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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION**

MERSCORP HOLDINGS, INC., et al.,

Plaintiffs,

v.

MERS, INC, et al.,

Defendants.

Case No. 16-cv-04380-BLF

**ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFFS' EX PARTE APPLICATION FOR TEMPORARY RESTRAINING ORDER, ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION, AND REQUEST TO SERVE VIA PUBLICATION**

**[RE: ECF 12]**

Plaintiffs MERSCORP Holdings, Inc. and Mortgage Electronic Registration Systems, Inc. sue Defendants MERS, Inc and Mortgage Electronic Registration System, Inc. (MERS) for trademark infringement and related claims. Presently before the Court is Plaintiffs' Ex Parte Application for Temporary Restraining Order, Order to Show Cause Re: Preliminary Injunction, and Request to Serve via Publication.

For the reasons discussed below, the application for a temporary restraining order ("TRO") is GRANTED IN PART AND DENIED IN PART, the application for an Order to Show Cause Re: Preliminary Injunction is GRANTED, and the request for permission to serve Defendants via publication is GRANTED.

**I. BACKGROUND**

Plaintiffs present evidence of the following facts. Plaintiff MERSCORP Holdings, Inc. owns and operates the MERS® System database, "a national electronic registry system that tracks the changes in servicing rights and beneficial ownership interests in mortgage loans that are registered on the system." Marmion Decl. ¶ 2, ECF 12-4. The MERS® System database is the only national database that provides free information regarding the servicers of registered home mortgages. *Id.* The MERS® System database is used by local governmental entities to identify

1 the parties responsible for maintaining vacant properties. *Id.*

2 Plaintiff Mortgage Electronic Registration System, Inc., a wholly-owned subsidiary of  
3 MERSCORP Holdings, Inc., serves as the beneficiary or mortgagee of record and nominee for the  
4 beneficial owner of mortgage loans registered on the MERS® System database. Marmion Decl. ¶  
5 4.

6 While there have been various iterations of their company names over time, Plaintiffs have  
7 continuously used the trade names “MERSCORP” and “Mortgage Electronic Registration  
8 Systems, Inc.” in connection with the above-described services since 1995. Marmion Decl. ¶ 2  
9 and n.1. Additionally, Plaintiff MERSCORP Holdings, Inc. owns the federal trademark  
10 registration for the MERS® word mark, which was issued in 1997. *Id.* ¶ 6. That federal  
11 registration has obtained incontestable status. *Id.* ¶ 7 and Exh. C.

12 On December 16, 2015, an individual named Jack Lyles filed Articles of Incorporation  
13 with the California Secretary of State for “MERS, Inc.,” and on the same date an individual named  
14 Connie Vargas filed Articles of Incorporation with the California Secretary of State for “Mortgage  
15 Electronic Registration System, Inc. (MERS).” Marmion Decl. ¶ 10. On March 29, 2016,  
16 Statements of Information were filed with the California Secretary of State indicating that MERS,  
17 Inc and Mortgage Electronic Registration System, Inc. (MERS) would be in the business of  
18 “loans.” *Id.* ¶ 11. The documents filed with the Secretary of State identified the corporate address  
19 of MERS, Inc as 248 3rd Street, #42, Oakland, California 94607, and the corporate address of  
20 Mortgage Electronic Registration System, Inc. (MERS) as 248 3rd Street, #429, Oakland,  
21 California 94607. *Id.* ¶ 12.

22 Plaintiffs retain a trademark monitoring vendor to provide alerts as to any suspected  
23 trademark infringement. Marmion Decl. ¶ 9. That vendor informed Plaintiffs of the incorporation  
24 of Defendants in California. *Id.* ¶ 10. In April and May 2016, Plaintiffs sent Defendants multiple  
25 cease and desist letters to the addresses set forth in their corporate registration records. *Id.* ¶¶ 13-  
26 14. All of the letters were returned as undeliverable. *Id.* ¶ 14. The street address provided in  
27 Defendants’ corporate records is a business, Jack London Mail, which offers packing and mailing  
28 services as well as rental mailboxes. Nguyen Decl., ¶ 2. Mailbox number 42 – the registered

1 address of MERS, Inc – does not exist. *Id.* ¶ 3. Mailbox number 429 – the registered address of  
2 Mortgage Electronic Registration System, Inc. (MERS) – does not belong to Connie Vargas or to  
3 an entity named Mortgage Electronic Registration System, Inc. (MERS). *Id.* ¶ 4. The owner of  
4 Jack London Mail states that approximately six months ago, Jack London Mail began receiving  
5 mail and service of process documents intended for Plaintiffs on a regular basis, generally once or  
6 twice per week. *Id.* ¶¶ 5, 7. The mail is rejected and process servers are turned away. *Id.* ¶ 6.

