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cc: Fiscal Section

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

AECOM ENERGY &
CONSTRUCTION, INC.,

Plaintiff,

v.

JOHN RIPLEY; TODD HALE;
GARY TOPOLEWSKI; HENRY
BLUM; BUD ZUKALOFF;
MORRISON KNUDSEN
CORPORATION; MORRISON-
KNUDSEN COMPANY, INC.;
MORRISON-KNUDSEN SERVICES,
INC.; and MORRISON-KNUDSEN
INTERNATIONAL INC.,

Defendants.

2:17-cv-05398-RSWL-SS

**ORDER RE: PLAINTIFF'S
MOTION FOR PRELIMINARY
INJUNCTION [11]**

Currently before the Court is Plaintiff AECOM Energy and Construction, Inc.'s ("Plaintiff") Motion for Preliminary Injunction ("Motion") [11]. Having reviewed all papers submitted pertaining to this Motion, the Court **NOW FINDS AND RULES AS FOLLOWS:** the Court **GRANTS** Plaintiff's Motion.

1 I. BACKGROUND

2 A. Factual Background

3 1. Plaintiff's Corporate History

4 MK was a renowned multinational construction and
5 engineering firm responsible for many notable projects,
6 including the Hoover Dam, the San Francisco-Oakland Bay
7 Bridge, and the Trans-Alaska Pipeline. Decl. of
8 Charles Szurgot ("Szurgot Decl.") ¶ 6, ECF No. 13. In
9 2014, after MK had already gone through a series of
10 mergers and name changes, Plaintiff acquired MK. Id.
11 ¶ 8. Plaintiff is an engineering and construction firm
12 that has also worked on many notable projects,
13 including the new World Trade Center and the Los
14 Angeles Chargers' new stadium. Compl. ¶ 21. Plaintiff
15 continues to use MK's logo and corporate history in
16 many of its promotional materials. Szurgot Decl. ¶ 9,
17 Exs. B-1, B-2, B-3, B-4, ECF Nos. 13-3, 13-4, 13-5, 13-
18 6; Compl. ¶ 21.

19 2. Defendants' Use of MK Name

20 Plaintiff alleges that, beginning in 2008,
21 Defendants undertook an elaborate scheme to pass
22 themselves off as MK and take advantage of MK's good
23 reputation. Pl's. Mot. for Prelim. Inj. ("Mot.") 4:18-
24 20. This included reviving dissolved MK entities such
25 as Morrison Knudsen Services, Inc. and Morrison Knudsen
26 Corporation of Viet Nam ("MK Viet Nam"). Decl. of
27 Diana M. Torres ("Torres Decl."), Ex. 1 at 52-55, Ex. 2
28 at 97-99. In reviving these companies, Defendant

1 Topolewski stated under penalty of perjury that he had
2 the authority from the board of directors of these
3 companies to revive the companies. Id. Defendants
4 also changed the names of two of their corporations to
5 include the MK name.¹

6 3. Website and Press Release

7 Defendants purchased the domain name "www.morrison-
8 knudsen.com" and operate a website there in which they
9 promote MK's history as their own and offer to sell
10 used construction equipment used in MK's projects. See
11 id., Ex. 7, ECF No. 19-7; Decl. of Patricia Olson
12 ("Olson Decl.") ¶ 3, ECF No. 17; Szurgot Decl. ¶¶ 10-
13 11, Ex. C, ECF No. 13-6. At least some of the
14 Defendants have email addresses associated with the
15 domain morrison-knudsen.com. See, e.g., Torres Decl.
16 ¶¶ 8, 10, Exs. 6, 8, ECF Nos. 19-6, 19-8.² Defendants,
17 through Defendant Blum, also distributed a press
18 release titled, "Morrison Knudsen awarded \$1.2 Billion
19 Construction and Engineering Contract," which stated
20 that Defendants had been awarded a contract to
21 construct a harbor for the Indonesian government. Id.
22 ¶ 8, Ex. 6.

23
24
25 ¹ Defendants filed Certificates of Amendment with the Nevada
26 Secretary of State to change the names of E Planet
27 Communications, Inc. to Morrison Knudsen International, Inc., see
id., Ex. 3 at 125, and Westland Petroleum Corporation to
Morrison-Knudsen Company, Inc., see id., Ex. 4 at 153.

28 ² For example, as discussed below, Diana Torres exchanged
emails with "jripley@morrison-knudsen.com."

1 3. Plaintiff's Employee Discovers Defendants'
2 Website

3 In April 2013, J. Brandon Davis (who, at that time,
4 worked for Plaintiff) discovered morrison-knudsen.com.
5 Decl. of J. Brandon Davis ("Davis Decl.") ¶ 3, ECF No.
6 36. The website confused Davis because it had pictures
7 of actual MK projects, but he knew that MK had since
8 undergone a series of name changes and mergers. Id.
9 Davis then contacted the listed email address on the
10 site to inquire further. Id. ¶ 4, Ex. L, ECF No. 36-1.

11 Davis engaged in an email exchange with a contact
12 from morrison-knudsen.com, who told him that Plaintiff
13 sold all MK brand companies to raise capital and MK was
14 now an independent entity. Id. This exchange
15 eventually led to phone conversations between Davis and
16 someone named "Gary." Id. ¶ 9. The two spoke more
17 about MK, and Davis continued to believe that
18 Defendants were MK. Id. Eventually, in 2015, Davis
19 referred an AECOM colleague to Gary for some work on a
20 project in Las Vegas. Id. ¶ 10.

