No. 25-6589

United States Court of Appeals
for the Ninth Circuit

MFIB, LLC,

Plaintiff/Appellant,

v.

IBCA, LLC, et al.,

Defendants/Appellees,

On Appeal from the United States District Court for the District of Arizona, Phoenix Cause No. 2:25-cv-02517-SPL

APPELLEES' ANSWERING BRIEF

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INTRODUCTION

Kelly Sands created the ICON BUILDERS Mark in 1985. He has used it continuously for forty years, through multiple companies he owned and controlled, across the United States, on thousands of affordable-housing units. Because Sands is the senior user of the mark, trademark law protects Sands's right to continue using it, regardless of MFIB's later-filed federal registrations.

This appeal asks the Court to do something trademark law forbids: strip the original creator of a mark of the right to use what he built. MFIB does not own, and has never used, the ICON BUILDERS Mark. Whatever rights MFIB has in its different marks (MFRG-ICON CONSTRUCTION and ICON NATIONAL), it acquired them only after entering into a joint venture with Sands in 2017, over three decades after Sands first used the ICON BUILDERS Mark. When Sands and MFIB parted ways in 2022, Sands was released from any non-compete obligations and was, in MFIB's own principal's words, "free to enter the affordable housing renovation market."

Now Sands has done exactly that, using the same ICON BUILDERS Mark he created forty years ago. MFIB wants this Court to stop him. But that is not how trademark law works. Under 15 U.S.C. § 1115(b)(5), a senior user who continuously used a mark before a junior user's registration has a defense to infringement claims.

And, crucially, that defense applies not just to the senior user itself, but also to other companies "in privity" with the senior user.

On a motion for preliminary injunction, the district court correctly found that Sands is likely the senior user because the alleged infringers are in privity with the senior users of the mark via Kelly Sands's common ownership and control. The district court therefore found that MFIB did not establish a likelihood of success on the merits. After finding the other preliminary-injunction factors also favor Sands, the district court properly denied the preliminary injunction.

MFIB's appeal ultimately asks this Court to reweigh the evidence and substitute its judgment for the district court's. But that is not the standard. The district court's factual findings are reviewed for clear error, and the ultimate decision to deny a preliminary injunction is reviewed only for abuse of discretion. The district court committed neither error when refusing to enjoin Kelly Sands and his company IBCA, which were in privity with his other companies that had used the mark continuously for forty years.

The Court should affirm.

JURISDICTION

Appellees agree with Appellant's statement of jurisdiction.

ISSUES PRESENTED

1. Kelly Sands originated the ICON BUILDERS Mark in 1985. He continuously used the mark for 40 years through companies he owned and controlled, including IBCA. 15 U.S.C. § 1115(b)(5) provides a senior common-law user, and those in privity with him, with a defense against trademark-infringement claims brought by a junior registered mark holder. Did the district court abuse its discretion in finding that MFIB was unlikely to succeed on the merits of its trademark-infringement claim against Sands, the senior user via privity?

2. The district court found that the accused infringers are likely the senior users of the ICON BUILDERS Mark. Did the district court abuse its discretion in declining to analyze the "likelihood of confusion" factors after concluding that MFIB, the junior user, was unlikely to succeed on the merits of its trademark-infringement claim against Sands, the senior user via privity?

3. The district court did not have to address the other *Winter* factors after it concluded that MFIB had not shown a likelihood of success on the merits. The district court addressed the factors anyway and correctly concluded that they favored Sands. Did the district court abuse its discretion in concluding that the remaining *Winter* factors did not support an injunction?

STATEMENT OF THE CASE

I. Sands has continuously used the ICON BUILDERS Mark since 1985.

From humble beginnings, Defendant/Appellee Allen "Kelly" Sands[1] steadily built the ICON Builders brand over four decades. Born to a single mother, Kelly Sands began working at eleven years old, eventually becoming an electrician and electrical contractor by the time he was 21. 1-ER-121–22. In 1984–85, Kelly Sands formed his own electrical company, Bezaire Electric, Inc. d/b/a ICON Builders, and general contractor company, ICON Builders, Inc. d/b/a ICON Builders. 1-ER-122; 1-ER-124–25; 1-ER-185; 3-ER-661. The companies had around 100 employees. 1-ER-122.

