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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

MORTGAGE ELECTRONIC REGISTRATION No: C 09-3600 SBA
SYSTEMS, INC., a Delaware
corporation, ORDER GRANTING PLAINTIFF'S
MOTION FOR PRELIMINARY
INJUNCTION

Plaintiff,

vs.

JOHN BROSNAN, MORTGAGE
ELECTRONIC REGISTRATION SYSTEMS,
INC., a California corporation,
and ROBERT JACOBSEN,

Defendants.

Plaintiff Mortgage Electronic Registration Systems, Inc.
(Plaintiff MERS), a Delaware corporation, brings the instant
action against John Brosnan, Robert Jacobsen and "Mortgage
Electronic Registration Systems, Inc." (a California corporation
recently formed by Mr. Brosnan), alleging federal claims for
trademark infringement and false designation of origin, along with
various state law claims for conversion, violations of
California's Unfair Competition Law (UCL) and conversion and
trespass to personal property.¹

¹ Because Defendants have formed companies using the same
name as Plaintiff, the Court will distinguish them by reference to
Plaintiff MERS and Defendant MERS.

1 Plaintiff MERS moves for a preliminary injunction prohibiting
2 Defendants from using Plaintiff MERS' name and accepting service
3 of process of documents intended for Plaintiff MERS. In addition,
4 Plaintiff MERS seeks the return of any documents in Defendants'
5 possession that were intended for delivery to Plaintiff MERS. The
6 matter was heard on August 26, 2009. Having considered oral
7 argument and all of the papers submitted by the parties, the Court
8 grants Plaintiff MERS' motion.²

9 BACKGROUND

10 Plaintiff MERS is a Delaware corporation that provides e-
11 commerce real estate mortgage and related services to lenders and
12 loan servicers, among others. Compl. ¶ 7; Hultman Dec. ¶ 3. For
13 approximately the last thirteen years, Plaintiff MERS has used the
14 name Mortgage Electronic Registration Systems as well as the MERS®
15 mark in connection with its business operations. Id. Plaintiff
16 MERS is owned by MERSCORP, Inc., which maintains a database
17 containing information on approximately 60 million mortgages and
18 deeds of trust, 9.7 million of which relate to properties located
19 in California. Hultman Dec. ¶¶ 3, 7. This database tracks
20 mortgage servicing rights and beneficial ownership interests that
21 are bought and sold between Plaintiff MERS' members, which include
22 some of the country's largest mortgage companies and banks.
23 Id. ¶ 3.

24 In the vast majority of the loans maintained in MERSCORP's
25 database, Plaintiff MERS is listed as the mortgagee or

26
27 ² Messrs. Brosnan and Jacobsen filed individual pro se
28 oppositions, while Defendant MERS filed its opposition through
counsel. All three oppositions were filed after the 5:00 p.m.
deadline on August 21, 2009.

1 beneficiary, thus granting it legal title to the property. Id.
2 However, the beneficial ownership interests and servicing rights
3 remain with the member, i.e., the lender or servicing company.
4 Id. Because Plaintiff MERS always remains listed as the mortgagee
5 or beneficiary, its members are able to buy and sell mortgages
6 without incurring the time and expense associated with mortgage
7 lien assignments. Id. Because Plaintiff MERS is identified on
8 most mortgages as the beneficiary, it generally is served with
9 legal documents in matters involving the property. Patry Dec.
10 ¶ 11. In 2009 alone, Plaintiff MERS has been served in
11 approximately 2,500 lawsuits involving properties in California,
12 Arizona, Texas, Oregon and Washington. Id.

13 On June 19, 2009, Mr. Brosnan contacted Joseph Patry, in-
14 house counsel for MERSCORP who also serves as counsel for
15 Plaintiff MERS, claiming that he had registered an entity
16 identified as "Mortgage Electronic Registration Systems Inc." with
17 the California Secretary of State. Id. ¶ 2. Mr. Brosnan stated
18 that he or his entity's agent for service of process had
19 "accepted" approximately 200 legal documents that were intended
20 for Plaintiff MERS. Id. In addition, he demanded that Plaintiff
21 MERS enter into a fee arrangement with him for forwarding those
22 documents to Plaintiff MERS. Id. On behalf of Plaintiff MERS,
23 Mr. Patry responded by sending Mr. Brosnan a cease and desist
24 letter (by UPS and email) demanding that he cease using Plaintiff
25 MERS' name and that he immediately return any legal documents
26 intended for Plaintiff MERS. Id. ¶ 3 and Exh. A.