21 4. Defendants' Attempt to Take Over the MK Marks

22 On November 10, 2014, Defendant Hale submitted a
23 "change of address" form to the United States Patent
24 and Trademark Office ("USPTO"). Decl. of Annette
25 Bottaro-Walklet ("Bottaro-Walklet Decl.") ¶ 6, ECF No.
26 14; id., Ex. F, ECF No. 14-1. Defendants changed the
27 contact information listed in USPTO records for two of
28 Plaintiff's registered trademarks ("MORRISON KNUDSEN")

1 and "MKCO MORRISON KNUDSEN") from Plaintiff's address,
2 email address, and phone number to Defendants' address,
3 email address, and phone number. Id.

4 One year later, Defendant Zukaloff submitted a
5 document to the USPTO purporting to assign the
6 registered trademark "MKCO MORRISON KNUDSEN" from
7 Washington Group International (a previous name of
8 Plaintiff) to Defendants in exchange for valuable
9 consideration. Id. ¶ 7, Ex. G., ECF No. 14-2.

10 Plaintiff did not renew its registrations for the
11 "MORRISON KNUDSEN" and "MKCO MORRISON KNUDSEN" marks,
12 so the USPTO cancelled the marks in February 2016.

13 Pl.'s Mot. for Prelim. Inj. ("Mot.") 8:16-18; Compl. ¶

14 26. On March 26, 2016, Defendants filed a new
15 application with the USPTO to register the mark

16 "MORRISON KNUDSEN," declaring that they owned the mark
17 and claiming a first use date of April 18, 1933.

18 Torres Decl. ¶ 7, Ex. 5 at 155, 158. The USPTO granted
19 Defendants' application on November 8, 2016. Id.

20 5. Plaintiff Confronts Defendants

21 On May 23, 2017, Michael Gallo, an investigator for
22 the law firm representing Plaintiff, emailed

23 "sales@morrison-knudsen.com" and asked if some

24 equipment listed for sale on Defendants' website was
25 still available. Decl. of Michael Gallo ("Gallo

26 Decl.") ¶ 3, ECF No. 16; id., Ex. K., ECF No. 16-1.

27 Gallo received a response from the address: "Just some
28 older gear that's getting sold." Id.

1 On May 30, 2017, Plaintiff, through counsel Diana
2 Torres, sent an email to Defendant Ripley at
3 jripley@morrison-knudsen.com, demanding that Defendants
4 take down the website and stop presenting all MK marks,
5 projects, and services as their own. Torres Decl.
6 ¶ 10, Ex. 8. Ripley responded, stating that
7 Plaintiff's allegations were "moronic," "scurrilous,"
8 and "idiotic," and Ripley had reviewed SEC documents
9 and had found nothing to indicate a relationship
10 between Plaintiff and MK. Id. ¶ 11, Ex. 9.

11 Plaintiff responded to Ripley's email, detailing
12 Plaintiff's corporate history and connection with MK.
13 Id. ¶ 12, Ex. 9. Plaintiff's response also asked
14 Ripley to identify the basis for Defendants' claim to
15 be Morrison Knudsen Corporation. Id. Plaintiff has
16 received no response as of July 28, 2017. Id.

17 **B. Procedural Background**

18 On July 21, 2017, Plaintiff filed its Complaint,
19 alleging seven claims: (1) false designation of
20 origin/affiliation/passing off in violation of 15
21 U.S.C. § 1125(a)(1)(A); (2) false advertising in
22 violation of 15 U.S.C. § 1125(a)(1)(B); (3) cyberpiracy
23 in violation of 15 U.S.C. § 1125(d); (4) California
24 common law unfair competition; (5) California statutory
25 unfair competition; (6) California statutory false
26 advertising; and (7) petition for a cancellation of a
27 registered mark. Compl. ¶¶ 48, 53, 57, 61, 66, 70, 74.

28 Plaintiff filed its Motion on August 1, 2017 [11].

1 Defendants filed their Opposition on August 15, 2017.
2 [27]. Plaintiff filed its Reply on August 22, 2017.
3 [34].

4 II. DISCUSSION

5 A. Legal Standard

6 "A plaintiff seeking a preliminary injunction must
7 establish that he is likely to succeed on the merits,
8 that he is likely to suffer irreparable harm in the
9 absence of preliminary relief, that the balance of
10 equities tips in his favor, and that an injunction is
11 in the public interest." Am. Trucking Ass'ns v. City
12 of L.A., 559 F.3d 1046, 1052 (9th Cir. 2009)(quoting
13 Winter v. Nat. Res. Def. Council, 555 U.S. 7, 20
14 (2008)).

15 A court employs a sliding scale when considering a
16 plaintiff's showing as to the likelihood of success on
17 the merits and the likelihood of irreparable harm.
18 Alliance for the Wild Rockies v. Cottrell, 632 F.3d
19 1127, 1131 (9th Cir. 2011). "Under this approach, the
20 elements of the preliminary injunction test are
21 balanced, so that a stronger showing of one element may
22 offset a weaker showing of another." Id. Therefore,
23 "serious questions going to the merits and a balance of
24 hardships that tips sharply towards the plaintiff can
25 support issuance of a preliminary injunction, so long
26 as the plaintiff also shows that there is a likelihood
27 of irreparable injury and that the injunction is in the
28 public interest." Id. at 1135.