While the businesses provided different construction services, they both used the ICON BUILDERS Mark. Kelly Sands selected the ICON BUILDERS Mark. 1-ER-122–23. He has continuously used the same ICON BUILDERS word and design marks since 1985:

[1] We refer to Sands and IBCA collectively as "Sands." When the distinction between Sands and IBCA is material, we refer to Sands as "Kelly Sands" and IBCA, LLC as "IBCA."

1-ER-158; 1-ER-168; 1-ER-200; 2-ER-345. The design mark has been virtually unchanged since 1985, featuring the same color, font, and design. 1-ER-168.

In 1992, Kelly Sands, through Bezaire, entered the affordable-housing space using his ICON BUILDERS Mark. 1-ER-123; 1-ER-125. Kelly Sands and his companies have completed roughly 25,000 affordable-housing units. 1-ER-123. As a result, the ICON BUILDERS Mark reflects Kelly Sands's hard-earned "reputation in the community." 1-ER-125.

Since 1985, Kelly Sands has used the ICON BUILDERS Mark with multiple companies. In addition to Bezaire and ICON Builders, Inc., Kelly Sands used the mark with ICON Professional Building Company; Hill Contracting Group ICON Builders; Westport Construction/ICON Builders; ICON Commercial Contractors; ROEM-ICON Contracting Group, Inc.; IB Partners, LLC; IB Holding Partners, LLC; WPIC Construction, LLC; and IBCA LLC. 1-ER-125. As Justin Krueger, MFIB's principal, acknowledged, Kelly Sands "calls everything ICON." 1-ER-100.

Kelly Sands used different companies for different purposes, for example, to serve different geographic areas or for projects with different partners. 1-ER-125–

26. Other than MFIB LLC (the joint venture with Krueger) and other joint ventures where he was a 50% owner (Hill Contracting Group ICON Builders, Westport Construction/ICON Builders, ROEM-ICON Contracting Group, and WPIC), Kelly Sands had 100% ownership of his companies. 1-ER-127–29.

Besides MFIB, Kelly Sands always had "final say in all of the companies," regardless of his ownership stake. 1-ER-129. As owner and president, Kelly Sands supervised their use of the ICON BUILDERS Mark. 1-ER-130. Over the past several decades, Kelly Sands and his companies continuously used the ICON BUILDERS Mark, with no intent to stop using the mark. 1-ER-180.

II. The history of Sands/IBCA and Krueger/MFIB.

A. Kelly Sands and Krueger entered into a joint venture, MFIB.

Kelly Sands and Krueger met in January 2008. 1-ER-93. At that time, Krueger had no experience in affordable-housing renovation. 1-ER-93. In fact, Krueger testified that Kelly Sands "was a big mentor" to him. 1-ER-93. Krueger operated a company called MFRG at the time he and Kelly Sands started their joint venture. 1-ER-26–27; 1-ER-93.

In 2017, Kelly Sands and Krueger formed a joint venture in affordable-housing, which became Plaintiff/Appellant MFIB LLC d/b/a MFRG-ICON ("MFIB"). 1-ER-131. MFIB was a joint venture between Kelly Sands's ICON Commercial Contractors (19% interest) and Krueger's MFRG (81% interest). 1-ER-

93–94; 1-ER-131–32; 1-ER-138. In August 2017, ICON Commercial Contractors, MFRG, and MFIB executed a Transition Services Agreement ("Services Agreement") (3-ER-494) and a Contribution Agreement (3-ER-510) that defined the parties' rights and obligations in MFIB. Kelly Sands and Krueger negotiated these agreements. 1-ER-134; 1-ER-136.

