

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 5:23-cv-01597-SVW-SHK

Date July 16, 2024

Title *The M.I.B. Group LLC v. Steven R. Aguilar et al.*

Present: The Honorable STEPHEN V. WILSON, U.S. DISTRICT JUDGE

Paul M. Cruz

N/A

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

N/A

N/A

Proceedings: ORDER DENYING DEFENDANTS’ MOTION FOR SUMMARY JUDGMENT AND GRANTING IN PART AND DENYING IN PART PLAINTIFF’S MOTION FOR SUMMARY JUDGMENT [ECF Nos. 91, 93]

I. Introduction

Before the Court are cross motions for summary judgment filed by Plaintiff the M.I.B. Group, LLC and Defendants MIB-Shield LLC dba MIB Security Group and Steven R. Aguilar. For the following reasons, Defendants’ motion is DENIED and Plaintiff’s motion is GRANTED IN PART and DENIED IN PART.

II. Background¹

¹ All facts are undisputed unless otherwise stated and are derived from the parties’ briefs and supporting materials. Nothing in

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just having some differences,” but “continued to stay friends.” Trial Tr. April 17, 2024, at 30:1–3, ECF No. 107. Wilkerson disagreed. He stated that the two had fallen out after he discovered that Aguilar was distributing business cards which falsely identified Aguilar as the owner-operator of Wilkerson’s company; moreover, these cards allegedly used Wilkerson’s security license numbers without permission. Trial Tr. April 16, 2024, at 73:22–74:23, ECF No. 106. Regardless of how one characterizes the incident, the two men severed their professional relationship in June 2015. Wilkerson wrote the following to Aguilar in an email:

Mr. Aguilar, This email is to confirm what has already been verbally stated on 6/8/15 .. That you are no longer allowed to function under any of my licenses.. Such as MIB Executive Protection, The Men in Black Group Investigations , Top Gun Training Facility.. I also need you to return any business cards that have any of my company names & license info on it.. Also I am requested the codes to my web site to have your information removed. There will be another letter to follow up on this issue.. I appreciate your cooperation on the above mentioned issues..!!

Kinder Decl., Ex. 57 (Wilkerson & Aguilar Email Thread), ECF No. 93-3. Aguilar responded with the following message:

I do not agree as we spoke and have communicated to finishing this pending contract. I will disassociate any further MIB functions thereafter as were already committed As we discussed.

Your deciding not to assist was your choice.

As for the other issues yes we will resolve ASAP.

*Id.*⁴ Wilkerson responded with the following message: “I turned down agreement and fired you on

⁴ The contract referenced in these emails was a potential business opportunity sourced by Aguilar, which he wanted to perform under Wilkerson’s license. Trial Tr. April 17, 2024, at 40:20–23, ECF No. 107.

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of having used the “MIB in Circle” mark before 2014 or 2015, despite claiming in his trademark registration application to have first used the mark on January 2, 2002. *Id.* at 25–26.

Defendants’ argument fails as a matter of law. The Ninth Circuit ruled that “[t]he claim of a date of first use is not a material allegation as long as the first use in fact preceded the application date.” *Pony Express Courier Corp. v. Pony Express Delivery Serv.*, 872 F.2d 317, 319 (9th Cir. 1989) (citing *CarX Service Systems, Inc. v. Exxon Corp.*, 215 U.S.P.Q. (BNA) 345, 351 (1982); 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31:21 at 610 (2d ed. 1984)); *see also Teeter-Totter, LLC v. Palm Bay Int’l, Inc.*, 344 F. Supp. 3d 1100, 1109 (N.D. Cal. 2018). Here, there is no doubt that Wilkerson used the marks in question before filing the registration applications; Defendants’ argument acknowledges that both registered marks were used by Plaintiff before Plaintiff’s registration in 2021.

Defendants carried a heavy burden to invalidate Plaintiff’s registered marks, and their argument in favor of cancellation fails as a matter of law. The Court therefore will not invalidate Plaintiff’s marks. Defendants’ motion for summary judgment on their cancellation claim is DENIED.

B. Plaintiff Has Standing to Pursue Trademark Claims for Both Its Registered and Unregistered Marks

“To establish standing to sue for trademark infringement under the Lanham Act, a plaintiff must show that he or she is either (1) the owner of a federal mark registration, (2) the owner of an unregistered mark, or (3) a nonowner with a cognizable interest in the allegedly infringed trademark.” *Halicki Films, LLC v. Sanderson Sales & Mktg.*, 547 F.3d 1213, 1225 (9th Cir. 2008) (citing 15 U.S.C. §§ 1114(1), 1125(a); 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition §§ 27:20-21, 32:3, 32:12 (4th ed. 2008)).

1. Registered Marks

“A certificate of registration of a mark upon the principal register provided by this Act shall be

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“The touchstone for trademark infringement is likelihood of confusion, which asks whether a ‘reasonably prudent’ marketplace consumer is ‘likely to be confused as to the origin of the good or service bearing one of the marks.’” *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 431 (9th Cir. 2017) (citing *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1214 (9th Cir. 2012)). See also *M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1080 (9th Cir. 2005) (“The test of trademark infringement under state, federal, and common law is whether there will be a likelihood of confusion.”) (citing *Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir. 1994)).

This inquiry is guided by the “well-established” *Sleekcraft* factors. *Stone Creek*, 875 F.3d at 431 (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), *abrogated on other grounds by Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003)). When evaluating the *Sleekcraft* factors, “courts do not merely count beans or tally points.” *Id.* (citing *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998)). “Not all factors are created equal, and their relative weight varies based on the context of a particular case.” *Id.* (citing *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1145 (9th Cir. 2011)).