1 **B. Discussion**

2 1. Likelihood of Success on the Merits

3 As discussed more fully below, Plaintiff has made a
4 showing that it is likely to succeed on the merits of
5 its claims.

6 a. *False Designation Claim*

7 "Section 43(a) of the Lanham Act, 15 U.S.C.
8 § 1125(a), forbids the use of false designations of
9 origin and false descriptions or representations in the
10 advertising and sale of goods and services." Smith v.
11 Montoro, 648 F.2d 602, 603 (9th Cir. 1981). In a false
12 designation claim, Plaintiff must prove that Defendants
13 "(1) use[d] in commerce (2) any word, false designation
14 of origin, false or misleading description, or
15 representation of fact, which (3) is likely to cause
16 confusion or misrepresents the characteristics of his
17 or another person's goods or services." Freecycle
18 Network, Inc. v. Oey, 505 F.3d 898, 902 (9th Cir.
19 2007). Courts have defined "use in commerce" to
20 include "communications made on public websites."
21 Nat'l Grange of the Order of Patrons of Husbandry v.
22 Cal. State Grange, No. 2:16-201 WBS DB, 2016 U.S. Dist.
23 LEXIS 158144, at *10 (E.D. Cal. Nov. 15, 2016).

24 Here, Plaintiff has clearly established that
25 Defendants have used the MK marks in commerce.
26 Defendants operate a website, www.morrison-knudsen.com,
27 which uses the MK mark in the domain name, and through
28 this website, Defendants represent that they are in

1 fact MK, taking credit for MK's history and
2 achievements. See Szurgot Decl., Ex. C.

3 Next, Plaintiff must establish a likelihood of
4 confusion between the marks. Freecycle Network, 505
5 F.3d at 902. Courts consider eight factors in
6 determining likelihood of confusion.³ However, at the
7 preliminary injunction stage, the court is not required
8 to consider all of the factors because the court "will
9 have had only a brief opportunity to consider the
10 different factors relevant to the likelihood of
11 confusion determination." Miss Universe, Inc. v.
12 Flesher, 605 F.2d 1130 (9th Cir. 1979).

13 Even a consideration of some of the factors shows a
14 likelihood of confusion. The uses of the MK marks are
15 identical. In fact, Defendants merely assumed
16 ownership of the MK marks and display them and MK's
17 history prominently on their website. Further,
18 Plaintiff and Defendants use identical MK marks in the
19 same market to sell the same services and goods,
20 including construction contracts and construction
21 equipment. Torres Decl., Ex. 7. The Ninth Circuit has
22

23 ³ The eight factors include "1) strength of the allegedly
24 infringed mark; 2) proximity or relatedness of the goods;
25 3) similarity of the sight, sound, and meaning of the marks;
26 4) evidence of actual confusion; 5) degree to which the marketing
27 channels converge; 6) type of goods and degree of care consumers
28 are likely to exercise in purchasing them; 7) intent of the
defendant in selecting the allegedly infringing mark; and
Metro Pub. v. San Jose Mercury News, 987 F.2d 637, 640 (9th Cir.
1993).

1 found it to be clear error "to find no likelihood of
2 confusion when two products with virtually identical
3 marks are in the same market." Honor Plastic Indus.
4 Co. v. Lollicup USA, Inc., 462 F. Supp. 2d 1122, 1132
5 (E.D. Cal. 2006)(citing Lindy Pen Co. v. Bic Pen Corp.,
6 796 F.2d 254, 257 (9th Cir. 1986)). Finally, Plaintiff
7 has provided evidence of actual confusion. Mr. Davis,
8 Plaintiff's former employee, discovered Defendants'
9 website and, after contacting one of Defendants'
10 employees, was convinced that Defendants were MK.
11 Davis Decl. ¶ 9. Accordingly, Plaintiff has shown a
12 likelihood of success on the merits for its false
13 designation claim.

14 Defendants argue that Plaintiff has abandoned its
15 use of the MK marks and therefore has no right to bring
16 its trademark claims under the Lanham Act. Opp'n 5:6-
17 16. To prove abandonment of the MK marks, Defendants
18 must prove "(1) discontinuance of trademark use and (2)
19 intent not to resume such use." Electro Source, Ltd.
20 Liab. Co. v. Brandess-Kalt-Aetna Grp., Inc., 458 F.3d
21 931, 935 (9th Cir. 2006). "Even a single instance of
22 use is sufficient against a claim of abandonment of a
23 mark if such use is made in good faith." Carter-
24 Wallace, Inc. v. Proctor & Gamble Co., 434 F.2d 794,
25 804 (9th Cir. 1970). Further, contrary to Defendants'
26 argument, use of a mark in promotional materials,
27 including "customer presentations and solicitations,"
28 is sufficient use to defeat an argument for

1 abandonment. Wells Fargo & Co. v. ABD Ins. & Fin.
2 Servs., Inc., 758 F.3d 1069, 1072 (9th Cir. 2014), as
3 amended (Mar. 11, 2014). This is true even where a
4 company has acquired another company and changed the
5 name of that company but still uses the acquired
6 company's marks in promotional materials. Id. at 1071.

