



DATE DOWNLOADED: Sat Sep 5 14:39:32 2020

SOURCE: Content Downloaded from [HeinOnline](#)

Citations:

Bluebook 21st ed.

Courtney Cornwell, Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. 736 F.3d 1239 (9th Cir. 2013), 18 INTELL. PROP. L. BULL. 235 (2014).

ALWD 6th ed.

Cornwell, C. ., Herb reed enterprises, llc v. florida entertainment management, inc. 736 f.3d 1239 (9th cir. 2013), 18(2) Intell. Prop. L. Bull. 235 (2014).

APA 7th ed.

Cornwell, C. (2014). Herb reed enterprises, llc v. florida entertainment management, inc. 736 f.3d 1239 (9th cir. 2013). Intellectual Property Law Bulletin, 18(2), 235-238.

Chicago 7th ed.

Courtney Cornwell, "Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. 736 F.3d 1239 (9th Cir. 2013)," Intellectual Property Law Bulletin 18, no. 2 (Spring 2014): 235-238

McGill Guide 9th ed.

Courtney Cornwell, "Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. 736 F.3d 1239 (9th Cir. 2013)" (2014) 18:2 Intellectual Property L Bull 235.

MLA 8th ed.

Cornwell, Courtney. "Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. 736 F.3d 1239 (9th Cir. 2013)." Intellectual Property Law Bulletin, vol. 18, no. 2, Spring 2014, p. 235-238. HeinOnline.

OSCOLA 4th ed.

Courtney Cornwell, 'Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc. 736 F.3d 1239 (9th Cir. 2013)' (2014) 18 Intell Prop L Bull 235

-- Your use of this HeinOnline PDF indicates your acceptance of HeinOnline's Terms and Conditions of the license agreement available at

<https://heinonline.org/HOL/License>

-- The search text of this PDF is generated from uncorrected OCR text.

-- To obtain permission to use this article beyond the scope of your license, please use:

[Copyright Information](#)

# **Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.**

## **736 F.3d 1239 (9th Cir. 2013)**

COURTNEY CORNWELL\*

### BACKGROUND

The Platters are known as one of America’s most successful vocal groups from early rock and roll. The group, which formed in 1956, experienced a dramatic rise and fall in the 1960s as, one by one, the original group members left the band. Each member, however, continued to perform under some derivation of the band’s trademarked name, which has since resulted in numerous legal disputes. In this case, Herb Reed Enterprises (“HRE”), a company that manages the business affairs of Herb Reed (an original member of The Platters), sued Larry Marshak and his company, Florida Entertainment Management, (collectively “Marshak”) over use and ownership of “The Platters” name. The dispute stemmed from forty years of multi-jurisdictional litigation over the rightful owner of the mark. The following is a brief description of the decades-long litigation that led to this case.

In 1956, The Platters’ band members executed employment contracts with Five Platters, Inc. (“FPI”), a company belonging to the group’s manager. In exchange for FPI stock, each member assigned any rights to the band’s name to FPI. The defendant, Marshak, claimed that FPI later transferred the mark to Live Gold, Inc., which then transferred the mark to FLM.

In 1987, Reed signed a court-approved stipulation of a settlement that assigned his FPI stock back to FPI. He also agreed not to perform under the name, “The Platters.” The agreement contained an escape clause that summarily stated if a court were to enter a final order denying FPI’s rights to the “The Platters,” then Reed’s right to the name would no longer be limited by the agreement.

In 2001, Marshak sued Reed for trademark infringement in the Eastern District of New York; Reed countersued. The court determined that the escape clause had not been triggered and enjoined Reed from, among other things, interfering with Marshak’s use of the mark, except as permitted under the settlement agreement. The Second Circuit affirmed. Reed unsuccessfully appealed.

In 2010, Reed and HRE (collectively “Reed”), sued FPI for trademark infringement in Nevada. Reed alleged that FPI’s use of “The Platters” was

---

\* Courtney Cornwell is a 2014 J.D. candidate at University of San Francisco School of Law.

confusingly similar to Reed's mark, "Herb Reed and the Platters." The action resulted in a default judgment and permanent injunction declaring that Reed had superior rights in the mark and preventing FPI from using the confusingly similar mark.

In 2012, a Nevada court granted Reed a preliminary injunction in a trademark infringement claim against one of the group's former employees. The court concluded that the escape clause of the 1987 settlement agreement had been triggered and Reed was no longer barred from suing for trademark infringement of the original mark.

In between the filings of the two Nevada actions, Marshak sued Reed for civil contempt in the Eastern District of New York on the basis of an alleged violation of the 2001 injunction. The court found Reed had not violated the injunction.