The *Sleekcraft* factors are as follows: (1) strength of the mark, (2) proximity of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant’s intent in selecting the mark, and (8) likelihood of expansion of the product lines. *Sleekcraft*, 599 F.3d at 348–49. Factors 2 and 3 (proximity of the goods and similarity of the marks, respectively) are “particularly probative.” *Stone Creek*, 875 F.3d at 432 (citing *Lindy Pen Co. v. Bic Pen Corp.*, 796 F.2d 254, 256–57 (9th Cir. 1986)).

“Although disfavored in trademark infringement cases, summary judgment may be entered when no genuine issue of material fact exists.” *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 630 (9th Cir. 2005), *superseded by statute on other grounds* (citing *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 901–02 (9th Cir. 2002)).

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exclusive use, and public recognition. *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002).

Here, M.I.B. (which stands for Men in Black) is a suggestive mark because an imaginative leap is required to get from the notion of men wearing black clothing to security services. The fact that the Men in Black mark is often abbreviated as M.I.B. does not alter this analysis. *See Ricks v. BMEzine.com, LLC*, 727 F. Supp. 2d 936, 962 (D. Nev. 2010) (explaining that the fact that a consumer must take an imaginative leap to comprehend what an acronym is abbreviating does not make a mark distinctive). Moreover, the parties here have stipulated that the “M.I.B.” acronym is an inherently distinctive mark. Pl.’s Mot. for Summ. J. 11, ECF No. 93.

The conceptual strength of the “M.I.B.” mark is undisputed. For that reason, this factor supports a likelihood of confusion.

2. The Proximity of the Goods Supports a Likelihood of Confusion

“Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods.” *Network Automation*, 638 F.3d at 1150 (quoting *Brookfield*, 174 F.3d at 1055). “[T]he danger presented is that the public will mistakenly assume there is an association between the producers of the related goods, though no such association exists.” *Sleekcraft*, 599 F.2d at 350. “The proximity of goods is measured by whether the products are: (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use and function.” *Network Automation*, 638 F.3d at 1150 (citing *Sleekcraft*, 599 F.2d at 350). Put another way, “[g]oods are proximate if consumers are ‘likely to associate’ the two product lines.” *Mercer Glob. Advisors, Inc. v. Hewitt*, No. CV 23-3659-GW-JPRx, 2023 U.S. Dist. LEXIS 140817, at *10 (C.D. Cal. Aug. 11, 2023) (quoting *Survivor*, 406 F.3d at 633).

Defendants argue that “[a] factual dispute exists as to whether MIB Group and MIB Security Group compete with each other, have similar customers or provide similar services.” Def.’s Opp’n to Pl.’s Mot. for Summ. J. 14, ECF No. 98. Defendants base this argument on a portion of Aguilar’s deposition in which Aguilar stated that he does not know what security services Wilkerson performs anymore, so the

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previously used a stylized crosshairs logo in association with MIB.¹² Kinder Decl., Ex. 9 (Wayback Machine archives of Plaintiff’s and Defendants’ websites), ECF No. 93-3. The marks in question are unquestionably similar when evaluated for sight, sound, and meaning. This factor strongly weighs in favor of finding a likelihood of confusion.

4. The Absence of Evidence of Actual Confusion is Neutral

“Evidence of actual confusion is strong evidence that future confusion is likely, . . . but the absence of such evidence is not dispositive.” *Goss*, 6 F.3d at 1393 (citing *Nutri/System, Inc. v. Con-Stan Indus.*, 809 F.2d 601, 606 (9th Cir. 1987); *Eclipse Assocs. v. Data Gen. Corp.*, 894 F.2d 1114, 1118 (9th Cir. 1990)). “To constitute trademark infringement, use of a mark must be likely to confuse an *appreciable* number of people as to the source of the product.” *Entrepreneur Media*, 279 F.3d at 1151 (citing *Int’l Ass’n. of Machinists and Aerospace Workers v. Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir. 1996)). “That there are a few consumers who do not pay attention to obvious differences, and assume common sources where most other people would not, may not demonstrate the requisite likelihood of confusion.” *Id.* Though not required, survey evidence may be helpful in establishing actual confusion. *Billfloat Inc. v. Collins Cash Inc.*, Nos. 23-15405, 23-15470, __ F.4th __, 2024 U.S. App. LEXIS 15976, 2024 WL 3242622, at *9 (9th Cir. July 1, 2024)

“Proving actual confusion is difficult . . . and the courts have often discounted such evidence because it was unclear or insubstantial.” *Sleekcraft*, 599 F.2d at 352. *See also Carter-Wallace, Inc. v. P&G Co.*, 434 F.2d 794, 800 (9th Cir. 1970) (noting that complaint letters are not evidence of actual confusion); *Lerner & Rowe PC v. Brown Engstrand & Shely LLC*, 673 F. Supp. 3d 1017, 1032 (D. Ariz. 2023) (noting that 236 logged calls were merely *de minimis* evidence of isolated incidents of confusion because hundreds of thousands of consumers were exposed to the situation that created the potential for confusion). *Cf. Playboy Enters. v. Netscape Communs. Corp.*, 354 F.3d 1020, 1026 (9th Cir. 2004) (holding that an expert report showing actual confusion in at least 20% of consumers was sufficient to preclude summary

¹² There is no evidence that Defendants continue to do so.