Section 3.01 of the Services Agreement addressed the licensing of the ICON BUILDERS Mark to MFIB solely for use with the joint venture. 3-ER-496. It explained that ICON Commercial Contractors granted "a non-exclusive, non-transferable, royalty-free, fully paid-up, worldwide license to use" the ICON BUILDERS Mark "solely as authorized by [ICON Commercial Contractors] in each instance" including "for purposes of carrying out the duties of MFIB on the completion of the ICON projects." 1-ER-136–37; 3-ER-496. The Services Agreement also expressly recognized that Kelly Sands's ICON Commercial Contractors retained its preexisting rights to use the ICON BUILDERS Mark in other lines of business, and retained "all right, title and interest in and to such trademarks and trade names" except for the license in the Services Agreement. 3-ER-496, 3-ER-511; 1-ER-207–08.

Section 3.02 of the Services Agreement expressly acknowledged that ICON Commercial Contractors "retains and owns all intellectual property (including, but not limited to, all … trademarks and other proprietary rights) owned by it on the date of execution." 3-ER-497. This includes the ICON BUILDERS Mark, which ICON Commercial Contractors had continuously used since 2005. 1-ER-97; 1-ER-125; 1-ER-154–55; 3-ER-670. In August 2017, MFRG had "never used the name 'ICON' in commerce." 1-ER-95.

The Contribution Agreement defined the parties' contributions to MFIB. ICON Commercial Contractors contributed nine pending projects in California and Arizona. 1-ER-132; 3-ER-513. Once those projects were substantially complete ("95 percent done"), ICON Commercial Contractors contributed certain buildings, furniture, equipment, software, and vehicles to MFIB. 1-ER-132–33; 3-ER-514–21. This was necessary because, other than some back-office managerial staff, Kelly Sands took his "staff of approximately 60 people and merg[ed] it with MFRG," leaving him with "no employees to finish these projects." 1-ER-132–33; *see* 3-ER-611; 1-ER-213–16.

Kelly Sands's reputation helped MFIB credibly bid on projects. 1-ER-138–39. As a result, MFIB used the ICON BUILDERS Mark in connection with some projects. 1-ER-139. At all times, though, Kelly Sands understood the quality of MFIB's work and approved of MFIB's use of the ICON BUILDERS Mark on MFIB's projects. 1-ER-139.

B. Kelly Sands operated separately from MFIB from 2017–22.

During the joint venture, ICON Commercial Contractors continued to operate separately from MFIB. 1-ER-139. ICON Commercial Contractors had its own employees (1-ER-139–41; 3-ER-611) who helped manage the company's fourteen projects in Arizona, California, New Mexico, and Texas that were not contributed to MFIB and were completed using the ICON Builders Mark, (1-ER-141; 3-ER-678–747)

ICON Commercial Contractors completed some separate projects with other companies under teaming agreements, which are used when "companies come together" to work on a project. 1-ER-142. From 2017 to 2022, ICON Commercial Contractors had teaming agreements with five companies—two in California and three in Arizona. 1-ER-142–45; 3-ER-678, 3-ER-686, 3-ER-696, 3-ER-704, 3-ER-712. The parties used the ICON BUILDERS Mark with these projects. 1-ER-143.

ICON Commercial Contractors also worked with partners on other projects during this period, including:

- A Master Agreement with RISE Residential for a new multifamily construction project in Texas. 1-ER-147: 3-ER-596.
- A Guaranty Agreement with Coalition for Responsible Community Development for an affordable-housing renovation project in California. 1-ER-147–49; 3-ER-720.
- A Consulting Agreement (still in place today) with Sonoma Housing Advisors to provide "advisory and consulting services throughout the State of Texas, New Mexico, Oklahoma and Colorado." 1-ER-149–50; 3-ER-747.

From 2017 through 2022, Kelly Sands's companies that used the ICON BUILDERS Mark continued to operate in the normal course of business. They maintained mailing addresses, email addresses (including "@iconbuilders.com"), and websites. 1-ER-152–53. They also maintained corporate standing with state regulators. 1-ER-153–54; 3-ER-661. This included filings indicating that the ICON BUILDERS Mark was a trade name of ICON Commercial Contractors. 1-ER-154–55; 3-ER-669.