7 Here, as the exhibits to the Szurgot Declaration
8 evidence, Plaintiff has continued to use the MK marks
9 and name in its promotional materials, including making
10 reference to MK's past projects. See Szurgot Decl.,
11 Exs. B-1, B-2, B-3, B-4. As Plaintiff argues, it
12 purchased the MK brand to profit from MK's impressive
13 history and to gain a competitive advantage in the
14 marketplace. Reply 10:4-9; see Wells Fargo, 758 F.3d
15 at 1072 (holding that use of a mark "demonstrate[s]
16 Wells Fargo's business calculation that it could
17 continue to benefit from the goodwill and mark
18 recognition associated with [the company it
19 acquired]"). Because Plaintiff has continued to use
20 the MK marks, Defendants' abandonment argument must
21 fail. See Cumulus Media, Inc. v. Clear Channel
22 Commc'ns, Inc., 304 F.3d 1167, 1174 (11th Cir.
23 2002)(finding use in promotional materials enough to
24 vitiate an abandonment argument).

25 b. *False Advertising*

26 As a preliminary matter, Defendants argue that
27 Plaintiff does not have standing to bring its false
28 advertising claim because the parties "are not

1 competitors." Opp'n 8:14-18. To allege standing for a
2 false advertising claim under the Lanham Act, the
3 plaintiff must show: (1) an "injury to a commercial
4 interest in sales or business reputation" (2) that is
5 "proximately caused by the defendant's
6 misrepresentations." Lexmark Int'l, Inc. v. Static
7 Control Components, Inc., 134 S. Ct. 1377, 1395 (2014).
8 Despite Defendants' argument, "a plaintiff need not be
9 a direct competitor with a defendant to bring a false
10 advertising claim under the Lanham Act." Luxul Tech.,
11 Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1170 (N.D.
12 Cal. 2015)(citing Lexmark, 134 S. Ct. at 1392).

13 Plaintiff alleges Defendants' misrepresentations as
14 to MK's involvement in Defendants' products and
15 services have injured Plaintiff because Plaintiff has
16 "lost control over the goodwill" in the MK name and
17 "Defendants literally transferred Plaintiff's property
18 into Defendants' own name and control." Reply 3:4-10.
19 The Court holds that this is sufficient for standing
20 under a false advertising claim. Because Defendants
21 have essentially stolen the MK brand from Plaintiff,
22 Defendants' advertising of the MK brand and services
23 under this brand "causes [consumers] to withhold trade
24 from the plaintiff." Lexmark, 134 S. Ct. at 1391.
25 Defendants' deception also hurts Plaintiff's business
26 reputation, which includes the MK brand Plaintiff
27 acquired with the purchase of the MK entities.
28 Accordingly, Plaintiff has standing to bring its false

1 advertising claim.

2 To succeed on its claim for false advertising under
3 the Lanham Act,⁴ Plaintiff must prove:

4 (1) a false statement of fact by the defendant
5 in a commercial advertisement about its own or
6 another's product; (2) the statement actually
7 deceived or has the tendency to deceive a
8 substantial segment of its audience; (3) the
9 deception is material, in that it is likely to
10 influence the purchasing decision; (4) the
11 defendant caused its false statement to enter
12 interstate commerce; and (5) the plaintiff has
13 been or is likely to be injured as a result of
14 the false statement, either by direct diversion
15 of sales from itself to defendant or by a
16 lessening of the goodwill associated with its
17 products.

18 Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134,
19 1139 (9th Cir. 1997).

20 Both parties focus on the first element, with
21 Plaintiff arguing that the statements Defendants make
22 on their website are literally false, see Mot. 15:12-
23 24, and Defendants arguing that because Plaintiff
24 abandoned the MK marks, the statements Defendants make
25 cannot be literally false and are at best ambiguous,
26 see Opp'n 7:6-10.

27 "To demonstrate falsity within the meaning of the
28 Lanham Act, a plaintiff may show that the statement was
literally false, either on its face or by necessary

29 ⁴ Plaintiff also alleges violations of California Business
30 and Professions Code sections 17200 and 17500, which similarly
31 prohibit misleading advertising. However, these state law claims
32 are not substantively addressed because the state claims are
33 "substantially congruent" to the Lanham Act claims. JHP Pharm.,
34 Ltd. Liab. Co. v. Hospira, Inc., 52 F. Supp. 3d 992, 997 n.4
35 (C.D. Cal. 2014).

1 implication, or that the statement was literally true
2 but likely to mislead or confuse consumers." Southland
3 Sod Farms, 108 F.3d at 1139. "To be 'literally false'
4 the statement must be unambiguously false." Kwan
5 Software Eng'g, Inc. v. Foray Techs., Ltd. Liab. Co.,
6 No. C 12-03762 SI, 2014 U.S. Dist. LEXIS 17376, at *16
7 (N.D. Cal. Feb. 11, 2014).

8 Here, the alleged literally false statements
9 include, among others, statements on Defendants'
10 website that Defendants are in fact MK and taking
11 credit for MK projects including projects prior to
12 Plaintiff's acquisition of MK as well as Plaintiff's
13 current projects. Szurgot Decl. ¶ 11, Ex. C at 41-43,
14 47-50. In their argument, Defendants again rely on
15 Plaintiff's alleged abandonment of the MK marks;
16 however, as discussed above, Plaintiff continues to use
17 the MK marks and therefore has not abandoned these
18 marks. Defendants are claiming to be MK despite
19 Plaintiff's ownership of the MK entities and brand.
20 Therefore, the MK-related statements on Defendants'
21 website cannot be true and satisfy the first element of
22 Plaintiff's false advertising claim.