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7. Although Not of Great Analytical Importance, Defendant’s Intent to Appropriate Plaintiff’s Mark Supports a Likelihood of Confusion

An intent to copy or appropriate is not required to establish a likelihood of confusion. *GoTo.com*, 202 F.3d at 1208. The Ninth Circuit has characterized a defendant’s intent as being of only “minimal importance” to the likelihood of confusion analysis. *Id.* (citing *Brookfield*, 174 F.3d at 1059). With that said, “[w]hen the alleged infringer knowingly adopts a mark similar to another’s, reviewing courts presume that the defendant can accomplish his purpose: that is, that the public will be deceived.” *Sleekcraft*, 599 F.2d at 354 (citing *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 157–58 (9th Cir. 1963)).

Plaintiff argues that “the Court may presume Defendants[’] intent to deceive because Aguilar was not only a former employee, but Defendants also illegally performed services under Plaintiff’s PPO License and used (and continue to use) trademarks that were not just similar, but identical in terms of stylization and logo elements, to those of Plaintiff.” Pl.’s Mot. for Summ. J. 15, ECF No. 93. Defendant characterizes these arguments as “in the left field,” claiming that “[t]here is no evidence to even remotely support this argument, and the jury’s finding about the employee issue related to MIB 220, Inc. and MIB 2nd II None, Inc. – not MIB Group.” Defs.’ Opp’n to Pl.’s Mot. for Summ. J. 16, ECF No. 98. Defendants’ attempts to parse the various iterations of corporate identities that operated under the MIB name is unpersuasive; the uncontroverted evidence in the record is that Wilkerson was the sole owner of all of these companies – with the exception of MIB Shield, which Aguilar started after working for one of Wilkerson’s predecessor MIB companies.¹⁴ His choice of name is obviously not a coincidence. For this reason, the Court finds that this factor weighs in Plaintiff’s favor but does not assign much importance to it in light of the Ninth Circuit’s guidance.

¹⁴ The jury specifically found that Aguilar “was acting as an employee of M.I.B. 220 Inc. or M.I.B. 2nd II None, Inc. at the time he registered the domain name ‘mibsecuritygroup.com.’” Verdict Form, ECF No. 84.

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8. The Likelihood of Expansion Factor is Insignificant Because the Parties are Direct Competitors

“[A] ‘strong possibility’ that either party may expand his business to compete with the other will weigh in favor of finding that the present use is infringing.” *Sleekcraft*, 599 F.2d at 354 (citing Restatement of Torts § 731(b) & Comment c). Like evidence of a defendant’s intent to confuse customers, “evidence of product expansion is not required for a finding of likelihood of confusion.” *Pom Wonderful*, 775 F.3d at 1132 (citing *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 509 (9th Cir. 2011)). “Where two companies are direct competitors, this factor is unimportant.” *Network Automation*, 638 F.3d at 1153 (citing *Brookfield*, 174 F.3d at 1060)).

Plaintiff argues that this factor is unimportant because the parties are direct competitors. Defendants dispute that the parties are direct competitors, once again citing the statement of facts. For the reasoning outlined in Section V-C-2, the Court rejects Defendants’ counterargument. Because the parties are direct competitors, this factor carries no analytical significance.

9. Weighing the Sleekcraft Factors

The *Sleekcraft* factors are not mechanically tallied. *See Pom Wonderful*, 775 F.3d at 1132 (“Sheer numerosity of Sleekcraft factors, however, is not by itself dispositive of the ultimate likelihood-of-confusion determination.”); *Network Automation*, 638 F.3d at 1154 (tailoring the court’s focus to specific *Sleekcraft* factors “[g]iven the nature of the alleged infringement here”). Moreover, the *Sleekcraft* factors are not exhaustive. *Network Automation*, 638 F.3d at 1153–54 (citing *Sleekcraft*, 599 F.2d at 348 n.11).

Not a single *Sleekcraft* factor weighs against a likelihood of confusion; all factors either support a likelihood of confusion or are neutral. Based on the facts of this case, the most significant *Sleekcraft* factors are the proximity of the goods and the similarity of the marks—both of which strongly support a likelihood of confusion. Pursuant to this analysis, no reasonable jury could fail to find a likelihood of confusion here. Accordingly, this case is one of the rare cases where a finding of likelihood of confusion is appropriate at the summary judgment stage. *Cf. Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand*

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Mgmt., 618 F.3d 1025, 1039 (9th Cir. 2010) (explaining that summary judgment on likelihood of confusion should not be granted “in cases in which a majority of the *Sleekcraft* factors could tip in either direction”).

D. Despite a Presumptive Application of Laches, Both the *E-Systems* Factors and Defendants’ Unclean Hands Prevent Invocation of Equitable Relief

The parties’ briefs imprecisely distinguish the application of laches to the legal theories in this case. For analytical precision, the Court considers the laches argument as it relates to Plaintiff’s claims for (1) trademark infringement and (2) cybersquatting.

1. Trademark Infringement

“The affirmative defense of laches ‘is an equitable time limitation on a party’s right to bring suit, which is derived from the maxim that those who sleep on their rights, lose them.’” *Eat Right Foods, Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2017) (quoting *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 (9th Cir. 2006) (per curiam)). “Finding that laches bars a trademark claim is appropriate where ‘the trademark holder knowingly allowed the infringing mark to be used without objection for a lengthy period of time.’” *Id.* (quoting *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1209 (9th Cir. 2000)).

