

UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

Dataphase Systems, Inc. v. C L Systems, Inc.

1980-2 Trade Cases 63,496 (8th Cir. 1981) · No. No. 80-1111 · Decided January 7, 1981

SUMMARY

The Eighth Circuit, sitting en banc, vacated a preliminary injunction against C L Systems and remanded for further proceedings. The court clarified that preliminary-injunction applications require consideration of four factors: irreparable harm, the balance of harms, likelihood of success on the merits, and the public interest, applied flexibly rather than as a rigid mathematical test.

CASE DETAILS

COURT	United States Court of Appeals for the Eighth Circuit
WRITING FOR THE COURT	Henley, Circuit Judge; Lay, Chief Judge; Heaney, Circuit Judge; Bright, Circuit Judge; Ross, Circuit Judge; Stephenson, Circuit Judge; McMillian, Circuit Judge; Arnold, Circuit Judge
JURISDICTION	Federal
DECIDED	January 7, 1981
DOCKET	No. 80-1111
DISPOSITION	vacated
PROCEDURAL POSTURE	C L Systems, Inc. appealed an interlocutory district-court order granting Dataphase Systems, Inc. a preliminary injunction in an antitrust and business-disparagement action.
STANDARD OF REVIEW	Abuse of discretion for the grant of preliminary injunctive relief.
PRECEDENTIAL VALUE	Published, precedential en banc opinion of the Eighth Circuit
PARTIES	C L Systems, Inc. v. Dataphase Systems, Inc.

TOPICS

- injunctions
- equitable relief
- appellate procedure
- standard of review
- commercial litigation

PRACTICE AREAS

- civil procedure
- antitrust
- commercial litigation
- equitable relief
- appellate procedure

QUESTIONS PRESENTED

1. What standard governs a federal district court's decision whether to grant or deny a preliminary injunction in the Eighth Circuit?
2. Did the district court abuse its discretion by granting a preliminary injunction without findings of irreparable harm and a substantial probability of success on the merits?

HOLDINGS

1. A district court must weigh four considerations in every preliminary-injunction application: the threat of irreparable harm to the movant, the balance between that harm and the injury an injunction would inflict on other litigants, the probability of the movant's success on the merits, and the public interest.
2. The probability-of-success factor does not require the movant in every case to prove a greater-than-fifty-percent mathematical likelihood of prevailing.
3. The district court abused its discretion by granting the preliminary injunction because its findings did not establish irreparable harm or a substantial probability that CLSI's statements were false or misleading and that Dataphase would prevail at trial.

KEY QUOTATIONS

"Thus, we take this opportunity to reaffirm that there is a single "test" or list of considerations to be used in every case and to suggest its proper application." (640 F.2d at 112)

"At base, the question is whether the balance of equities so favors the movant that justice requires the court to intervene to preserve the status quo until the merits are determined." (640 F.2d at 113)

"In sum, whether a preliminary injunction should issue involves consideration of (1) the threat of irreparable harm to the movant; (2) the state of balance between this harm and the injury that granting the injunction will inflict on other parties litigant; (3) the probability that movant will succeed on the merits; and (4) the public interest." (640 F.2d at 114)

FACTUAL BACKGROUND

Dataphase and CLSI competed for contracts involving computerized automated library circulation systems. Dataphase alleged that CLSI used below-cost bidding, interference with contractual relationships, and false or malicious statements about Dataphase's reliability, solvency, and ability to perform to restrain competition and eliminate Dataphase from the market. The district court found serious litigable issues concerning whether CLSI's statements were false and whether there was a dangerous probability of monopolization, but it did not find irreparable harm or a substantial probability that Dataphase would prevail on the merits.

PROCEDURAL HISTORY

Dataphase sued CLSI alleging antitrust violations and unlawful interference with business expectancies and sought damages and injunctive relief. After evidentiary hearings, the district court entered a preliminary injunction on January 23, 1980. The Eighth Circuit remanded for more detailed findings, the district court certified limited findings, and the en banc court then vacated the preliminary injunction and remanded for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The preliminary injunction was vacated without prejudice to entry of injunctive relief if the trial establishes that relief is warranted. The case was remanded for proceedings consistent with the opinion, with the court encouraging trial with all due haste.

CASES CITED

- Minnesota Bearing Co. v. White Motor Corp., 470 F.2d 1323 (8th Cir. 1973)
- Fennell v. Butler, 570 F.2d 263 (8th Cir. 1978)
- Young v. Harris, 599 F.2d 870 (8th Cir. 1979)
- Modern Controls, Inc. v. Andreakis, 578 F.2d 1264 (8th Cir. 1978)
- Love v. Atchison, T. & S. F. Ry., 185 F. 321 (8th Cir. 1911)
- Chicago, B. & Q. R.R. v. Chicago Great Western R.R., 190 F.2d 361 (8th Cir. 1951)
- Benson Hotel Corp. v. Woods, 168 F.2d 694 (8th Cir. 1948)
- Rittmiller v. Blex Oil, Inc., 624 F.2d 857 (8th Cir. 1980)
- Frejlach v. Butler, 573 F.2d 1026 (8th Cir. 1978)
- William Inglis & Sons Baking Co. v. ITT Continental Baking Co., 526 F.2d 86 (9th Cir. 1975)
- Gresham v. Chambers, 501 F.2d 687 (2d Cir. 1974)
- Sonesta International Hotels Corp. v. Wellington Associates, 483 F.2d 247 (2d Cir. 1973)
- Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc., 559 F.2d 841 (D.C. Cir. 1977)