will inhere at trial on the merits," it will "likely prove" at trial that the defendant's product infringes the plaintiff's patent, and that the plaintiff will withstand the defendant's challenges to the validity and enforceability of the patent. *Pre Holding, Inc. v. Monaghan Medical Corporation*, 2009 WL 3874171 (E.D.Va., 11/17/19). Moreover, the plaintiff had to make a "clear showing" of likelihood of irreparable harm in the absence of preliminary injunctive relief, and to satisfy all four of the *Winter* requirements for an injunction. Although the court found that the evidence of infringement "appears to tilt" in the plaintiff's favor, and that the plaintiff may suffer potential harm from the infringement, the plaintiff failed to clearly prove that it would succeed on the merits or that irreparable harm was likely. The motion for preliminary injunction therefore was denied.

The plaintiff in an action for trademark infringement was more successful in obtaining pretrial relief in the same court. In *Allegra Network, LLC v. Reeder*, 2009 WL 3734288 (E.D.Va., 11/4/09), Allegra was the owner of several digital print and imaging brands that were licensed to the defendants when Allegra authorized them to operate an Allegra print and imaging center at an approved location in Washington, D.C. The defendants opened a new print business at another location, and Allegra sued for trademark infringement, unfair competition and breach of the franchise agreement requesting preliminary relief. In finding that Allegra was likely to prove trademark infringement at trial, the court noted that the defendants were continuing to use the Allegra marks without authorization, and because there is a high risk of consumer confusion when a former franchisee continues to operate under the franchisor's trademarks, the court found a likelihood of success on the merits. The court also found that in trademark infringement cases, there is a presumption of irreparable injury if the plaintiff proves likelihood of confusion. The balance of equities was found to be in Allegra's favor, and a preliminary injunction would serve the public interest in preventing consumer confusion.

It appears therefore, at least in this trademark infringement case, that while having to satisfy all four of the *Winter* requirements, the plaintiff obtained preliminary relief based not only on its own factual evidence but also on the decisions of other courts as to the likelihood of consumer confusion and a presumption of irreparable injury once likelihood of confusion is established. Similarly, in *Englert, Inc. v. Leafguard USA, Inc.*, 2009 WL 5031309 (D.S.Car., 12/14/09), another case alleging trademark infringement, the court quoted from a Fourth Circuit decision stating that "irreparable injury regularly follows from trademark infringement" and held

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that when "credible evidence" of infringement is presented, a court may find that preliminary relief is necessary to protect the rights of the trademark owner. Since no injunction had been entered in the eight years while the case had been pending, and trial was scheduled to begin shortly, the court however found that irreparable injury was not likely and denied the motion for preliminary injunction.

Under both *Blackwelder* and the new standard established by the Supreme Court in *Winter*, when deciding whether to grant or deny a motion for preliminary injunction, the issues for the court to consider are whether the plaintiff is likely to succeed on the merits, whether irreparable injury to the plaintiff will occur if an injunction is not granted, the balance of equities and the public interest. The difference is that under *Blackwelder*, the court could employ a balance-of-hardship test and grant or deny the motion based on a "flexible interplay," 575 F.3d at 347, among the four factors even if all of them were not clearly shown by the plaintiff. Under *Winter*, the plaintiff must prove all four of the requirements. Moreover, the burden of proof under *Real Truth* for at least two of the requirements has been raised to a "clear showing" standard. The plaintiff also now must demonstrate that granting an injunction is in the public interest, which is to be given "particular regard," rather than being substantially overlooked, as often was the case with *Blackwelder*. Obtaining preliminary relief under *Real Truth* and *Winter* therefore is likely to require more evidence through a verified complaint, affidavits or testimony, and a more structured legal analysis of each requirement than was necessary when *Blackwelder* was the law of the Fourth Circuit.

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