The Ninth Circuit uses “a two-step process” to analyze whether a party is equitably entitled to assert laches in a trademark case. *Ramirez v. Navarro*, No. 23-55112, 2024 U.S. App. LEXIS 10419, 2024 WL 1874993, at *2 (9th Cir. Apr. 30, 2024) (citing *La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V.*, 762 F.3d 867, 878 (9th Cir. 2014)). First, courts are to analyze the timeliness of the plaintiff’s suit relative to the analogous state law statute of limitations; based on that analysis, a court determines whether laches presumptively applies. *Id.* (citing *Pinkette Clothing, Inc. v. Cosm. Warriors, Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018)). “Second, we assess the equity of applying laches using what have become known as the *E-Systems* factors: ‘(1) strength and value of trademark rights asserted; (2) plaintiff’s diligence in enforcing mark; (3) harm to senior user if relief denied; (4) good faith ignorance by junior user; (5) competition

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between senior and junior users; and (6) extent of harm suffered by junior user because of senior user’s delay.” *Id.* (quoting *Pinkette*, 894 F.3d at 1025).

Defendants argue that Plaintiff’s trademark infringement claims should be equitably barred by the doctrine of laches. Defs.’ Mot. for Summ. J. 14–17, ECF No. 91. Specifically, Defendants argue that “Aguilar believes Wilkerson decided to wait eight years for MIB Security Group to ‘get big’ and then try to take the name MIB Security Group, the Domain Name and, with it, the outstanding reputation and strong brand recognition for security services.” *Id.* at 16. In evaluating this argument, the Court follows the Ninth Circuit’s two-step analysis.

a. Step One: Evaluating Delay in Light of the Relevant California Statute of Limitations

“Although laches is distinct from a statute of limitation, we make laches determinations ‘with reference to the limitations period for the analogous action at law.’” *Eat Right Foods*, 880 F.3d at 1115 (quoting *Jarrow Formulas Inc. v. Nutrition Now Inc.*, 304 F.3d 829, 835–36 (9th Cir. 2002)). “If the plaintiff filed within that period, there is a strong presumption against laches. If the plaintiff filed outside that period, the presumption is reversed.” *Id.* (quoting *Tillamook Country Smoker, Inc. v. Tillamook Cnty. Creamery Ass’n*, 465 F.3d 1102, 1108 (9th Cir. 2006)). In California, the statute of limitations for trademark infringement is four years; the Court will therefore use a four-year benchmark in its laches analysis. *Internet Specialties W., Inc. v. Milon-Digiorgio Enters.*, 559 F.3d 985, 990 n.2 (9th Cir. 2009) (“Neither party disputes the imputation of the four-year limitations period from California trademark infringement law, and we agree that this was the correct period to use.”).

“Determining whether a delay was unreasonable requires answering two questions: how long was the delay, and what was the reason for it?” *Eat Right Foods*, 880 F.3d 1109, 1116 (9th Cir. 2017) (quoting *Jarrow Formulas*, 304 F.3d at 838). “To measure the length of a delay, we start the clock ‘when the plaintiff knew (or should have known) of the allegedly infringing conduct,’ and we stop it when ‘the lawsuit in which the defendant seeks to invoke the laches defense’ is initiated.” *Id.* (citing *Evergreen*

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Safety Council v. RSA Network, Inc., 697 F.3d 1221, 1226 (9th Cir. 2012)).

The Court begins by measuring the length of the delay. The present suit was filed on August 9, 2023. Applying California’s four-year statute of limitations for trademark infringement, laches presumptively applies if Plaintiff knew or should have known of Defendants’ alleged infringement prior to August 9, 2019.

Defendants argue that Plaintiff knew or should have known of Defendants’ alleged infringement in June 2015, “when Wilkerson and Aguilar had a ‘falling out’ in their business and personal relationships.” Defs.’ Reply ISO Mot. for Summ. J. 6, ECF No. 109. At that time, Wilkerson demanded that Aguilar turn over control of the website “mibsecuritygroup.com.” Defs.’ Mot. for Summ. J. Ex. 7 (Emails Between Wilkerson and Aguilar on June 11, 2015), ECF No. 94-5. Aguilar refused to do so. Defs.’ Mot. for Summ. J., Aguilar Decl. ¶ 4, ECF No. 92. Aguilar claims that Wilkerson knew of Aguilar’s refusal and knew that Aguilar continued to operate under the MIB Security Group name going forward. *Id.* ¶¶ 5–7. Plaintiff counters that Wilkerson had no reason to know that Aguilar was doing anything more than passively holding onto the website domain. Reply ISO Pl.’s Mot. for Summ. J. 22, ECF No. 111. Instead, Plaintiff argues that “the infringement at issue here did not arise until May 2021 when Aguilar began promoting a competing security company under the PPO 121046 license with the launch of the NEW Website that included willfully infringing trademarks.” Pl.’s Opp’n to Defs.’ Mot. for Summ. J. 12, ECF No. 101.

Here, the parties misunderstand the determinative question; control of the website is only relevant insofar as it relates to **whether Wilkerson knew or should have known that Aguilar was infringing on his trademarks**. And the evidence in the record suggests that Wilkerson should have known that Aguilar was infringing. For example, Wilkerson testified that the parties’ relationship imploded because he discovered that Aguilar was falsely holding himself out as “the owner-operator” of MIB. Trial Tr. April 16, 2024, at 73:13–16, ECF No. 106. Aguilar did so with a business card that used both Wilkerson’s security services license numbers and the MIB crosshairs logo. *Id.* at 74:1–75:8. Moreover, Plaintiff knew or should have known that Aguilar was using the website to promote his own services. Aguilar testified

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and (6) extent of harm suffered by junior user because of senior user’s delay.” *Pinkette*, 894 F.3d at 1025 (quoting *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983)).