Finally, Reed commenced the present litigation in 2012. Reed alleged that Marshak infringed his trademark and sought a preliminary injunction against Marshak's continued use of "The Platters" mark. The district court granted the injunction. Marshak appealed to the Ninth Circuit.

#### ISSUE

The Ninth Circuit faced an issue of first impression in its circuit: whether a plaintiff seeking injunctive relief in a trademark dispute must establish a likelihood that he will suffer irreparable harm, or, whether, upon demonstrating a likelihood of trademark confusion, the plaintiff is entitled to a presumption that he will suffer irreparable harm.

#### DECISION

The Ninth Circuit reversed the district court's grant of a preliminary injunction against Marshak's use of the trademark. The court held that a plaintiff seeking injunctive relief in a trademark dispute has the burden of establishing a likelihood of irreparable harm. The court also determined that earlier New York litigation did not have *res judicata* effect and that laches did not bar Reed from challenging Marshak's use of the mark.

#### REASONING

##### I. RES JUDICATA

At the outset, the court addressed whether Reed was barred from bringing a claim based on the preceding trademark infringement lawsuits in New York, which had resulted in a 2001 injunction preventing Reed from asserting any rights to "The Platters" mark. The court determined that Reed was not barred, reasoning that he was not "relitigating issues that were or could have been raised" in the New York actions because he could not have asserted any right to "The Platters" mark at that time.<sup>1</sup>

---

1. *Herb Reed Enterprises, LLC v. Florida Entm't Mgmt., Inc.*, 736 F.3d 1239, 1245 (9th Cir.

## II. LACHES

Next, the court considered whether laches barred Reed from challenging Marshak's use of the mark. The court noted that Reed initiated the action less than one year after the escape clause was triggered and less than one month after the Eastern District of New York decided that Reed did not violate the 2001 injunction. Since the statute of limitations for trademark infringement claims is three years, and Reed's claim was well within that time frame, the court found laches inapplicable.

## III. PRELIMINARY INJUNCTION

Lastly, the court addressed the appropriate standard for granting a preliminary injunction in a trademark infringement claim. Ultimately, the court held that courts should no longer presume irreparable harm after a plaintiff establishes a likelihood of success on the merits. This ruling dramatically altered the burden of proof in trademark infringement claims in the Ninth Circuit. The court adopted a heightened standard of proof, moving from "likely" to "actual" irreparable harm. Based on this new standard, the court determined that Reed failed to meet his burden.

To obtain a preliminary injunction, a plaintiff must "establish that it is likely to succeed on the merits, that it is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in its favor, and that an injunction is in the public interest."<sup>2</sup> The court first determined that Marshak failed to show a likelihood of success on the underlying trademark dispute. Marshak raised an affirmative defense of abandonment against Reed, but the court found he failed to establish discontinued use of the mark and intent not to resume use. The court concluded that Reed did not abandon "The Platters" mark because Reed's receipt of royalties on The Platters' original recordings was "a genuine but limited usage of the mark that satisfies the 'use' requirement."<sup>3</sup>

Next, the court addressed the issue of likelihood of irreparable harm. Crucial to its analysis were two recent Supreme Court cases that cast doubt on the Ninth Circuit's previous standard—that, in a trademark infringement case, irreparable injury may be presumed from a showing of a likelihood of success on the merits. In *eBay Inc. v. MercExchange, LLC*,<sup>4</sup> the Supreme Court rejected the standard of presumption in the context of trademark litigation, and in *Winter v. Natural Resources Defense Council, Inc.*,<sup>5</sup> the Court suggested that a "possibility" of irreparable harm standard was "too lenient."<sup>6</sup>

The Ninth Circuit determined that, moving forward, an "actual

---

2013).

2. *Id.* at 1247.

3. *Id.* at 1248.

4. 547 U.S. 388 (2006).

5. 555 U.S. 7 (2008).

6. *Id.* at 22.

irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action . . . and [this] imposition . . . applies with equal force in the preliminary injunction context.”<sup>7</sup> The court did not address where this imaginary line between “actual” and “likely” irreparable harm should fall. But in light of the new standard, the court determined that Reed has not established a likelihood of irreparable harm. The court noted that although ownership rights for “The Platters” mark had been litigated many times, the district court’s “citation to a different case with a different record [did] not meet the standard of showing ‘likely’ irreparable harm.”<sup>8</sup> The court thus found it unnecessary to analyze the remaining requirements of a preliminary injunction. The Ninth Circuit reversed and remanded the case.

---

7. *Herb Reed*, 736 F.3d at 1249.

8. *Id.* at 1250.