23 Plaintiff has shown a likelihood of success on the
24 remaining elements of false advertising. "Statements
25 that are literally false are presumed to have a
26 tendency to deceive," and therefore, Plaintiff need not
27 prove the second element of false advertising.

28 Leatherman Tool Grp., Inc. v. Coast Cutlery Co., 823 F.

1 Supp. 2d 1150, 1155 (D. Or. 2011); see McNeil-P.C.C.,
2 Inc. v. Bristol-Myers Squibb Co., 938 F.2d 1544, 1549
3 (2d Cir. 1991)("[When] the advertising claim is shown
4 to be literally false, the court may enjoin the use of
5 the claim without reference to the advertisement's
6 impact on the buying public.").

7 Additionally, "if the statements at issue are found
8 to be literally false, the court may presume
9 materiality." Itex Corp. v. Glob. Links Corp., 90 F.
10 Supp. 3d 1158, 1173 (D. Nev. 2015). Even if the Court
11 did not presume materiality, the statements at issue
12 were clearly made to influence consumers, who rely on
13 MK's brand and long history in the construction
14 industry when making a decision whether to engage
15 Defendants' services.

16 The statements at issue clearly entered interstate
17 commerce as Defendants published them on their website.
18 See United States v. Sutcliffe, 505 F.3d 944, 953 (9th
19 Cir. 2007)(stating that "the Internet is both an
20 instrumentality and channel of interstate
21 commerce")(internal quotations and citations omitted).
22 Finally, as to the injury element, "'a competitor need
23 not prove injury when suing to enjoin conduct that
24 violates section 43(a).'" Healthport Corp. v. Tanita
25 Corp. of Am., 563 F. Supp. 2d 1169, 1181 (D. Or.
26 2008)(quoting Harper House, Inc. v. Thomas Nelson,
27 Inc., 889 F.2d 197, 210 (9th Cir. 1989)). Even so,
28 Plaintiff has provided evidence to show that

1 Defendants' false statements have lessened the goodwill
2 in the MK brand, including that Plaintiff no longer has
3 control over the goodwill remaining in the brand.

4 Consequently, Plaintiff has proven a likelihood on
5 the success of the merits of its false advertising
6 claim.

7 c. *Cyberpiracy*

8 To succeed on a claim for cyberpiracy under 15
9 U.S.C. § 1125(d), Plaintiff "must establish that its
10 mark is distinctive, that defendants used a mark that
11 is identical or confusingly similar to [Plaintiff's
12 mark], and that defendant had a bad faith intent to
13 profit from the mark." Flow Control Indus. v. AMHI,
14 Inc., 278 F. Supp. 2d 1193, 1200 (W.D. Wash. 2003).
15 In looking at whether the mark is distinctive, the
16 Court focuses on whether the mark is distinctive **at the**
17 **time of registration of the domain name.**⁵ GoPets Ltd.
18 v. Hise, 657 F.3d 1024, 1030 (9th Cir. 2011).

19 Plaintiff provided a Whois Record for Defendants'
20 domain name, morrison-knudsen.com, which shows a
21 registration date of March 25, 2008. Torres Decl., Ex.
22 7. At that time, Plaintiff held a valid registered
23 trademark in MORRISON KNUDSEN. See Bottaro-Walklet
24 Decl. ¶ 5. A registered trademark is presumed to be
25 distinctive. Zobmondo Entm't, Ltd. Liab. Co. v. Falls

27 ⁵ Defendants do not mention this rule and instead
28 conclusorily argue that Plaintiff's "claim must fail because it
does not have [any] valid trademark." Opp'n 9:24-25.

1 Media, Ltd. Liab. Co., 602 F.3d 1108, 1113-14 (9th Cir.
2 2010) ("Where the PTO issues a registration without
3 requiring proof of secondary meaning, the presumption
4 is that the mark is inherently distinctive.").
5 Additionally, Defendants' domain name, morrison-
6 knudsen.com, is identical to Plaintiff's MORRISON
7 KNUDSEN mark. Therefore, Plaintiff can prove the first
8 two elements of its cyberspiracy claim.

9 Finally, Plaintiff must prove that Defendants had a
10 "bad faith intent to profit" from the MORRISON KNUDSEN
11 mark when they registered their domain name. 15 U.S.C.
12 § 1125(d)(1)(A)(i). "[T]he defendant must intend to
13 profit specifically from the goodwill associated with
14 another's trademark." Solid Host, NL v. Namecheap,
15 Inc., 652 F. Supp. 2d 1092, 1109 (C.D. Cal. 2009). The
16 statute lists nine factors to consider when determining
17 whether a defendant has acted with a bad faith intent
18 to profit from the use of a mark. See 15 U.S.C. §
19 1125(d)(1)(B)(I)-(IX). However, courts are not limited
20 to these listed factors in making a determination of a
21 bad faith intent. See Sporty's Farm L.L.C. v.
22 Sportsman's Mkt., Inc., 202 F.3d 489, 498 (2d Cir.
23 2000).

24 There is ample evidence of Defendants' bad faith
25 intent to profit from their use of the MORRISON KNUDSEN
26 mark. First, Defendants did not have any intellectual
27 property rights in the mark at the time they registered
28 the domain name containing the mark. See 15 U.S.C.