i. Strength and Value of Trademark Rights Asserted

If a plaintiff’s mark is “strong and valuable,” this factor “weighs against applying laches.” *Pinkette*, 894 F.3d at 1027. As explained above in the Court’s likelihood of confusion analysis, MIB is a suggestive mark. See *Revelry Vintners, LLC v. MacKay Rest. Mgmt. Grp., Inc.*, No. 4:21-CV-5110-TOR, 2024 U.S. Dist. LEXIS 115897, 2024 WL 3261187, at *26 (E.D. Wash. July 1, 2024) (“The Court resolved above the first factor, strength of Plaintiff’s mark, and will not rehash it here.”). Suggestive marks are entitled to a degree of protection, although that protection is weak without further evidence related to marketing expenditures, consumer recognition, etc. Here, the record does not contain any meaningful evidence to augment the strength of Plaintiff’s MIB mark. The Court concludes that Plaintiff’s mark is therefore entitled to some protection; this factor therefore somewhat weighs against an application of laches.

ii. Plaintiff’s Diligence in Enforcing Mark

Next, the Court evaluates whether Plaintiff was justified in waiting to bring this suit. “To determine whether a delay is reasonable, we ‘look to the cause of the delay.’” *Eat Right Foods*, 880 F.3d at 1117 (quoting *Evergreen*, 697 F.3d at 1227). “Reasonable justifications for a delay include exhausting remedies through administrative processes, evaluating and preparing complicated claims, and determining ‘whether the scope of proposed infringement will justify the cost of litigation.’” *Id.* (quoting *Evergreen*, 697 F.3d at 1227). “[D]elay is impermissible,’ on the other hand, ‘when its purpose or effect is to capitalize on the value of the alleged infringer’s labor by determining whether the infringing conduct will be profitable.’” *Id.* (quoting *Evergreen*, 697 F.3d at 1227).

As discussed above, Plaintiff argues that it delayed because it had no reason to suspect that Aguilar was conducting business under the MIB name. While Plaintiff does not explicitly make the argument, this reasoning comes close to invoking the two exceptions to the application of laches in the trademark context: “Had defendant’s encroachment been minimal, or its growth slow and steady, there would be no laches.”

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“A party with unclean hands may not assert laches.” *Pinkette*, 894 F.3d at 1029 (quoting *Jarrow Formulas*, 304 F.3d at 841). A party’s hands need not be “clean as snow” to avoid a finding of unclean hands. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1210 (9th Cir. 2000). “[O]nly a showing of wrongfulness, willfulness, bad faith, or gross negligence, proved by clear and convincing evidence, will establish sufficient culpability for invocation of the doctrine of unclean hands.” *Pinkette Clothing*, 894 F.3d at 1029 (alterations omitted) (quoting *Pfizer, Inc. v. Int’l Rectifier Corp.*, 685 F.2d 357, 359 (9th Cir. 1982)). Such a showing must be supported by “clear and convincing evidence.” *Id.*

As is relevant here, “[t]he willful infringement exception . . . bars a laches defense . . . if Defendant acted ‘with knowledge that its conduct constituted trademark infringement.’” *Anhing Corp. v. Thuan Phong Co.*, No. CV 13-05167 BRO (MANx), 2015 U.S. Dist. LEXIS 97019, 2015 WL 4517846, at *19 (C.D. Cal. July 24, 2015) (alterations omitted) (quoting *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 957 (9th Cir. 2001)); *see also Herman Miller, Inc. v. Alphaville Design, Inc.*, No. C 08-03437 WHA, 2009 U.S. Dist. LEXIS 103384, 2009 WL 3429739, at *23 (N.D. Cal. Oct. 22, 2009) (citing *Earthquake Sound Corp. v. Bumper Industries*, 352 F.3d 1210, 1216-17 (9th Cir. 2003)) (“Willful infringement occurs when the defendant knowingly and intentionally infringes on a trademark.”); *see also Chloe SAS v. Sawabeh Info. Servs. Co.*, No. CV 11-04147 MMM (MANx), 2015 U.S. Dist. LEXIS 186838, 2015 WL 12763541, at *23 (C.D. Cal. June 22, 2015) (collecting cases). For a more precise articulation, courts can look to the “nearly identical” willfulness standard used in copyright claims. *Atari Interactive v. Redbubble, Inc.*, 546 F. Supp. 3d 883, 886 (N.D. Cal. 2021). That copyright standard requires “substantial evidence ‘(1) that the [the infringing party] was actually aware of the infringing activity, or (2) that the [infringing party’s] actions were the result of reckless disregard for, or willful blindness to, the copyright holder’s rights.’” *VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723, 748 (9th Cir. 2019) (quoting *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 991 (9th Cir. 2017)). District courts have inferred willfulness “from evidence showing a defendant acted with ‘an aura of indifference’ to a plaintiff’s trademark rights, or with willful blindness to facts she had cause to suspect would put her on notice that she was infringing another’s trademarks.” *Bikila v. Vibram USA Inc.*, 218 F. Supp. 3d 1206, 1212 (W.D. Wash. 2016) (citing *Philip Morris USA Inc. v. Liu*, 489 F. Supp. 2d 1119, 1123 (C.D. Cal. 2007)).

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In light of the analysis above, Plaintiff has clearly satisfied these three elements. (1) Defendants use a domain name which (2) is confusingly similar to Plaintiff’s protected marks and (3) Defendants did so with a bad faith intent to profit from the mark.