C. Krueger bought Kelly Sands out of MFIB, allowing Kelly Sands to freely compete.

In 2022, Krueger bought Kelly Sands out of MFIB. 1-ER-155. In so doing, ICON Commercial Contractors and MFRG executed a Membership Interest Purchase Agreement ("Purchase Agreement") on August 8, 2022. 3-ER-526. Under the Purchase Agreement, Krueger acquired Kelly Sands's 19% interest in MFIB. 3-ER-536; 1-ER-156–57.

Section 4.04 of the Purchase Agreement terminated the Services Agreement. 3-ER-542; 1-ER-99; 1-ER-157. Because the Services Agreement had defined the terms under which MFRG or MFIB could use the ICON BUILDERS Mark, Section 4.04 addressed the parties' right to use certain trademarks after termination: it prohibited Krueger, MFIB, and MFRG from using "ICON Commercial" or "ICON Commercial Contractors," and allowed them to use "MFRG-ICON," "ICON National," and "MFRG-ICON Construction." 3-ER-542; 1-ER-99–101; 1-ER-157–

58. Section 4.04 does not prevent Kelly Sands or his companies from using the ICON BUILDERS Mark in affordable-housing renovations. 1-ER-101–02.

Finally, the Purchase Agreement released Kelly Sands from his non-compete. 3-ER-543. The Purchase Agreement does not prevent Kelly Sands or his companies from competing with MFIB in affordable-housing renovation. 1-ER-102. As Krueger acknowledged Kelly Sands was now "free to enter the affordable housing renovation market." 1-ER-103; 1-ER-156; 1-ER-158–59.

D. Kelly Sands formed IBCA, which competes with Krueger's MFIB.

Freed from his non-compete, Kelly Sands prepared to reenter the affordable-housing renovation market to compete with MFIB almost immediately. Kelly Sands had discussions with his connections in the industry, hired employees, and bid on projects. 1-ER-160–62.

In 2023, Kelly Sands formed Defendant/Appellee IBCA LLC, which uses the ICON BUILDERS Mark in the affordable-housing construction and renovation business. 1-ER-5; 1-ER-125; 1-ER-129; 1-ER-161–62. Kelly Sands owns 100% of IBCA. 1-ER-129.

In January 2024, IBCA secured a notice to proceed on an affordable-housing renovation project in California. 1-ER-160–62; 3-ER-762. Because affordable-housing "projects have a long gestation period," Sands's team "probably spent six months negotiating," which ultimately "resulted in a contract" for the project. 1-ER-162; *see* 1-ER-165–67 (describing affordable-housing project bid process).

In May 2024, IBCA publicly announced its reentry into affordable-housing projects as "ICON Builders" in a social media post from Sands's "theiconbuilders" Instagram account. 2-ER-284–85. IBCA also attended several affordable-housing industry conferences in 2024 and 2025. 1-ER-57; 1-ER-108–09; 1-ER-117. IBCA's conference booths prominently display the ICON BUILDERS Mark. 4-ER-766; 1-ER-109; 1-ER-168.

IBCA continued to gain traction. IBCA currently has seven projects under contract, "soon to be eight." 1-ER-209. IBCA also has approximately ten projects in the bidding stage. 1-ER-209.

III. MFIB's motion for preliminary injunction.

MFIB sued Sands on July 17, 2025. 10-ER-1872. MFIB alleged claims for (1) federal trademark infringement, 15 U.S.C. § 1114; (2) federal false designation of origin and representation, 15 U.S.C. § 1125(a); (3) cancellation of a trademark application filed with the USPTO by IBCA; and (4) trademark infringement and unfair competition under Arizona law. 10-ER-1882–87.