1 § 1125(d)(1)(B)(i)(I). In fact, Plaintiff owned the
2 registered MORRISON KNUDSEN mark at the time
3 Defendants' registered the domain name. See Bottaro-
4 Walklet Decl. ¶ 5. Further, Defendant Hale submitted a
5 "change of address" request to the USPTO seeking to
6 change the address of the registered MORRISON KNUDSEN
7 mark to Defendants' address. Id. ¶ 6. Defendant Hale
8 did this without any apparent authority from the true
9 owner of the mark, Plaintiff. Id. ¶ 6. Following the
10 cancellation of the MORRISON KNUDSEN mark in February
11 2016, Defendants applied to register the mark with the
12 USPTO, claiming that their first use of the mark in
13 commerce was "at least as early as April 18, 1933," the
14 date MK, not Defendants, began using the mark. Torres
15 Decl. ¶, Ex. 5 at 155. Finally, Defendants, on the
16 morrison-knudsen.com website, tout the architectural
17 accomplishments associated with the MK marks, claiming
18 that these accomplishments are their own. Szurgot
19 Decl. ¶ 11, Ex. C at 41-43. Defendants' actions with
20 regard to the MORRISON KNUDSEN mark therefore
21 demonstrate a "bad faith intent to profit" from the use
22 of the mark. Plaintiff has established a likelihood of
23 success on the merits of its cyberpiracy claim.

24 2. Irreparable Harm

25 In addition to demonstrating a likelihood of
26 success on the merits of its claims, Plaintiff must
27 demonstrate that it is likely to suffer irreparable
28 harm if the Court does not grant the preliminary

1 injunction. Winter, 555 U.S. at 20. While monetary
2 harm is typically not sufficient to demonstrate
3 irreparable harm, see California Pharmacists Ass'n v.
4 Maxwell-Jolly, 563 F.3d 847, 851-52 (9th Cir. 2009),
5 "[e]vidence of loss of control over business reputation
6 and damage to goodwill could constitute irreparable
7 harm," Herb Reed Enterprises, LLC v. Florida
8 Entertainment Management, 736 F.3d 1239, 1250 (9th Cir.
9 2013).

10 Defendants argue that Plaintiff was aware of the
11 alleged wrongful conduct in May 2017 but did not file
12 the Action until four months later, which suggests that
13 there is no irreparable injury. Opp'n 10:1-5. A "long
14 delay before seeking a preliminary injunction implies a
15 lack of urgency and irreparable harm." Oakland
16 Tribune, Inc. v. Chronicle Publ'g, 762 F.2d 1374, 1377
17 (9th Cir. 1985). Here, Plaintiff sent Defendants a
18 letter dated May 30, 2017 regarding Defendants'
19 allegedly infringing conduct to which Defendants
20 responded on June 1, 2017 stating that Plaintiff was
21 the one fraudulently using the MK marks. Torres Decl.,
22 Exs. 8, 9. Plaintiff's counsel responded on June 13,
23 2017 in an email outlining Plaintiff's history and its
24 acquisition of the MK entities and MK brand. Id., Ex.
25 9. Plaintiff then ordered Defendants' corporate
26 records, which it received on June 26, 2017. Plaintiff
27 filed suit approximately three weeks later, on July 21,
28 2017 [1], and filed the instant Motion ten days later,

1 on August 1, 2017 [11]. The few weeks' delay in filing
2 the instant Motion, during which Plaintiff likely
3 conducted further investigation on Defendants' actions
4 necessitating the instant Motion, does not weigh
5 against a finding of irreparable harm. See Disney
6 Enters. v. VidAngel, Inc., No. 16-56843, 2017 U.S. App.
7 LEXIS 16188, at *36 (9th Cir. Aug. 24, 2017)(affirming
8 decision that delay did not negate irreparable harm
9 because plaintiff was investigating defendant's alleged
10 infringement and defendant made clear it would continue
11 its alleged infringement).

12 Plaintiff has properly established a likelihood of
13 irreparable harm should the Court not grant injunctive
14 relief. According to the Ninth Circuit's opinion in
15 Herb Reed, plaintiffs seeking injunctive relief must
16 proffer evidence, not just "pronouncements [] grounded
17 in platitudes," to establish a likelihood of
18 irreparable harm. 736 F.3d at 1250-51. Defendants'
19 usurpation of the MK brand, including MK's
20 accomplishments and the MK marks, has prevented
21 Plaintiff from exclusively controlling the brand and
22 its goodwill, something Plaintiff paid to acquire.
23 Plaintiff has offered evidence of Defendants'
24 fraudulent takeover of the entire MK brand, which
25 Plaintiff argues will continue to harm its business
26 reputation. Mot. 21:3-16. On October 22, 2014,
27 Defendant Topolewski filed a Certificate of Revival for
28 MK Viet Nam. See Torres Decl., Ex. 2 at 97. In the