27 Shortly after Mr. Patry sent his letter, Mr. Brosnan
28 responded with two emails in which he insisted that he had the

1 right to use the Plaintiff MERS' name. Id. ¶ 4. He demanded that
2 Plaintiff MERS cease using its name in California and threatened
3 to seek a temporary restraining order if it refused to do so. Id.
4 Exh. B. As for the documents mistakenly served on him, Mr.
5 Brosnan claimed he had the right to "discard" any of them that did
6 not pertain to Defendant MERS. Id. He further stated: "If you
7 want me to forward documents to you I will but we will need to
8 enter into a fee agreement." Id. Mr. Brosnan signed the letter
9 as "CEO - Mortgage Electronic Registrations Systems Inc." Id.
10 The California Secretary of State's website indicates that
11 "Mortgage Electronic Registrations Systems Inc." was registered as
12 a corporation in California on June 1, 2009, and the email address
13 for the agent for service of process is listed as
14 "MERSSERVICE@GMAIL.COM." Oakley Dec. Exh. A.

15 On July 17, 2009, Plaintiff MERS learned that an entity had
16 been formed in Arizona, again using its name, and that an
17 application for its incorporation was pending. Id. ¶ 5.³ The
18 Arizona Corporation Commission's website lists Kerease Margita as
19 the contact for the company. Id. Neither Ms. Margita nor the
20 Arizona entity has any affiliation with Plaintiff MERS. Id. ¶ 6.
21 MERS sent Ms. Margita a letter at the address listed, demanding
22 that the application for incorporation be withdrawn and that the
23 Arizona entity cease using Plaintiff MERS' name. Id. ¶ 7. A few
24 days later, on July 21, 2009, Mr. Patry received a call from
25 "David" stating that Ms. Margita did not own the Arizona entity

26
27 ³ Information from Arizona public records indicates that Mr.
28 Brosnan submitted an application to form a corporation named
"Mortgage Electronic Registration Systems, Inc." with the state on
or about June 8, 2009. Id. Exh. C.

1 and that she was serving solely as its agent for service of
2 process. Id. ¶ 8. A few minutes after the call, Plaintiff MERS
3 received an email from michael@incsmart.biz directing it to send
4 its "threatening letters" to Mr. Brosnan at an address in Las
5 Vegas. Id.

6 In the afternoon of July 21, 2009, the same day he received a
7 call from David, Mr. Patry received an email from Robert Jacobsen
8 who claimed to be the President of "Mortgage Electronic
9 Registration Systems, Inc." in Texas, Oregon and Washington. Id.⁴
10 Like Mr. Brosnan, Mr. Jacobsen claimed that he had the exclusive
11 right to use Plaintiff MERS' name and demanded that Plaintiff MERS
12 cease using its name in those particular states. Id. He also
13 threatened to seek a temporary restraining order in the event
14 Plaintiff MERS refused to comply. Id. Mr. Jacobsen stated that
15 he had received "numerous filings" and that he has had to review
16 them to determine if they were intended for Plaintiff MERS. Id.
17 Mr. Jacobsen also told Mr. Patry that he would forward any
18 documents belonging to Plaintiff MERS on the condition that it
19 "reimburse" him "for the cost to review and ship these documents."
20 Mr. Jacobsen listed his "fees" as follows: (1) \$1,000 for "legal
21 review cost"; (2) \$25 for "Registered agent fee"; (3) \$200 for
22 "Electronic format"; and (4) \$1,000 for "10 day rush service."
23 Id. Exh. F.

24 On August 6, 2009, Plaintiff MERS filed the instant action in
25 this Court, accompanied by an Ex Parte Application for Temporary
26

27 ⁴ Mr. Jacobsen apparently formed a corporation under the MERS
28 name in Texas and Oregon on or about June 1, 2009, and in
Washington in June 3, 2009. Id. Exhs. B, C, D.

1 Restraining Order and Order to Show Cause. On August 12, 2009,
2 the Court entered a temporary restraining order prohibiting
3 Defendants from:

4 (A) Using or applying to register MORTGAGE
5 ELECTRONIC REGISTRATION SYSTEMS (with or
6 without an "S"), MERS or any confusingly
7 similar designations, as a mark, business
8 name, domain name, email address, meta-tag or
9 otherwise; and

10 (B) Accepting service of process or other
11 documents intended for MERS, including
12 summonses, complaints, subpoenas, or any other
13 legally-required notices naming or involving
14 mortgage liens held by Mortgage Electronic
15 Registration Systems, Inc., a Delaware
16 corporation.

17 In addition, the Court ordered Defendants to forward any documents
18 in their possession intended for Plaintiff MERS to the intended
19 recipient within three days of being served with the order.⁵

20 According to Plaintiff MERS, Defendants had not returned any
21 documents as of the time their Reply was filed. Oakley Reply
22 Decl. ¶ 7.

23

24

25 ⁵ Because Defendants had not yet filed a response, the Court
26 declined to consider Plaintiff MERS' fourth request for an order
27 directing Defendants to take the necessary actions formally to
28 change the name of or dissolve any companies established under the
name Mortgage Electronic Registration Systems, Inc., MERS® or
anything confusingly similar. However, this request will be
considered in connection with the present motion.