Defendants make various unpersuasive legal arguments why summary judgment should not be granted to Plaintiff on this claim. Most significantly, Defendants argue that Plaintiff’s ACCPA claim is precluded by the fact that the Website domain was registered in 2008, before Plaintiff registered its trademarks with USPTO in 2021. Defendants mischaracterize the ACCPA to state that it “requires the domain name to be registered **after** the trademark registrations.” Defs.’ Mot. for Summ. J. 22, ECF No. 91 (emphasis in original). Defendants cites no caselaw in support of this argument, and the statutory language does not support it. *See* 15 U.S.C. § 1125(d)(1)(A). Regardless, Plaintiff can pursue its cybersquatting claim for its unregistered marks, thus rendering this argument irrelevant. While “[i]t is not clear from the reading of the statute whether a mark must be formally registered to seek an ACPA claim but controlling caselaw has confirmed that ‘[u]nregistered trademarks may . . . be entitled to protection under . . . the Anticybersquatting Consumer Protection Act.’” *Quatrewave LLC v. De Stefano*, No. CV 20-07237-MWF (PJWx), 2020 U.S. Dist. LEXIS 227234, 2020 WL 10758648, at *12 (C.D. Cal. Dec. 2, 2020) (alterations in original) (quoting *Matal v. Tam*, 582 U.S. 218 at 226 (2017)).

Defendants’ other arguments for why they are entitled to summary judgment (standing, statute of limitations, and laches) are unavailing for reasons explained above. The Court therefore GRANTS Plaintiff’s motion for summary judgment as to its cybersquatting claim.

G. Damages

1. Trademark Infringement

Plaintiff seeks statutory damages, profit disgorgement, injunctive relief, and attorney’s fees. In so doing, Plaintiff fails to properly categorize its causes of action.

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a. Plaintiff Improperly Requests Statutory Damages

Plaintiff seeks statutory damages under the wrong provision of the Lanham Act. Specifically, Plaintiff seeks \$2,000,000.00 under 17 U.S.C. § 1117(c). Pl.’s Mot. for Summ. J. 15, ECF No. 93. But that subsection is specifically limited to cases “involving the use of a counterfeit mark.” 15 U.S.C. § 1117(c). Because this was an ordinary trademark infringement case and not a counterfeit goods case, this statutory subsection is inapplicable. The proper remedies are prescribed under § 1117(a), and they include recovery of “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” § 1117(a). In “exceptional cases,” the Court “may award reasonable attorney fees to the prevailing party.” *Id.*

b. Subject to Equitable Considerations, Plaintiff May Be Eligible for a Disgorgement of Defendants’ Profits

Beyond the inapplicable statutory damages above, Plaintiff also seeks to recover Defendants’ profit on its annual revenue of \$1,800,000.00 for the year 2023. Pursuant to § 1117(a), “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed.” Here, there is evidence in the record that a “ballpark figure” of Defendants’ revenue in 2023 was \$1,800,000.00. Kinder Decl., Ex. B (Aguilar Dep.) at 65:2–4, ECF No. 93-3.

Defendants wrongly argue that “to recover damages . . . MIB Group must prove the financial cost of its injury and any lost profits it might have earned absent the infringement.” Defs.’ Opp’n to Pl.’s Mot. for Summ. J. 16, ECF No. 98. As support for this proposition, Defendants cite *Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203, 1220 (9th Cir. 2023). This citation is relevant, but it proves the precise opposite of Defendants’ argument. The Lanham Act provides for the recovery of a defendant’s profits **and** any damages sustained by the plaintiff. These “two forms of damages are distinct.” *Id.* at 1220 n.11. “Defendant’s profits’ are a form of disgorgement and are typically calculated based on the infringer’s overall gross revenue from the infringement less the infringer’s expenses.” *Id.* (quoting *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1075 (9th Cir. 2015)). “By contrast, ‘any

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(awarding disgorgement of full revenue amount in the absence of operating costs or other appropriate deductions in the context of a motion for default judgment).

“An accounting of profits is never automatic and never a matter of right.” *Yuga Labs, Inc. v. Ripps*, No. CV 22-4355-JFW(JEMx), 2023 U.S. Dist. LEXIS 192487, 2023 WL 7089922, at *28 (C.D. Cal. Oct. 25, 2023) (citing 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:59 (5th ed.)). Such awards are “subject to the principles of equity.” 15 U.S.C. § 1117. “Specifically, those equitable considerations include: (1) ‘a defendant’s mental state,’ such as ‘whether the [defendant] had the intent to confuse or deceive; (2) whether sales have been diverted; (3) the adequacy of other remedies; (4) any unreasonable delay by the plaintiff in asserting [the plaintiff’s] rights; (5) the public interest in making the misconduct unprofitable; and (6) whether it is a case of palming off.” *Yuga Labs*, 2023 U.S. Dist. LEXIS 192487, 2023 WL 7089922, at *28 (quoting *Harbor Breeze Corp. v. Newport Landing Sportfishing, Inc.*, 2023 U.S. Dist. LEXIS 43066, 2023 WL 2652855, *4 (C.D. Cal. Mar. 13, 2023)). The Court has significant discretion to fashion a disgorgement award. See § 1117(a) (“If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case.”).

Here, Plaintiff’s delay in asserting its own rights weighs in favor of reducing this equitable award. For that reason, the Court reduces the disgorgement amount by 25%, resulting in an award of \$1,350,000.00.

c. Plaintiff is Entitled to Attorney’s Fees

“[D]istrict courts analyzing a request for fees under the Lanham Act should examine the ‘totality of the circumstances’ to determine if the case was exceptional” *Sunearth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1181 (9th Cir. 2016) (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014)). “[A]n ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and

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the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness*, 572 U.S. at 554. District courts are to use a preponderance of the evidence standard in deciding whether a case was exceptional. *Sunearth*, 839 F.3d at 1181.