1 Certificate of Revival, Defendant Topolewski named
2 himself as the President of MK Viet Nam and declared,
3 under penalty of perjury, that he had authorization
4 from the board of directors of MK Viet Nam to revive
5 the company. Id. at 99. Plaintiff, the owner of the
6 MK brand, at no time authorized Defendant Topolewski to
7 revive MK Viet Nam. Then, on November 10, 2016,
8 Defendant Hale submitted a change of address form to
9 the USPTO seeking to change the address of the owner of
10 the MORRISON KNUDSEN mark from Washington Group
11 International, Inc.'s address (the former name of MK
12 prior to Plaintiff's acquisition) to Defendants'
13 address. Bottaro-Walklet Decl., Ex. F. In essence,
14 Defendant Hale was assuming ownership of the mark and
15 cutting off Plaintiff's chain of communication with the
16 USPTO regarding the MORRISON KNUDSEN mark. As
17 explained above, Defendants also renamed a number of
18 their corporations to include the MK name. See Torres
19 Decl., Exs. 3, 4. When Plaintiff discovered Defendants
20 had essentially assumed the identity of the MK brand,
21 Plaintiff sent a cease and desist letter to which
22 Defendants responded that Plaintiff's letter was a
23 "petty act of extortion and larceny," and instead,
24 Defendants accused Plaintiff of fraudulently claiming
25 it owned the MK brand. Id., Ex. 9 at 179. Such a
26 response shows Defendants have no intent to stop using
27 the MK brand.

28 As the evidence Plaintiff presented shows,

1 Defendants have engaged in deceptive tactics to gain
2 control over the entire MK brand. Defendants' takeover
3 has allegedly resulted in a billion dollar construction
4 contract under the MK brand. See id., Ex. 6 at 164.
5 Defendants are using the MK brand and its impressive
6 history to gain an advantage in the marketplace.
7 Ultimately, Defendants have "borrow[ed] [Plaintiff's]
8 reputation, whose quality no longer lies within
9 [Plaintiff's] own control." Opticians Ass'n of Am. v.
10 Indep. Opticians of Am., 920 F.2d 187, 195 (3d Cir.
11 1990). Such a complete loss of control over a brand,
12 including the quality of the products and services
13 Defendants offer under this stolen brand, as well as
14 Defendants' clear intent to continue operating under
15 the MK brand demonstrate that Plaintiff is likely to
16 suffer irreparable harm absent a preliminary
17 injunction. See Toyo Tire & Rubber Co. v. Kabusikiki
18 Kaisha Tokyo Nihoon Rubber Corp., No. 214CV01847JADVCF,
19 2015 WL 6501228, at *4 (D. Nev. Oct. 26, 2015)(finding
20 likelihood of irreparable harm where defendant piggy-
21 backed off of plaintiff's success and there was "no
22 indication that defendant [would] cease its infringing
23 activity absent injunctive relief").

24 3. Balance of Hardships

25 "In evaluating the balance of hardships a court
26 must consider the impact granting or denying a motion
27 for a preliminary injunction will have on the
28 respective enterprises." Int'l Jensen, Inc. v.

1 Metrosound U.S.A., Inc., 4 F.3d 819, 827 (9th Cir.
2 1993).

3 The balance of hardships tip in favor of Plaintiff.
4 Defendants argue that if the Court grants a preliminary
5 injunction, Defendants "would be essentially put out of
6 business."⁶ Opp'n 11:21. However, Plaintiff has not
7 authorized Defendants to operate their business using
8 the MK marks and brand. As explained above,
9 Defendants, through their statements to the USPTO and
10 actions in creating several Morrison Knudsen entities,
11 have assumed the MK identity, infringing on Plaintiff's
12 ownership of the MK marks and brand. "It is no
13 hardship to cease intentionally infringing someone
14 else's trademark rights." Diller v. Barry Driller,
15 Inc., No. CV 12-7200 ABC EX, 2012 WL 4044732, at *10
16 (C.D. Cal. Sept. 10, 2012).

17 Additionally, the potential hardship on Defendants
18 is "purely economic," see id., while the hardship on
19 Plaintiff is a complete loss of control over the brand
20 and history of the MK entities it specifically paid to
21 acquire. Defendants cannot argue an injury that they

22
23 ⁶ Plaintiff argues that Defendants operate another business,
24 Topolewski America Inc., which provides construction services and
25 sale of construction equipment, just as Defendants do under the
26 MK brand. Reply 13:13-20. Assuming this is true, Defendants can
27 continue to operate under the Topolewski brand. No matter what
28 the name of the company, Defendants can still offer construction
services and sell construction equipment. Their only reason for
operating under the MK brand is to profit from the long and
impressive history of the MK brand, a brand Plaintiff owns. This
is just further evidence that the balance of hardships tips in
favor of Plaintiff.

1 brought upon themselves through deceptively adopting
2 trademarks and an entire brand that are identical to
3 that which Plaintiff owns. See Moroccanoil, Inc. v.
4 Moroccan Gold, LLC, 590 F. Supp. 2d 1271, 1282 (C.D.
5 Cal. 2008). Therefore, the balance of hardships tips
6 in Plaintiff's favor.

7 4. Public Interest

8 "A plaintiff seeking an injunction must establish
9 that the injunction is in the public interest."

10 Internet Specialties W., Inc. v. Milon-DiGiorgio
11 Enters., Inc., 559 F.3d 985, 993 (9th Cir. 2009).

12 "[T]he most basic public interest at stake in all
13 Lanham Act cases [is] the interest in prevention of
14 confusion, particularly as it affects the public
15 interest in truth and accuracy." Kos Pharms., Inc. v.