7 Plaintiffs hired an investigator to locate Defendants. Phillips Decl. ¶ 3, ECF 12-3. The  
8 investigator could not locate Jack Lyles, who is listed with the California Secretary of State as the  
9 corporate officer for MERS, Inc *Id.* The investigator located a residential address and cellular  
10 telephone number for a Connie Vargas, who is listed with the California Secretary of state as the  
11 corporate officer for Mortgage Electronic Registration System, Inc. (MERS). *Id.* ¶ 4. However,  
12 when Plaintiffs’ counsel called the cellular telephone number, the woman who answered denied  
13 being Connie Vargas and hung up. *Id.* ¶ 5.

14 Plaintiffs filed this action on August 3, 2016, alleging claims for: (1) trademark  
15 infringement under 15 U.S.C. § 1114; (2) false designation of origin under 15 U.S.C. § 1125(a);  
16 and (3) unfair competition under California Business & Professions Code § 17200.

17 Plaintiffs now seek a TRO enjoining Defendants, their officers, agents, servants,  
18 employees, and attorneys and all those in active concert or participation with them from the  
19 following conduct:

- 20 1. Using the MERS® Mark, MERSCORP trade name, or Mortgage  
21 Electronic Information Systems, Inc. trade name, or any confusingly similar  
versions thereof, in commerce in the United States;
- 22 2. Maintaining an active corporation with the name MERS, Inc or  
23 Mortgage Electronic Registration System, Inc. (MERS) or any confusingly  
similar name; and
- 24 3. Assisting, aiding, or abetting any other person or entity in engaging in or  
25 performing any of the activities referred to in subparagraphs (i) and (ii)  
above.

26 Pls.’ Proposed Order, ECF 12-1.

27 Plaintiffs also request that the Court order the California Secretary of State to:  
28

- 1           1.       Suspend the incorporation for MERS, Inc, entity no. C3851651, and  
2                    Mortgage Electronic Registration System, Inc. (MERS), entity no.  
3                    C3851652; and
- 4           2.       Post an order and notice of the correct address for Plaintiffs, as follows:  
5                    1818 Library Street, Suite 300, Reston, Virginia 20190 to its public records  
6                    for Defendants, including but not limited to its online registry of business  
7                    entities.

8 Pls.’ Proposed Order, ECF 12-1.

9 **II.   LEGAL STANDARD**

10 **A.    Notice**

11           The Court may issue a TRO without notice to the adverse party only if (1) “specific facts  
12 in an affidavit or a verified complaint” show that immediate and irreparable injury will occur  
13 before the adverse party can be heard and (2) the movant’s attorney certifies in writing what  
14 efforts were made to give notice and the reasons why notice should not be required. Fed. R. Civ.  
15 P. 65(b). In addition, this district’s Civil Local Rules require that “[u]nless relieved by order of a  
16 Judge for good cause shown, on or before the day of an ex parte motion for a temporary  
17 restraining order, counsel applying for the temporary restraining order must deliver notice of such  
18 motion to opposing counsel or party.” Civ. L.R. 65-1(b).

19           Plaintiffs have submitted declarations of counsel, the investigator hired to locate  
20 Defendants, and the owner of Jack London Mail documenting Plaintiffs’ unsuccessful efforts to  
21 locate Defendants. *See* Phillips Decl., ECF 12-3; Marmion Decl., ECF 12-4; Nguyen Decl., ECF  
22 12-12; and Imperial Decl., ECF 12-13. Those declarations show that for at least six months, a  
23 significant amount of mail intended for Plaintiffs has been misdirected to Jack London Mail.  
24 Marmion Decl. ¶ 17-18. The mail is rejected by Jack London Mail and does not reach Plaintiffs.  
25 *Id.* ¶ 18-19. Process servers and delivery personnel with documents for Plaintiffs are turned away  
26 from Jack London Mail. *Id.* Plaintiffs’ counsel states that Plaintiffs are being irreparably harmed  
27 by these circumstances, as they are being deprived of their rights and ability to receive mail and  
28 service of process, which threatens their ability to conduct business. *Id.* ¶ 19. Counsel also notes  
that Plaintiffs manage a large volume of legal cases, and their ability to meet important deadlines  
is impaired by the misdirected mail, process servers, and delivery personnel. *Id.* ¶¶ 19-20.