“A trademark case is generally considered exceptional for purposes of awarding of attorneys’ fees when a party has taken positions that can be characterized as ‘malicious, fraudulent, deliberate or willful’, or ‘groundless, unreasonable, vexatious, or pursued in bad faith.’” *Yuga Labs*, 2023 U.S. Dist. LEXIS 192487, 2023 WL 7089922, at *51 (internal citations omitted) (quoting *Gracie v. Gracie*, 217 F.3d 1060, 1071 (9th Cir. 2000); *Stephen W. Boney, Inc. v. Boney Services, Inc.*, 127 F.3d 821, 827 (9th Cir. 1997)).

Plaintiff argues that this case was exceptional, and the Court should therefore award attorney’s fees, because “Defendants’ infringement was willful and illegal.” Pl.’s Mot. for Summ. J. 16, ECF No. 93. Defendant does not address this argument in its opposition. Here, Defendants’ “willful and brazen infringement,” coupled with the strength of Plaintiff’s trademark infringement claims, justifies a fee award. *Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203, 1223 (9th Cir. 2023). The Court therefore ORDERS Plaintiff to submit billing records which will enable the Court to determine what constitutes a reasonable fee award.

d. Injunctive Relief

Plaintiff also requests that the Court enjoin Defendants from “further infringement.” Pl.’s Mot. for Summ. J. 16, ECF No. 93. The Lanham Act authorizes the granting of such an injunction. 15 U.S.C. § 1116.

To secure a permanent injunction, “[a] plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.” *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

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Here, the *eBay* factors support issuing a permanent injunction. Plaintiff is entitled to “a rebuttable presumption of irreparable harm” because the Court has found a Lanham Act violation. § 1116. Defendants have not rebutted this presumption in any way. Given the parties’ extensive history, Defendants’ conduct, and the need to avoid public confusion, the Court finds that the remaining *eBay* factors likewise support the imposition of an injunction against further infringement.

e. Punitive Damages Are Not Available for Lanham Act Claims

Plaintiff also claims to be entitled to an award of punitive damages and proposes a two-day jury trial to fix the amount of those damages. Pl.’s Mot. for Summ. J. 16, ECF No. 93. Plaintiff cites no legal authority justifying the award of punitive damages in this case. Many courts “have held that punitive damages are not recoverable in cases brought under the federal Lanham Act.” 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 30:97 (5th ed.). With that said, “punitive damages are still available for accompanying state, nonfederal causes of action for trademark infringement.” *Id.*

2. Cybersquatting

a. Statutory Damages

Plaintiff requests an award of \$4,000,000.00 in statutory damages for its cybersquatting claim. Pl.’s Mot. for Summ. J. 16, ECF No. 93. A request for statutory damages is authorized by 15 U.S.C. § 1117(d), although that subsection provides for “an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.” § 1117(d). “Where ‘statutory damages are elected, [t]he court has wide discretion in determining the amount of statutory damages to be awarded, constrained only by the specified maxima and minima.’” *UL LLC v. Space Chariot, Inc.*, 250 F. Supp. 3d 596, 614 (C.D. Cal. 2017) (quoting *Peer Int’l Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1336 (9th Cir. 1990)). Plaintiff argues that the Court should exceed the \$100,000.00 statutory damages cap because Defendants’ cybersquatting actions were willful. But Plaintiff cites no legal support for its argument, and the Court therefore declines to exceed the clear statutory maximum.

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Although the ACCPA leaves an award of statutory damages up to the discretion of the district court, “courts generally consider a number of factors in making such determinations.” *Verizon Cal. Inc. v. OnlineNIC, Inc.*, No. C 08-2832 JF (RS), 2009 U.S. Dist. LEXIS 84235, 2009 WL 2706393, at *8 (N.D. Cal. Aug. 25, 2009). Those factors include “the egregiousness or willfulness of the defendant’s cybersquatting, the defendant’s use of false contact information to conceal its infringing activities, the defendant’s status as a ‘serial’ cybersquatter--i.e., one who has engaged in a pattern of registering and using a multitude of domain names that infringe the rights of other parties--and other behavior by the defendant evidencing an attitude of contempt towards the court or the proceedings.” *Id.* at *9; *see also Twitch Interactive, Inc. v. Johnston*, No. 16-cv-03404-BLF, 2018 U.S. Dist. LEXIS 184300, 2018 WL 1449525, at *30 (N.D. Cal. Jan. 22, 2018) (citing *Facebook, Inc. v. Banana Ads LLC*, No. CV 11-03619, 2013 U.S. Dist. LEXIS 65834, 2013 WL 1873289, at *15 (N.D. Cal. Apr. 30, 2013), *R. & R. adopted*, 2013 U.S. Dist. LEXIS 203354, 2013 WL 12308477 (N.D. Cal. June 24, 2013)) (considering the following factors: “‘the number of domain names registered, whether there was an attempt to conceal the registrant’s identity, whether the correct spelling of Plaintiff’s trademark is contained in the infringing domain names, whether an individual defendant is a serial cybersquatter, and whether internet traffic was redirected’ to a landing website.”).