The same day, MFIB moved for a preliminary injunction on the trademark-infringement claim. 10-ER-1796. Following briefing and an in-person evidentiary hearing where the district court received documentary and testimonial evidence, the district court denied MFIB's motion. 1-ER-3.

First, the district court found that MFIB had not demonstrated a likelihood of success on the merits. The district court found that Sands is in privity with his companies and therefore enjoys the same priority date for ICON BUILDERS under 15 U.S.C. § 1115(b)(5). 1-ER-8–9. The district court also found that Sands has not abandoned the ICON BUILDERS Mark because Sands neither stopped using the mark during the joint venture period with MFIB nor engaged in uncontrolled licensing of the mark. 1-ER-9–11. Thus, the district court declined to address whether there is a likelihood of confusion between the ICON BUILDERS Mark and MFIB's marks. 1-ER-11–12.

Second, the district court found that MFIB failed to establish that the other injunction factors favor granting an injunction. On irreparable harm, the district court summarized MFIB's alleged evidence of irreparable harm and then explained that MFIB (1) is not entitled to a presumption tied to the movant establishing likelihood of success, (2) presented no evidence that it lost customers or contracts due to confusion and, (3) even if it had, MFIB could be compensated through damages. 1-ER-12–13. The district court found that the balance of equities does not support an injunction where Sands is likely the senior user of the ICON BUILDERS Mark via privity. 1-ER-13–14. The district court found that the public interest favors Sands as the senior user of the ICON BUILDERS Mark via privity. 1-ER-14.

This interlocutory appeal followed. 10-ER-1902.

SUMMARY OF ARGUMENT

The district court did not abuse its discretion in denying MFIB's motion for a preliminary injunction. MFIB failed to carry its burden on every element of the *Winter* test.

Trademark ownership is determined by priority of use. The first to use a mark is the "senior user" and has the right to continue using it, even against a party who later obtains a federal registration. Under 15 U.S.C. § 1115(b)(5), a senior user who continuously used a mark before a junior user's registration has a complete defense to infringement. The statute also extends this defense to other companies "in privity" with the senior user. The district court found, based on substantial evidence, that Kelly Sands created the ICON BUILDERS Mark in 1985 and has used it continuously for forty years. MFIB did not apply for its federal registrations until decades later. The district court's finding that Sands is likely the senior user of the ICON BUILDERS Mark was not clearly erroneous. (Argument § I.B.)

The district court also did not abuse its discretion in finding that Sands is in privity with the various companies that used the ICON BUILDERS Mark. Common ownership and control establish privity under § 1115(b)(5). Here, Sands owned and controlled each company in the chain required to show senior use of the ICON BUILDERS Mark. (Argument § I.C.)

MFIB's contrary arguments fail. The district court's privity findings rested on its assessment of the evidence and witness credibility, and MFIB has not shown clear error. MFIB also claims (at 48) that the district court violated Circuit precedent by relying "solely and improperly on evidence of common ownership alone when finding privity," (OB at 48) but the district court properly relied on evidence of common ownership *and control*—the hallmark of establishing privity. (Argument § I.C.3.) Contrary to MFIB's contention, its federal registrations do not establish superior rights over Sands's ICON BUILDERS Mark; Sands is the senior user via privity for purposes of § 1115(b)(5). (Argument § I.D.1.)

Nor did the district court err by not making specific findings about the scope of Sands's prior-use rights under § 1115(b)(5). MFIB waived this argument because it never requested such findings below. (Argument § I.D.2.a.) In addition, MFIB was not entitled to the nationwide injunction it requested, and the district court was not required to sua sponte consider narrower relief. (Argument § I.D.2.b.) In any event, a district court *denying* a preliminary injunction need not make the detailed findings that might be necessary at trial; it needed only to find that MFIB was unlikely to succeed on the merits. (Argument § I.D.2.c.) And even if such findings were required, the record contains substantial evidence about Sands's continuous use, which allows this Court to affirm. (Argument § I.D.2.d.)