1           The Court concludes that Plaintiffs have met the requirements of Federal Rule of Civil  
2 Procedure 65(b) and Civil Local Rule 65-1(b). The Court thus may issue the requested TRO if  
3 Plaintiffs make an appropriate showing under the legal standard set forth below.

4           **B.       Standard for Issuing TRO**

5           The standard for issuing a temporary restraining order is identical to the standard for  
6 issuing a preliminary injunction. *Stuhlbarg Int’l Sales Co., Inc. v. John D. Brush & Co.*, 240 F.3d  
7 832, 839 n.7 (9th Cir. 2001); *Lockheed Missile & Space Co. v. Hughes Aircraft*, 887 F. Supp.  
8 1320, 1323 (N.D. Cal. 1995). An injunction is a matter of equitable discretion and is “an  
9 extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled  
10 to such relief.” *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7, 22 (2008). A  
11 plaintiff seeking preliminary injunctive relief must establish “[1] that he is likely to succeed on the  
12 merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that  
13 the balance of equities tips in his favor, and [4] that an injunction is in the public interest.” *Id.* at  
14 20. “[I]f a plaintiff can only show that there are serious questions going to the merits – a lesser  
15 showing than likelihood of success on the merits – then a preliminary injunction may still issue if  
16 the balance of hardships tips *sharply* in the plaintiff’s favor, and the other two *Winter* factors are  
17 satisfied.” *Friends of the Wild Swan v. Weber*, 767 F.3d 936, 942 (9th Cir. 2014) (internal  
18 quotation marks and citations omitted).

19           **III.   DISCUSSION**

20           **A.       TRO Directed to Defendants**

21           The Court has no difficulty concluding that Plaintiffs are entitled to the requested  
22 temporary injunctive relief directed to Defendants’ conduct.

23           **1.       Likelihood of Success**

24           Plaintiffs have demonstrated a likelihood of success with respect to their claims for  
25 trademark infringement (Claim 1) and false designation of origin (Claim 2). Taking those claims  
26 in order, a plaintiff asserting trademark infringement must demonstrate that it “owns a valid mark,  
27 and thus a protectable interest” and that Defendants’ “use of the mark ‘is likely to cause confusion,  
28 or to cause mistake, or to deceive.’” *Lahoti v. VeriCheck, Inc.*, 586 F.3d 1190, 1196 (9th Cir.

1 2009) (quoting *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 602 (9th  
2 Cir. 2005); *see also* 15 U.S.C. § 1114(1)(a), (b). Plaintiffs have demonstrated that MERSCORP  
3 Holdings, Inc. owns the federal trademark registration for the MERS® word mark, which was  
4 issued in 1997. Marmion Decl. ¶ 6 and Exhs. A, B. The mark has become incontestable. *Id.* ¶ 7  
5 and Exh. C.

6 “To determine whether a likelihood of consumer confusion exists, our court relies on the  
7 eight-factor *Sleekcraft* test, which reviews: (1) the strength of the mark; (2) proximity or  
8 relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5)  
9 marketing channels used; (6) type of goods and the degree of care likely to be exercised by the  
10 purchaser; (7) the defendant’s intent in selecting the mark; and (8) the likelihood of expansion of  
11 the product lines.” *JL Beverage Co., LLC v. Jim Beam Brands Co.*, --- F.3d ----, 2016 WL  
12 3770484, at \*5 (9th Cir. July 14, 2016) (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49  
13 (9th Cir. 1979), *abrogated in part on other grounds by Mattel, Inc. v. Walking Mountain Prods.*,  
14 353 F.3d 792, 810 (9th Cir. 2003)). “The factors are non-exhaustive and applied flexibly; the  
15 *Sleekcraft* factors are not intended to be a rote checklist.” *Id.* (internal quotation marks and  
16 citation omitted).

17 Plaintiffs present evidence that the MERS® word mark has been used by MERSCORP  
18 Holdings, Inc. or its predecessors continuously since 1997 in connection with mortgage  
19 registration services, which include the MERS® System database (factor 1). Marmion Decl. ¶¶ 2,  
20 6-8. Defendants filed Statements of Information with the California Secretary of State indicating  
21 that they would be in the business of “loans” (factor 2) and Defendants’ company names are  
22 confusingly similar to the MERS® mark (factor 3). *Id.* ¶ 11. There is ample evidence of actual  
23 confusion in that mail, process servers, and delivery persons attempting to reach Plaintiffs have  
24 attempted to do so at Defendants’ address of record (factor 4). *Id.* ¶¶ 17-18. Plaintiffs have not  
25 made a specific showing as to marketing channels used (factor 5), but the confusion regarding  
26 Plaintiffs’ addresses suggests a low degree of care is likely to be exercised by consumers (factor  
27 6). The closeness of Defendants’ company names to the MERS® mark suggests an intent to  
28 confuse the public (factor 7). The likelihood of expansion of product lines is unknown (factor 8).