Courts have awarded statutory damages at various points within the statutory range of \$1,000.00–\$100,000.00. *Digby Adler Grp. LLC v. Image Rent a Car, Inc.*, 79 F. Supp. 3d 1095, 1108 n.4 (N.D. Cal. 2015) (collecting cases). Courts awarding statutory damages in cases in which a defendant acted willfully, but was not a serial cybersquatter, often opt for a figure in the middle of this range. *See, e.g., Digby*, 79 F. Supp. 3d at 1108 (awarding \$25,000.00 in statutory damages against a defendant whose cybersquatting was willful, if not egregious, but whose status as a serial cybersquatter was unclear and who demonstrated no contempt for the proceedings); *Ploom, Inc. v. iPloom, LLC*, No. 13-cv-05813 SC, 2014 U.S. Dist. LEXIS 65204, 2014 WL 1942218, at *22 (N.D. Cal. May 12, 2014) (awarding \$50,000.00 in statutory damages against a defendant whose cybersquatting “was both willful and egregious” but was not a serial cybersquatter); *Cloudclinic LLC v. Therapeutic Sols, Inc.*, No. 17-CV-1293-JLS (NLS), 2018 U.S. Dist. LEXIS 229469, at *32 (S.D. Cal. May 21, 2018) (awarding \$25,000.00 per domain name against a

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defendant who willfully infringed but was not a serial cybersquatter and voluntarily took down infringing websites).

Here, Defendants’ use of the Website domain was willful and egregious. However, there is no evidence that Defendants are serial squatters or that they showed contempt for judicial proceedings. Defendants also only cybersquatted on a single domain. For that reason, the Court awards a middle-of-the-road statutory damages award of \$50,000.00.

b. Injunctive Relief

Plaintiff also seeks an injunction compelling Defendants to turn over control of the Website. “The ACPA authorizes transfer of offending domain names to the mark owner” *Bittorrent, Inc. v. Bittorrent Mktg. GmbH*, No. 12-cv-02525-BLF, 2014 U.S. Dist. LEXIS 157593, 2014 WL 5773197, at *45 (N.D. Cal. Nov. 5, 2014) (citing 15 U.S.C. § 1125(d)(1)(C)). Such injunctive relief has been upheld as proper by the Ninth Circuit. *See Vistancia Dev. LLC v. DBD, LLC*, No. 22-16024, 2023 U.S. App. LEXIS 29927, 2023 WL 7411533, at *7 (9th Cir. Nov. 9, 2023) (“Based on this record, the district court also did not abuse its discretion in issuing a permanent injunction against further infringement and requiring DBD to surrender the domain name of its website.”). The Court has also found numerous district court cases which have similarly considered and applied injunctions relating to domain ownership, although often in the form of a preliminary injunction. *See Sleep No. Corp. v. Unknown Party*, No. CV-23-00377-PHX-MTL, 2023 U.S. Dist. LEXIS 75363, at *12 (D. Ariz. Mar. 17, 2023) (noting that provisional domain transfer is routinely granted as interim relief in instances of cybersquatting); *Purelight Power, LLC v. Westfall*, No. 1:22-cv-01146-CL, 2022 U.S. Dist. LEXIS 173292, 2022 WL 4464038, at *16 (D. Or. Sep. 26, 2022) (ordering a defendant to cease using a domain name which likely infringed on a plaintiff’s trademark, but declining to order the defendant to surrender their domain name until final judgment)

Having found Defendants liable for cybersquatting, the Court ORDERS them to return control of the Website’s domain (mibsecuritygroup.com) to Plaintiff.

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H. State Claims

Plaintiff’s motion for summary judgment does not explicitly mention, and therefore does not move for summary judgment, on the causes of action alleged under California’s Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code § 17200, *et seq.*, or California’s False Advertising Law (“FAL”), Cal. Bus. & Prof. Code § 17500, *et seq.*

Defendants’ motion for summary judgment argues that the Court should grant summary judgment in their favor on these claims because, *inter alia*,¹⁵ “the trial exhibits MIB Group intends to rely upon do not support the existence of any damages.” Defs.’ Mot. for Summ. J. 23, ECF No. 91. Plaintiff claims that this “argument is incorrect as a matter of law in that Plaintiff does not seek damages under either claim.” Pl.’s Opp’n to Defs.’ Mot. for Summ. J. 21, ECF No. 101. Instead, Plaintiff only seeks injunctive relief. *Id.*

The Court is not persuaded by Defendants’ argument that Plaintiff has failed to show damages. Both “California’s UCL and FAL use the same standard to assess injury-in-fact.” *Am. Soc’y of Anesthesiologists v. BevMD, LLC*, No. 15-cv-600-BAS(JLB), 2016 U.S. Dist. LEXIS 188184, 2016 WL 4257448, at *14 (S.D. Cal. Mar. 31, 2016) (citing *Ries v. Ariz. Beverages USA LLC*, 287 F.R.D. 523, 529 (N.D. Cal. 2012)). “Courts have found the diminution to a trademark’s value to be a valid economic injury under the UCL.” *Id.* at *15 (citing *Overstock, Inc. v. Gradient Analytics, Inc.*, 61 Cal. Rptr. 3d 29 (Cal. Ct. App. 2007)). Because Defendants’ infringing use of Plaintiff’s trademark inherently diminishes the economic value of that mark, Plaintiff has adequately demonstrated an economic injury. Defendants’ motion for summary judgment on Plaintiff’s state law causes of action is therefore DENIED.

However, as noted above, Plaintiff has not properly moved for summary judgment on these claims. The Court therefore declines to award summary judgment to Plaintiff. However, the Court believes this decision to be of little consequence. Plaintiff stated that they only seek injunctive relief pursuant to these claims, and the Court has already awarded injunctive relief for Plaintiff’s federal trademark claims.

¹⁵ Defendants also make standing and laches arguments, which are rejected for the same reasons expressed above.

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