1 LEGAL STANDARD

2 "A plaintiff seeking a preliminary injunction must establish
3 that he is likely to succeed on the merits, that he is likely to
4 suffer irreparable harm in the absence of preliminary relief, that
5 the balance of equities tips in his favor, and that an injunction
6 is in the public interest." Winter v. Natural Res. Def. Council,
7 Inc., ___ U.S. ___, 129 S. Ct. 365, 374 (2008). "[T]he required
8 showing of harm varies inversely with the required showing of
9 meritoriousness." Indep. Living Ctr. of S. Cal., Inc. v. Shewry,
10 543 F.3d 1047, 1049 (9th Cir. 2008) (quoting Rodeo Collection,
11 Ltd. v. W. Seventh, 812 F.2d 1215, 1217 (9th Cir. 1987)).

12 DISCUSSION

13 I. Likelihood of Success on the Merits

14 A. Lanham Act Claims

15 Plaintiff MERS' first and second claims are for trademark
16 infringement, 15 U.S.C. § 1114, and false designation of origin,
17 15 U.S.C. § 1125, respectively. "Trade-mark and trade name
18 infringement, or unfair competition, preclude one from using
19 another's distinctive mark or name if it will cause a likelihood
20 of confusion or deception as to the origin of the goods." New
21 West Corp. v. NYM Co. of Cal., Inc., 595 F.2d 1194, 1201 (9th Cir.
22 1979). "To prevail on its trademark infringement claim, [a
23 plaintiff] must show that: (1) it has a valid, protectable
24 trademark, and (2) that [the defendant's] use of the mark is
25 likely to cause confusion." Applied Info. Sciences Corp. v. eBay,
26 Inc., 511 F.3d 966, 969 (9th Cir. 2007). A false designation
27 claim is slightly different, because a trade name cannot be
28 registered. Accuride Int'l Inc. v. Accuride Corp., 871 F.2d 1531,

1 1534 (9th Cir. 1989). Nevertheless, the ultimate issue in both
2 claims turns on the likelihood of confusion. Id. (holding that
3 claims for trademark and tradename claims are evaluated under the
4 same test for likelihood of confusion).⁶

5 1. Protectable Mark

6 Both registered and unregistered trade names and trademarks
7 are subject to protection under the Lanham Act. Halicki Films,
8 LLC v. Sanderson Sales and Mktg., 547 F.3d 1213, 1225-26 (9th Cir.
9 2008); see also GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199,
10 1205 n.3 (9th Cir. 2000) (noting that "the same standard" applies
11 to infringement claims, irrespective of whether the marks or names
12 are registered). Defendants argue that they have the right to use
13 the Plaintiff MERS' name because Messrs. Brosnan and Jacobsen were
14 able to incorporate (or apply to incorporate) their entities using
15 the Plaintiff MERS' name in California, Arizona, Texas, Oregon and
16 Washington.⁷ However, merely incorporating an entity does not
17 authorize the use of a name that rightfully belongs to another
18 party. See Cal. Bus. & Prof. Code § 14417 ("The filing of
19 articles of incorporation pursuant to Section 200 of the
20 Corporations Code shall not of itself authorize the use in this
21 state of a corporate name in violation of the rights of another

22 _____
23 ⁶ Plaintiff MERS registered MERS® as a service mark with the
24 U.S. Patent and Trademark Office. Hultman Exh. A. The name
Mortgage Electronic Registration System is not registered as a
trademark.

25 ⁷ Defendants assert, without any evidentiary support, that
26 Plaintiff MERS previously incorporated itself in California but
that its corporate status was suspended for having failed to pay
27 taxes. In fact, Plaintiff MERS has never incorporated or
attempted to incorporate in California. Hultman Reply Dec. ¶¶ 3-
28 4. The entity to which Defendants refer has no affiliation with
Plaintiff MERS.

1 under the federal Trademark Act."). For purposes of trademark
2 protection, it is the date of first use that is critical. Sengoku
3 Works Ltd. v. RMC Int'l, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996).
4 Here, it is undisputed that Plaintiff MERS used the name Mortgage
5 Electronic Registration Systems, Inc., in commerce long before
6 Defendants.

7 Next, Defendants contend that Plaintiff MERS previously
8 abandoned its application to register its name with the Patent and
9 Trademark Office, and that Mr. Brosnan now holds the trademark
10 registration for Plaintiff MERS' name. The record does not
11 support Defendants' claim. Mr. Brosnan submitted a trademark
12 application on May 26, 2009; however, the application has not been
13 granted and remains pending. Oakley Reply Dec. Exh. F. In any
14 event, "it is not enough to have invented the mark first or even
15 to have registered it first; the party claiming ownership must
16 have been the first to actually use the mark in the sale of goods
17 or services." Id. As noted, Plaintiff MERS' use of its name
18 preceded Defendants' use by more than a decade.