1 This showing is sufficient to establish a likelihood of customer confusion and thus, in conjunction  
2 with Plaintiffs’ showing of ownership of the MERS® word mark, is sufficient to establish a  
3 likelihood of success on the merits of Claim 1.

4 A plaintiff asserting false designation of origin based upon similar trade names must make  
5 virtually the same showing. *See Accuride Int’l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1534  
6 (1989) (“[T]he same broad standards of protection apply to trademarks and trade names.”).  
7 “[L]ikelihood of confusion is unquestionably the key to a finding of infringement in either case.”  
8 *Id.* at 1535. The Ninth Circuit has held specifically that the *Sleekcraft* test is an appropriate means  
9 for determining likelihood of confusion with respect to a claim for false designation of origin  
10 based upon similar trade names. *Id.* at 1536. Applying the *Sleekcraft* test here, Plaintiffs present  
11 evidence that they have continuously used the trade names “MERSCORP” and “Mortgage  
12 Electronic Registration Systems, Inc.” in connection with mortgage related services since 1995  
13 (factor 1). Marmion Decl. ¶ 2 and n.1. Defendants’ company names are confusingly similar to  
14 Plaintiffs’ company names (factor 3). Evaluation of the remaining factors is identical to the  
15 evaluation performed above with respect to the trademark claim. Accordingly, Plaintiffs have  
16 demonstrated a likelihood of success on the merits of Claim 2.

17 **2. Irreparable Harm**

18 Plaintiffs have demonstrated that they will suffer irreparable harm absent issuance of the  
19 TRO. For at least six months, a significant amount of mail intended for Plaintiffs has been  
20 misdirected to Jack London Mail, as have process servers and delivery personnel. Marmion Decl.  
21 ¶ 17-19. Plaintiffs are being irreparably harmed by these circumstances, as they are being  
22 deprived of their rights and ability to receive mail and service of process, which threatens their  
23 ability to conduct business. *Id.* ¶ 19. Plaintiffs’ counsel notes specifically that Plaintiffs manage a  
24 large volume of legal cases, and their ability to meet important deadlines is impaired by the  
25 misdirected mail, process servers, and delivery personnel. *Id.* ¶¶ 19-20.

26 **3. Balance of Equities**

27 As discussed above, Plaintiffs are suffering continuous harm as a result of Defendants’ use  
28 of confusingly similar business names. However, it does not appear that either of the defendant

1 companies is a going concern, since Plaintiffs’ diligent attempts to locate Defendants were  
2 unsuccessful. As a result, it is unclear how a TRO precluding Defendants from using their  
3 business names would cause them harm.

4 **4. Public Interest**

5 Public policy favors granting an injunction when there is a likelihood of consumer  
6 confusion. See *Playboy Enterprises, Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1275 (9th Cir.  
7 1982) (“In addition to the harm caused the trademark owner, the consuming public is equally  
8 injured by an inadequate judicial response to trademark infringement.”).

9 Accordingly, Plaintiffs’ request for a TRO directed to Defendants’ conduct is GRANTED.

10 **B. TRO Directed to the California Secretary of State**

11 Plaintiffs request not only an order enjoining Defendants from using the subject trademark  
12 and trade names, but also an order requiring the California Secretary of State to suspend the  
13 incorporation for Defendants and post Plaintiffs’ address to California’s public records for  
14 Defendants. Plaintiffs have not cited, and the Court has not discovered, any statute or case law  
15 granting this Court authority to order the California Secretary of State to take the requested  
16 actions. Plaintiffs argued at the hearing that the Court could issue the requested order based upon  
17 its inherent authority or based upon analogy to courts’ statutory authority to cancel trademark  
18 registrations under the Lanham Act, 15 U.S.C. § 1119 and under California Business &  
19 Professions Code § 14230. The Court is not persuaded that these authorities provide a sufficient  
20 basis for it to issue a TRO directed to the California Secretary of State.

21 Accordingly, Plaintiffs’ application for TRO is DENIED WITHOUT PREJUDICE with  
22 respect to Plaintiffs’ request for an order directed to the California Secretary of State.