The district court also did not abuse its discretion by declining to analyze the likelihood-of-confusion factors. When a defendant establishes that it is likely the senior user, the plaintiff cannot succeed on a trademark-infringement claim regardless of whether confusion exists. The senior user has superior rights to use its mark, making likelihood of confusion irrelevant. The district court therefore properly declined to conduct a *Sleekcraft* analysis after finding Sands was likely the senior user. (Argument § II.A.) Even if likelihood-of-confusion findings were required, or even if the district court erred in its priority or privity findings, substantial record evidence supports finding that no confusion is likely. (Argument § II.B.)

Finally, the district court did not abuse its discretion in weighing the remaining *Winter* factors against an injunction. This is not a case against counterfeits or copycats. Sands has been using the same ICON Builders Mark, in the same industry, for decades, and MFIB wants to stop that use simply because it later registered its marks. After a trial on the merits, the district court will resolve the parties' technical disputes about priority and privity. In the meantime, however, the district court properly declined to enjoin Sands from using his multi-decade mark while the case proceeds. (Argument § III.)

The Court should affirm.

ARGUMENT

I. The district court did not abuse its discretion in finding that MFIB was unlikely to succeed on the merits of its trademark-infringement claim.

A. Legal standard.

Preliminary injunctions are "extraordinary remed[ies] that may only be awarded upon a clear showing that the plaintiff is entitled to such relief." *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008). They are "never awarded as of right." *Id.* at 24. Preliminary injunctions serve a discrete purpose—"to preserve the relative positions of the parties until a trial on the merits can be held." *Univ. of Tex. v. Camenisch*, 451 U.S. 390, 395 (1981).

Reflecting that limited purpose, the movant must show that (1) "he is likely to succeed on the merits," (2) "he is likely to suffer irreparable harm in the absence of preliminary relief," (3) "the balance of equities tips in his favor," and (4) "an injunction is in the public interest" in order to obtain relief.[2] *Winter*, 555 U.S. at 20; *Youth 71Five Ministries v. Williams*, 160 F.4th 964, 977 (9th Cir. 2025).

[2] Some cases use a "serious questions" test—a hybrid of the standard *Winter* test. *See, e.g.*, *Flathead-Lolo-Bitterroot Citizen Task Force v. Montana*, 98 F.4th 1180, 1190 (9th Cir. 2024). The Court frequently follows *Winter* and applies its four factors. *See, e.g.*, *Youth 71Five*, 160 F.4th at 977. The Court should do so here, consistent with its recent decision in *Youth 71Five*.

"The first *Winter* factor, likelihood of success, is a threshold inquiry and is the most important factor in any motion for a preliminary injunction." *Baird v. Bonta*, 81 F.4th 1036, 1042 (9th Cir. 2023) (quotation marks omitted). So, "a court need not consider the other factors if a movant fails to show a likelihood of success[.]" *Id.* at 1040 (quotation marks omitted). A party need not "prove his case in full at a preliminary-injunction hearing," which explains why "the findings of fact and conclusions of law made" on a preliminary-injunction ruling "are not binding at the trial on the merits[.]" *Camenisch*, 451 U.S. at 395 (citations omitted).

The decision to deny a preliminary injunction is "reviewed for abuse of discretion[.]" *FTC v. Microsoft Corp.*, 136 F.4th 954, 964 (9th Cir. 2025). The district court's legal conclusions are reviewed de novo and its factual findings are reviewed for clear error. *Id.* Under clear-error review, "[a] district court's plausible account of the evidence is not reversible even if" the Court "would have weighed the evidence differently." *Montana v. Talen Montana, LLC*, 130 F.4th 675, 686 (9th Cir. 2025) (citation omitted). The Court "must be especially reluctant to set aside a finding based on the trial judge's evaluation of conflicting lay or expert oral testimony." *Id.* (citation omitted). More colorfully, "[t]o be clearly erroneous, a decision must … strike us as wrong with the force of a five-week old, unrefrigerated dead fish." *Ocean Garden, Inc. v. Marktrade Co., Inc.*, 953 F.2d 500, 502 (9th Cir. 1991) (citation omitted).