19 2. Likelihood of Confusion

20 In determining whether there is a likelihood of confusion, a
21 court is to weigh the following factors: 1) the strength of the
22 mark; 2) proximity of the goods; 3) similarity of the marks;
23 4) evidence of actual confusion; 5) marketing channels used;
24 6) type of goods and the degree of care likely to be exercised by
25 the purchaser; 7) the defendant's intent in selecting the mark;
26 and 8) likelihood of expansion of the product lines. See AMF Inc.
27 v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979). The
28 similarity of the marks, proximity of the goods and marketing

1 channels used constitute "the controlling troika in the Sleekcraft
2 analysis." GoTo.com, Inc., 202 F.3d at 1205. These three factors
3 are the most important. See Brookfield Commc'ns, Inc. v. W. Coast
4 Entmt. Corp., 174 F.3d 1036, 1055 n.16 (9th Cir. 1999).

5 a) Strength of the Mark

6 The strength of the trademark is evaluated in terms of its
7 conceptual strength and commercial strength. Id. "Marks are
8 often classified in one of five categories of increasing
9 distinctiveness: (1) generic, (2) descriptive, (3) suggestive,
10 (4) arbitrary, or (5) fanciful." Kendall-Jackson Winery, Ltd. v.
11 E. & J. Gallo Winery, 150 F.3d 1042, 1047 (9th Cir. 1998). The
12 latter three characterizations are inherently more distinctive
13 and, hence, are associated with stronger marks. Id. The name
14 Mortgage Electronic Registration Systems is more descriptive than
15 suggestive, because it does not require much imagination to
16 understand the type of business that Plaintiff MERS operates. Id.
17 n.8 ("Descriptive marks define qualities or characteristics of a
18 product in a straightforward way that requires no exercise of the
19 imagination to be understood.").

20 Descriptive marks are nonetheless protectable upon a showing
21 of acquired distinctiveness. KP Permanent Make-Up, Inc. v.
22 Lasting Impression I, Inc., 408 F.3d 596, 606 (9th Cir. 1995).
23 The more likely a mark is to be remembered and associated in the
24 public's mind with the mark's owner, the greater protection the
25 mark is accorded by trademark laws. See GoTo.com, 202 F.3d at
26 1207. In this case, Plaintiff MERS has presented undisputed
27 evidence that its name has commercial strength. Over 4,593 member
28 lenders and loan servicers use Plaintiff MERS' services (among

1 them are the nation's best known financial institutions), and
2 Plaintiff is identified as the mortgagee or beneficiary in close
3 to 60 million mortgages and deeds of trust. Hultman Dec. ¶¶ 3, 6.
4 In addition, Plaintiff MERS has used and marketed its corporate
5 name for the last thirteen years, id. Dec. ¶¶ 10-17, which further
6 supports the strength of its name. See E. & J. Gallo Winery v.
7 Gallo Cattle Co., 967 F.2d 1280, 1291 (9th Cir. 1992) (affirming
8 finding that plaintiff's trademark was strong, based on long
9 continuous use); Accuride Int'l, Inc., 871 F.2d at 1536
10 ("extensive advertising, length of exclusive use, public
11 recognition and uniqueness" strengthen mark). The Court finds
12 that Plaintiff MERS has presented sufficient evidence to support
13 the strength of its mark.

14 b) Proximity of Goods

15 The next factor concerns the proximity or relatedness of the
16 good or services represented by the potentially infringing marks.
17 See Sleekcraft, 599 F.2d at 348-49. Defendants make the
18 conclusory and unsupported assertion that there is no likelihood
19 of confusion because they do not sell the same products. Though
20 Mr. Brosnan does not specify the nature of his business, his
21 federal trademark application discloses that he intends to use
22 Plaintiff MERS' name for "Real estate financing services." Oakley
23 Reply Decl. Exh. F. As for Mr. Jacobsen, he states that his
24 "newly formed companies [will] . . . provide information free of
25 charge, to persons wanting to know about lending, tracking,
26 foreclosure practices of lenders and their 'nominee
27 beneficiaries.'" See Mr. Jacobsen Opp'n at 5-6. Although these
28 descriptions do not suggest that Plaintiff MERS and Defendants are

1 direct competitors, it is apparent that their respective
2 businesses are sufficiently related to the real estate and
3 mortgage industry to result in consumer confusion. See Palantir
4 Techs. Inc. v. Palantir.net, Inc., 2008 WL 152339 at *6 (N.D. Cal.
5 2008) (use of identical marks likely to cause confusion where
6 plaintiff and defendant's goods and services were related
7 generally to the computer software industry). The parties'
8 services are sufficiently proximate to favor Plaintiff MERS.