23 **C. Security**

24 Federal Rule of Civil Procedure 65(c) provides that “[t]he court may issue a preliminary  
25 injunction or a temporary restraining order only if the movant gives security in an amount that the  
26 court considers proper to pay the costs and damages sustained by any party found to have been  
27 wrongfully enjoined or restrained.” Fed. R. Civ. P. 65(c). The Ninth Circuit has “recognized that  
28 Rule 65(c) invests the district court with discretion as to the amount of security required, *if any.*”

1 *Jorgensen v. Cassidy*, 320 F.3d 906, 919 (9th Cir. 2003) (internal quotation marks and citation  
2 omitted) (italics in original). “The district court may dispense with the filing of a bond when it  
3 concludes there is no realistic likelihood of harm to the defendant from enjoining his or her  
4 conduct.” *Id.*

5 As discussed above, it does not appear that either of the defendant companies is doing  
6 business at this time, since Plaintiffs have been unable to locate them. Thus it does not appear that  
7 enjoining Defendants from using their business names would cause them harm. Under these  
8 circumstances, the Court finds it appropriate to issue the TRO without requiring Plaintiffs to  
9 provide security.

10 **D. Duration of TRO**

11 The TRO will expire “at the time after entry – not to exceed 14 days – that the court sets,  
12 unless before that time the court, for good cause, extends it for a like period or the adverse party  
13 consents to a longer extension.” Fed. R. Civ. P. 65(b)(2). “The reasons for an extension must be  
14 entered in the record.” *Id.* Because Plaintiffs have been unable to locate Defendants, Plaintiffs  
15 have requested leave to effect service of process via publication. As discussed below, the Court  
16 finds that request to be well-taken and will grant Plaintiffs’ request to effect service via  
17 publication in accordance with the requirements of California Code of Civil Procedure § 415.50.  
18 The minimum time to effect service under that statute exceeds fourteen days. The Court therefore  
19 finds good cause to extend the TRO an additional fourteen days, for a total of twenty-eight days,  
20 until September 20, 2016.

21 **E. Order to Show Cause Re: Preliminary Injunction**

22 The Court HEREBY SETS a hearing on Plaintiffs’ motion for a preliminary injunction for  
23 Tuesday, September 20, 2016, at 2:00 p.m., twenty-eight days after issuance of the TRO. A  
24 separate Order to Show Cause Re: Preliminary Injunction is issued contemporaneously with the  
25 present order.

26 **F. Notice via Publication**

27 Plaintiffs have presented evidence establishing that despite diligent efforts that have been  
28 unable to locate Defendants. The Court therefore GRANTS Plaintiffs’ request for leave to effect

1 service of process via publication that meets the requirements of California Code of Civil  
2 Procedure 415.50. Those requirements are addressed in detail in a separate order issued  
3 contemporaneously with the present order.

4 **IV. ORDER**

5 (1) Plaintiffs' application for TRO is GRANTED IN PART as follows, but is DENIED  
6 WITHOUT PREJUDICE with respect to Plaintiffs' request for an order directed to  
7 the California Secretary of State:

8 Defendants, their officers, agents, servants, employees, and attorneys and all those  
9 in active concert or participation with them are ENJOINED from the following  
conduct:

- 10 1. Using the MERS® Mark, MERSCORP trade name, or Mortgage  
11 Electronic Information Systems, Inc. trade name, or any confusingly  
similar versions thereof, in commerce in the United States;
  - 12 2. Maintaining an active corporation with the name MERS, Inc or  
13 Mortgage Electronic Registration System, Inc. (MERS) or any  
confusingly similar name; and
  - 14 3. Assisting, aiding, or abetting any other person or entity in engaging in or  
15 performing any of the activities referred to in subparagraphs (i) and (ii)  
above.
- 16 (2) The TRO is granted without security;
- 17 (3) The TRO shall remain in effect for a total of twenty-eight days, until September 20,  
18 2016, unless otherwise ordered by the Court;
- 19 (4) Plaintiffs' motion for preliminary injunction is SET FOR HEARING on September  
20 20, 2016, at 2:00 p.m.;
- 21 (5) Plaintiffs' request for leave to effect service of process via publication is  
22 GRANTED as set forth herein; and
- 23 (6) The Court separately issues a TRO and OSC Re: Preliminary Injunction directed to  
24 Defendants, compelling their compliance with this order, and setting a hearing on  
25 Plaintiff's motion for preliminary injunction.

26  
27 Dated: August 23, 2016

  
BETH LABSON FREEMAN  
United States District Judge