

A Rare Injunction In An Injunction-less Patent System

Wonderland Switzerland AG v. Evenflo Co. Inc., Case No. 23-2043 (Fed. Cir. 2023)

By: Mike Bregenzler & Victoria Hanson | September 15, 2023

After first granting a request for an interim stay of an injunction entered against Evenflo Co. Inc. for selling certain car seats which were found to infringe patents owned by Wonderland Switzerland AG, the Federal Circuit later removed that interim stay as to one patent. The district court's granting of the permanent injunction and the Federal Circuit's decision to remove the stay and thereby allow then injunction to issue, may have been based on the inability for monetary damages to adequately compensate Wonderland in light of Wonderland's harm from lost sales, lost market share, and reputational loss and Everflo's business relationship with Walmart.

Everflo and Wonderland are direct competitors who design, manufacture, and sell a variety of products for children including child car seats. Wonderland owns U.S. Patent Nos. 7,625,043 ("the '043 patent") and 8,141,951 ("the '951 patent") which cover child car seats.



In 2020, Wonderland sued Everflo for infringement of the '043 and '951 patents in the U.S. District Court for the District of Delaware. In 2023, a jury found that Everflo infringed one or more claims of both patents. After trial, Wonderland moved for a permanent injunction against Everflo. The district court granted Wonderland's post-trial motion for permanent injunction for both patents on the basis that the permanent injunction factors weighed in favor of Wonderland. Notably, the district court found that Wonderland could not be adequately compensated by monetary damages because Wonderland's harm from lost sales, lost market share, and reputational loss were difficult to quantify. The district court also highlighted that Everflo's business relationship with Walmart, a major car seat retailer, would cause harm to Wonderland and would make it impossible to adequately compensate Wonderland. Everflo then moved for a stay of the permanent injunction, noting Wonderland had not moved for a permanent injunction on the '951 patent, which was denied by the district court because it had interpreted Wonderland's motion to apply to both the '043 and '951 patents, and appealed the decision on the '043 patent to the Federal Circuit. Everflo did not appeal and move to stay the injunction on the '951 patent because Everflo discontinued and redesigned the products that infringed the '951 patent. The Federal Circuit initially granted an interim stay of the permanent injunction but, on August 21, 2023, removed the stay as to the '043 patent.

Decisions to grant a permanent injunction and to remove the interim stay on that injunction are rare in light of the difficulty patent holders have had in even obtaining an injunction over the last decade since the *eBay Inc. v. MercExchange, L.L.C.* case. In *eBay Inc.*, the Supreme Court made it more challenging for patent owners to obtain an injunction against infringers by holding that patent owners were not presumptively entitled to an injunction after demonstrating infringement, and courts since have generally assumed that patent owners are made whole by monetary damages. However, unlike most other cases, the harm from Wonderland's lost sales, lost market share, and reputational loss and Everflo's business relationship with Walmart was difficult to compensate with monetary damages such that an injunction was necessary to prevent further harm to Wonderland. This case highlights the circumstances needed in order to obtain and avoid an interim stay of a permanent injunction pending appeal.