9 c) Similarity of the Marks

10 The greater the similarity between the two marks at issue,
11 the greater the likelihood of confusion. Entrepreneur Media, Inc.
12 v. Smith, 279 F.3d 1135, 1144 (9th Cir. 2002). This factor weighs
13 heavily in favor of Plaintiff MERS, because the marks are
14 identical. In addition, Mr. Brosnan has incorporated the MERS®
15 trademark almost verbatim into his email address (i.e.,
16 merservice@gmail.com) in connection with his appropriation of
17 Plaintiff MERS' name. See Perfumebay.com Inc. v. EBAY, Inc., 506
18 F.3d 1165, 1174 (9th Cir. 2007) ("PerfumeBay" confusingly similar
19 to "eBay" mark); Brookfield Commc'ns, Inc., 174 F.3d at 1055
20 ("moviebuff.com" was essentially the same as "moviebuffonline.com"
21 and likely to confuse the public). This factor weighs in favor of
22 Plaintiff MERS.

23 d) Evidence of Actual Confusion

24 The evidence of actual confusion is undisputed. In
25 correspondence to Plaintiff MERS, both Messrs. Brosnan and
26 Jacobsen admit to having received numerous documents that were
27 intended for Plaintiff MERS. Patry Dec. ¶ 2; id. Exhs. B, F, G.
28 In fact, Mr. Brosnan alone has indicated that he has approximately

1 200 of such documents. Id. ¶ 2. Evidence that use of a mark or
2 name has already caused actual confusion as to the source of a
3 product or service is "persuasive proof that future confusion is
4 likely." Sleekcraft, 599 F.2d at 352; Playboy Enters., Inc. v.
5 Netscape Commc'ns, 354 F.3d 1020, 1026 (9th Cir. 2004) ("actual
6 confusion among significant numbers of consumers provides strong
7 support for the likelihood of confusion"). This factor
8 weighs in favor of Plaintiff MERS.

9 e) Defendants' Intent

10 The defendants' intent is a critical element. See
11 Interstellar Starship Servs., Ltd. v. Epix, Inc., 184 F.3d 1107,
12 1111 (9th Cir. 1999) ("intent to deceive is strong evidence of a
13 likelihood of confusion"). "Where an alleged infringer chooses a
14 mark he knows to be similar to another, one can infer an intent to
15 confuse." Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1148
16 (9th Cir. 2002). In this case, it is apparent that Defendants
17 intentionally used the name Mortgage Electronic Registration
18 Systems, Inc., to confuse the public. Mr. Brosnan was aware of
19 Plaintiff MERS' existence before purporting to form Defendant
20 MERS, as evidenced by his pro se lawsuits filed against Plaintiff
21 MERS in this Court. See Oakley Dec. Exhs. F, H. Notably, Mr.
22 Brosnan's recent pro se action against Plaintiff MERS filed in the
23 Central District includes extensive allegations regarding
24 Plaintiff MERS, thus revealing his knowledge of its business
25 operations. Id. Exh. O. ¶¶ 61-68. The intentional, bad faith
26 nature of his conduct is further shown by the fact that he
27 admittedly received documents intended for Plaintiff MERS that he
28 has threatened to "discard" unless Plaintiff MERS agreed to a "fee

1 arrangement" as a condition of their return. Patry Dec. ¶¶ 2, 4,
2 9, Exhs. B, F.

3 With respect to Mr. Jacobsen, the evidence suggests that he
4 was acting in concert with Mr. Brosnan. Mr. Jacobsen's conduct
5 largely mirrors that of Mr. Brosnan; namely, he formed entities
6 using the Plaintiff MERS' name around the same time as Mr.
7 Brosnan, which resulted in documents intended for Plaintiff MERS
8 being mistakenly served on the newly-formed entities. Like Mr.
9 Brosnan, Mr. Jacobsen has refused to forward those documents to
10 Plaintiff MERS unless it agrees to enter into a fee agreement for
11 their return. The relationship between Messrs. Brosnan and
12 Jacobsen is further shown by the fact that Mr. Brosnan is
13 prosecuting his Central District action against Plaintiff MERS
14 based on an assignment of rights from Mr. Jacobsen's wife. Oakley
15 Dec. Ex. O ¶ 14.

16 Defendants deny that they intentionally selected the name
17 Mortgage Electronic Registration Systems to cause confusion. They
18 claim that they used Plaintiff MERS' name because it was
19 "available" in California, Arizona, Washington, Oregon and Texas.
20 However, Defendants never explain why it was necessary for them to
21 form their entities using a name identical to Plaintiff MERS,
22 particularly given their awareness of Plaintiff MERS' standing in
23 the real estate mortgage industry. The Court thus concludes that,
24 based on the uncontroverted evidence presented, Defendants were
25 acting in concert and that their use of the Plaintiff MERS' name
26 was intentional.