16 Andrx Corp., 369 F.3d 700, 730 (3d Cir. 2004). "An
17 injunction to prevent intentional trademark
18 infringement not only protects the plaintiff, but
19 protects the public from trademark confusion." Diller,
20 2012 WL 4044732, at *10.

21 Here, it could not be more clear that enjoining
22 Defendants' use of the MK brand would promote the
23 public interest in preventing consumer confusion.
24 Defendants have not used a deceptively similar mark,
25 they have taken over the entire MK brand, including
26 using identical trademarks and listing MK's
27 accomplishments as Defendants' own. Szurgot Decl., Ex.
28 C. In fact, Plaintiff's own employee was confused by

1 Defendants' use of the MK brand when he contacted
2 Defendants seeking information about their services.
3 See Davis Decl. Such confusion was only made worse by
4 Defendants' assurance that Plaintiff had sold the MK
5 brand to make money. See id., Ex. L. It is therefore
6 in the public interest to prevent confusion regarding
7 the ownership of the MK brand by enjoining Defendants'
8 use of the MK brand.

9 5. Request for Bond

10 Federal Rule of Civil Procedure 65(c) provides that
11 "[t]he court may issue a preliminary injunction or a
12 temporary restraining order only if the movant gives
13 security in an amount that the court considers proper
14 to pay the costs and damages sustained by any party
15 found to have been wrongfully enjoined or restrained."
16 The Ninth Circuit has recognized that Rule 65(c)
17 invests the district court "with discretion as to the
18 amount of security required, if any." Barahona-Gomez
19 v. Reno, 167 F.3d 1228, 1237 (9th Cir. 1999)(citing
20 Doctor's Assocs., Inc. v. Stuart, 85 F.3d 975, 985 (2d
21 Cir. 1996)).

22 In their Opposition, Defendants request that the
23 Court "impose a bond of at least \$5 million." Opp'n
24 12:17-21. Defendants have not cited to any authority
25 to support this bond amount. Further, Defendants have
26 not even provided an explanation for how they reached
27 the \$5 million bond amount or evidence of the loss that
28 they would incur should the Court issue a preliminary

1 injunction. Plaintiff argues that because Defendants
2 have failed to prove they will suffer any damages if
3 the Court issues a preliminary injunction, no bond is
4 required. Mot. 15:18-19.

5 While Plaintiff has provided evidence that
6 Defendants operate another business, Topolewski
7 America, which offers the same products and services as
8 their MK company, the Court's issuance of a preliminary
9 injunction will halt all operation of Defendants' MK
10 company. However, because Defendants have provided no
11 evidence of potential damages, including lost sales or
12 business, the Court, in its discretion, orders a bond
13 of \$50,000.00.

14 **IV. CONCLUSION**

15 Based on the foregoing, the Court **GRANTS**
16 Plaintiff's Motion for Preliminary Injunction [11] and
17 orders Plaintiff to post a bond of \$50,000.00 within
18 fourteen days of the Order.

19 **IT IS SO ORDERED:**

20 1. Pursuant to the Court's Order granting Plaintiff's
21 Motion, Defendants John Ripley; Todd Hale; Gary
22 Topolewski; Henry Blum; Bud Zukaloff; Morrison
23 Knudsen Corporation; Morrison-Knudsen Company,
24 Inc.; Morrison-Knudsen Services, Inc.; and
25 Morrison-Knudsen International Inc. and their
26 agents, officers, employees, representatives,
27 successors, assigns, attorneys, and those persons
28 acting for, with, by, or under authority of

1 Defendants, or in concert or participation with
2 Defendants, are HEREBY ENJOINED FROM:

- 3 a) using, displaying, or otherwise exploiting the
4 MK trademarks, including MORRISON KNUDSEN and
5 MKCO MORRISON KNUDSEN, in connection with the
6 advertising, distribution, display, sale, or
7 offering for sale of any products or services;
8 b) using the Morrison Knudsen domain name
9 (morrison-knudsen.com) and any associated email
10 addresses;
11 c) making any statement or representation or
12 performing any act likely to lead members of
13 the public to believe that the business
14 Defendants operate at 2049 Century Park East,
15 Suite 3850, Los Angeles, California 90067 is in
16 any manner, directly or indirectly, associated,
17 affiliated or connected with, or licensed,
18 sponsored, authorized or approved by Plaintiff
19 and the MK brand;
20 d) conducting business, including selling any
21 product or service, under the names Morrison-
22 Knudsen Services, Inc.; Morrison Knudsen
23 Corporation; Morrison Knudsen International
24 Inc.; Morrison-Knudsen Company, Inc.; or any
25 other related entities.

26 2. Plaintiff is ordered to post a bond in the amount
27 of \$50,000.00 within fourteen days of the date of
28 this Order. This Order granting preliminary

1 injunctive relief to Plaintiff shall only become
2 effective upon the posting of the bond as set forth
3 above within the time limit set by the Court.

4 Failure to do so, absent a court-ordered extension,
5 may result in the withdrawal of this Order and the
6 denial of Plaintiff's Motion.

- 7 3. Within twenty-one days of the date Plaintiff posts
8 the bond described above, each Defendant shall file
9 a sworn affidavit detailing the manner in which
10 that Defendant has complied with this Order.

11
12 DATED: September 27, 2017

s/ RONALD S.W. LEW

13 **HONORABLE RONALD S.W. LEW**
14 Senior U.S. District Judge
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