1 f) Summary

2 In sum, the relevant Sleekcraft factors⁸ support the
3 conclusion that Defendants' use of Plaintiff MERS' name and mark
4 was intended to and has, in fact, caused actual public confusion.
5 Indeed, it appears that Defendants' conduct is in bad faith, as
6 evidenced by their refusal to return documents intended for
7 Plaintiff MERS unless and until it agrees to pay for their return.
8 This evidence is sufficient to show, for purposes of the instant
9 motion, that Defendants' use of Plaintiff MERS' marks is likely to
10 cause confusion. Accordingly, the Court finds that Plaintiff MERS
11 has shown a likelihood of success on the merits of its claims
12 under the Lanham Act.

13 3. Fair Use

14 Defendants contend that their use of the Plaintiff MERS' name
15 is permitted as classic and nominative fair use. "The fair use
16 defense only comes into play once the party alleging trademark
17 infringement has shown by a preponderance of the evidence that
18 confusion is likely." KP Permanent Make-Up, Inc. v. Lasting
19 Impression I, 408 F.3d 596, 608-609 (9th Cir. 2005). Under Ninth
20 Circuit analysis, there are two distinct forms of the fair use
21 defense: "classic" or statutory fair use and "nominative" fair
22 use. Brother Records, Inc. v. Jardine, 318 F.3d 900, 903 (9th
23 Cir. 2003). Application of the classic fair use doctrine "is
24 appropriate where a defendant has used the plaintiff's mark only
25

26 ⁸The Court has been provided with little information
27 regarding the marketing channels, the likelihood of expansion into
28 other markets or the degree of care exercised by purchasers.
Accordingly, none of these factors weighs in favor of either
Plaintiff MERS or Defendants.

1 to describe his own product, and not at all to describe the
2 plaintiff's product." Cairns v. Franklin Mint Co., 292 F.3d 1139,
3 1151 (9th Cir. 2002). In contrast, nominative fair use applies
4 where the defendant is purporting to describe the plaintiff's
5 service. Id.

6 To establish a "classic fair use defense," the defendant must
7 prove that its use of the mark is 1) not as a trademark or service
8 mark, 2) fair and in good faith and 3) only to describe its goods
9 or services. Id. Defendants have not met the requirements of
10 this test. First, Defendants are using Plaintiff MERS' name as
11 their own mark, as shown by the fact that Mr. Brosnan applied to
12 register the name with Patent and Trademark Office. Second,
13 Defendants are not using the Plaintiff MERS' name in good faith.
14 As discussed, the evidence supports Plaintiff MERS' claim that
15 Defendants' purpose in using Plaintiff MERS' name is to confuse
16 the public into believing that their entities are one in the same
17 as Plaintiff MERS. Finally, Defendants are not offering a service
18 that they must describe as an electronic mortgage registration
19 system, but instead are using Plaintiff MERS' name as a trade name
20 ostensibly for real estate financing businesses.

21 The nominative fair use doctrine is inapplicable because
22 Defendants are using Plaintiff MERS' name to describe their own
23 entities, as opposed to describing Plaintiff MERS' business.

24 The Court concludes that Defendants are not likely to succeed
25 on their fair use defense.

26 B. Unfair Competition Law

27 California Business and Professions Code section 17200 makes
28 actionable any "unlawful, unfair or fraudulent business act or

1 practice." Cal. Bus. & Prof. Code § 17200. "The violation of
2 almost any federal, state, or local law may serve as the basis for
3 a UCL claim." Plascencia v. Lending 1st Mortg., 583 F. Supp. 2d
4 1090, 1098 (N.D. Cal. 2008). Moreover, a business practice may be
5 unfair or fraudulent under the UCL, even if the practice does not
6 violate any law. Id.

7 Code of Civil Procedure section 1209 provides that "acts or
8 omissions in respect to a court of justice, or proceedings
9 therein, are contempts of the authority of the court," including
10 "unlawful interference with the process or proceedings of a
11 court." Cal. Code. Civ. Proc. § 1209(a)(8). "Process" refers to
12 "all writs, warrants, summons and orders of courts of justice, or
13 judicial officers." Cal. Gov. Code § 26660. Defendants have
14 interfered with the judicial process by accepting summons and
15 other legal documents intended for Plaintiff MERS, and then
16 refusing to forward such documents unless and until Plaintiff MERS
17 signed a "fee agreement" to secure their return. Notably,
18 Defendants acknowledge they demanded fees from Plaintiff MERS to
19 secure the return of its documents, but offer no defense or
20 justification for their actions. By failing to address this
21 claim, Defendants tacitly concede its validity. See Goldstein v.
22 Barak Const., 164 Cal. App. 4th 845, 849 n.1 (2008).⁹

23 II. Irreparable Harm, Balance of Equities and the Public Interest

24 Plaintiff MERS argues that irreparable harm is presumed upon
25 a showing of a likelihood of confusion. Previously, a plaintiff

26 _____
27 ⁹ Having determined that Plaintiff MERS has shown a
28 likelihood of success as to its Lanham Act and UCL claims, the
Court need not address Plaintiff's claims for conversion and
trespass at this time.

1 in a trademark case was entitled to a presumption of irreparable
2 harm upon showing a probable success on the merits. See GoTo.com,
3 Inc., 202 F.3d at 1204-05. However, the Supreme Court's decision
4 in Winter has effectively eliminated that presumption. See
5 Winter, 129 S. Ct. at 374; Volkswagen AG v. Verdier Microbus and
6 Camper, Inc., 2009 WL 928130, at *2 (N.D. Cal. 2009); CytoSport,
7 Inc. v. Vital Pharms., Inc., 617 F. Supp. 2d 1051, 1065 (E.D. Cal.
8 2009). Nonetheless, Plaintiff MERS has proffered sufficient
9 evidence, which is uncontroverted, to establish that it is likely
10 to suffer irreparable harm in the absence of an injunction.

11 The Ninth Circuit has recognized that the potential loss of
12 good will or the loss of the ability to control one's reputation
13 may constitute irreparable harm for purposes of preliminary
14 injunctive relief. See Stuhlberg Intern. Sales Co., Inc. v. John
15 D. Brush and Co., Inc., 240 F.3d 832, 841 (9th Cir. 2001)
16 ("Evidence of threatened loss of prospective customers or goodwill
17 certainly supports a finding of the possibility of irreparable
18 harm."); Apple Computer, Inc. v. Formula Int'l Inc., 725 F.2d 521,
19 526 (9th Cir. 1984) (finding irreparable injury where "district
20 court could reasonably have concluded that continuing infringement
21 would result in loss of control over Apple's reputation and loss
22 of good will"). The loss of good will and damage to reputation
23 are considered irreparable due to the inherent difficulty in
24 quantifying such loss. See Rent-a-Center, Inc. v. Canyon
25 Television & Appliance, 944 F.2d 597, 603 (9th Cir. 1991).

26 The record supports Plaintiff MERS' claim that it has
27 developed significant good will and established its reputation in
28 the mortgage business over the course of the last thirteen years.

1 Hultman Dec. ¶¶ 9-17. Plaintiff MERS has thousands of clients,
2 which include some of the country's best known mortgage companies
3 and banks, and is involved in approximately 60 million loan
4 transactions. Id. ¶¶ 3, 6. Because Plaintiff MERS is listed as
5 beneficiary on these loans, it frequently receives service of
6 process in connection with third party lawsuits throughout the
7 country. Patry Dec. ¶ 11. However, Defendants' use of Plaintiff
8 MERS' name has resulted in legal documents intended for Plaintiff
9 MERS being sent to Defendants by mistake. Id. ¶ 2. Defendants
10 nevertheless continue to refuse to return those documents, thus
11 potentially harming Plaintiff MERS' legal interests in those
12 actions, as well as undermining the administration of justice.
13 Plaintiff MERS' potential misidentification with the entities
14 recently created by Defendants poses a serious threat to the years
15 of good will that Plaintiff MERS has established in the mortgage
16 industry.

17 The Court is also satisfied that the balance of equities tips
18 in favor of Plaintiff MERS. Winter, 129 S. Ct. at 376. The harm
19 to Plaintiff MERS and the public resulting from Defendants'
20 continued use of the Plaintiff MERS' name is evident from the fact
21 that hundreds of potentially significant legal documents and
22 notices intended for Plaintiff MERS have instead been received by
23 Defendants. In contrast, an injunction will not harm Defendants
24 given that they have no right to Plaintiff MERS' documents or to
25 use its name in the first instance. None of the Defendants claims
26 that they will suffer any hardship in the event the Court grants
27 Plaintiff MERS' motion for preliminary injunction.

28

1 The public interest also favors the issuance of the proposed
2 preliminary injunction. The documents in the possession of
3 Defendants that were intended for Plaintiff MERS pertain to
4 ongoing legal proceedings in which it has been named as a party.
5 If Plaintiff MERS does not receive the documents possessed by
6 Defendants, it is possible that Plaintiff MERS may be in default
7 in those lawsuits. While Plaintiff MERS could seek to set aside a
8 default that has been entered, that process will result in
9 additional, unnecessary expense to the parties in those cases and
10 burden the courts with motion practice that could have been
11 avoided had Defendants forwarded the documents intended for
12 Plaintiff MERS.

13 III. Bond

14 Under Federal Rule of Civil Procedure 65(c), "[t]he court may
15 issue a preliminary injunction or a temporary restraining order
16 only if the movant gives security in an amount that the court
17 considers proper to pay the costs and damages sustained by any
18 party found to have been wrongfully enjoined or restrained." Rule
19 65(c) "invests the district court 'with discretion as to the
20 amount of security required, if any.'" Jorgensen v. Cassiday, 320
21 F.3d 906, 919 (9th Cir. 2003) (emphasis in original; quoting
22 Barahona-Gomez v. Reno, 167 F.3d 1228, 1237 (9th Cir. 1999)). A
23 district court may forego a bond "when it concludes there is no
24 realistic likelihood of harm to the defendant from enjoining his
25 or her conduct." Jorgensen, 320 F.3d at 919.

26 Plaintiff MERS contends, and Defendants do not dispute, that
27 the bond amount should be either dispensed with or set at a
28 nominal amount "because entry of [a preliminary injunction] cannot

1 possibly cause any harm to Defendants." Pl.'s Mot. at 21. The
2 Court concurs that a nominal bond is sufficient. Defendants will
3 suffer no harm from returning documents that are not rightfully
4 theirs in the first instance. With respect to Plaintiff MERS'
5 request that Defendants refrain from forming new entities using
6 Plaintiff MERS' name and change the name of their existing
7 entities, little, if any, damage will result in the event the
8 injunction is found to have been wrongful. There is no evidence
9 that either Messr. Brosnan or Jacobsen are operating any viable
10 businesses, which were formed only a few months ago, under the
11 Plaintiff MERS' name. Thus, the Court concludes that a nominal
12 bond in the amount of \$1,000 is appropriate in this case.

13 CONCLUSION

14 For the foregoing reasons, the Court GRANTS Plaintiff MERS'
15 motion for a preliminary injunction. Defendants and their
16 officers, agents, servants, employees, attorneys and all others in
17 active concert or participation with them ARE HEREBY RESTRAINED
18 AND ENJOINED, pending the resolution of this action, from:

19 1. Using or applying to register MORTGAGE ELECTRONIC
20 REGISTRATION SYSTEMS (with or without an "S"), MERS or any
21 confusingly similar designations, as a mark, business name, domain
22 name, email address, meta-tag or otherwise;

23 2. Accepting service of process or other documents intended
24 for Plaintiff MERS, including summonses, complaints, subpoenas, or
25 any other legally-required notices naming or involving mortgage
26 liens held by Mortgage Electronic Registration Systems, Inc., a
27 Delaware corporation;

28

1 3. Defendants shall complete the necessary documents and
2 Secretary of State filings to change the name of companies within
3 their control from Mortgage Electronic Registration Systems, Inc.,
4 to another name that is not identical or confusingly similar, or
5 alternatively, to dissolve such companies, by September 8, 2009.

6 4. Defendants shall immediately return to Plaintiff MERS
7 all documents and things that any of them, or their officers,
8 partners, agents, subcontractors, employees, subsidiaries,
9 successors, assigns, and related companies or entities, has
10 received that were intended for Plaintiff MERS and shall do so
11 promptly in the future. The above documents shall be sent
12 directly to Plaintiff MERS' counsel, by class mail or other
13 mutually agreeable method, addressed as follows:

14 Mortgage Electronic Registration Systems, Inc.
15 c/o Carla Oakley
16 Morgan, Lewis & Bockius LLP
17 One Market, Spear Street Tower
18 San Francisco, CA 94105-1126

19 5. This preliminary injunction will take effect upon
20 Plaintiff MERS' posting a bond in the amount of \$1,000. The
21 temporary restraining order shall remain in effect for ten days to
22 allow Plaintiff MERS time to post the bond.

23 IT IS SO ORDERED.

24 9/4/09



25 Dated:

26 _____
27 CLAUDIA WILKEN
28 United States District Judge

1 UNITED STATES DISTRICT COURT
2 FOR THE
3 NORTHERN DISTRICT OF CALIFORNIA

4 MORTGAGE ELECTRONIC REGISTRATION
5 SYSTEMS INC.,

6 Plaintiff,

7 v.

8 JOHN BROSNAN et al,

9 Defendant.

10 Case Number: CV09-03600 SBA

11 **CERTIFICATE OF SERVICE**

12 I, the undersigned, hereby certify that I am an employee in the Office of the Clerk, U.S. District
13 Court, Northern District of California.

14 That on September 4, 2009, I SERVED a true and correct copy(ies) of the attached ORDER
15 GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION, by
16 placing said copy(ies) in a postage paid envelope addressed to the person(s) hereinafter
listed, by depositing said envelope in the U.S. Mail, or by placing said copy(ies) into an inter-
office delivery receptacle located in the Clerk's office.

17 **John Brosnan**
18 848 North Rainbow Boulevard
19 #1643
Las Vegas, NV 89107

20 **Robert Edwin Jacobsen**
21 P.O. Box 1386
22 Lafayette, CA 94549

23
24
25 Dated: September 4, 2009

26 Richard W. Wieking, Clerk
27 By: Sheilah Cahill, Deputy Clerk
28