When denying a motion for a preliminary injunction, a district court need not write a magnum opus. The court "may affirm if the findings are sufficiently comprehensive and pertinent to the issues to provide a basis for decision[.]" *FTC v. Enforma Nat. Prods., Inc.*, 362 F.3d 1204, 1212 (9th Cir. 2004).

B. The district court correctly found that Sands is the senior user of the ICON BUILDERS Mark (via privity), with priority over MFIB.

1. Priority of use of a mark in commerce determines trademark ownership.

"It is axiomatic in trademark law that the standard test of ownership is priority of use." *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996). "To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services." *Id.*; *see also* 2 McCarthy on Trademarks & Unfair Competition § 16:1 (5th ed.) ("McCarthy") ("The basic rule of trademark ownership in the United States is priority of use.").

"The first to use a mark is deemed the 'senior' user and has the right to enjoin 'junior' users from using confusingly similar marks in the same industry and market or within the senior user's natural zone of expansion." *M2 Software, Inc. v. Madacy Ent.*, 421 F.3d 1073, 1078 n.4 (9th Cir. 2005) (citation omitted); *see also* 2 McCarthy § 16:1 ("The 'senior user' and owner of a mark is the first user within the United States.").

One need not register its mark to obtain valid trademark rights, or to be the senior user. Although "federal registration of [a] mark is prima facie evidence that the registrant is the owner of the mark" and "the registrant is granted a presumption of ownership, dating to the filing date of the application for federal registration," "the non-registrant can rebut this presumption by showing that … he used the mark in commerce first[.]" *Sengoku*, 96 F.3d at 1219–20. Thus, a senior user's common-law rights based on prior use provide a complete defense to infringement claims—even against a registered mark.

The Lanham Act codifies these longstanding principles: A "party or those in privity with him" may defend against a trademark-infringement claim if they establish continuous use of the mark that pre-dates the application date.[3] 15 U.S.C. § 1115(b)(5); *see also* 15 U.S.C. § 1057(c)(1).

2. The district court did not clearly err in finding that Sands is the senior user of the ICON BUILDERS Mark via privity.

The district court correctly found that "Sands is considered the senior user of the ICON mark." 1-ER-9.

Sands began using the ICON BUILDERS Mark in 1985. 1-ER-122–23; 1-ER-158; 1-ER-168; 1-ER-200; 2-ER-345. The ICON BUILDERS Mark has remained virtually unchanged since 1985. 1-ER-168. Since 1985, Kelly Sands has

[3] For purposes of this appeal, ICBA assumes that the application date is the relevant date under § 1115(b)(5).

used the ICON BUILDERS Mark with at least eleven companies, including Bezaire, ICON Commercial Contractors, and IBCA. 1-ER-125.

When Kelly Sands and Krueger formed MFIB in 2017, they recognized in Sections 3.01 and 3.02 of the Services Agreement that Kelly Sands, through ICON Commercial Contractors, retained the preexisting common-law use rights in the ICON BUILDERS Mark. 3-ER-496–97; 1-ER-97; 1-ER-136–38; 1-ER-154–55; 1-ER-207–08. At that time, MFRG had "never used the name 'ICON' in commerce." 1-ER-95.

During the joint venture period from 2017 through 2022, MFIB's use of the ICON BUILDERS Mark under the Services Agreement inured to ICON Commercial Contractors/Sands's benefit. *See* 2 McCarthy § 18:52 ("A licensee's use inures to the benefit of the licensor-owner of the mark and the licensee acquires no ownership rights in the mark itself.").

During the joint venture period, Sands also continued to use the ICON BUILDERS Mark separately from MFIB. 1-ER-139. ICON Commercial Contractors had its own employees (1-ER-139–41; 3-ER-611), who used the ICON BUILDERS Mark when completing the projects in Arizona, California, New Mexico, and Texas that were not contributed to MFIB, (1-ER-141; 3-ER-678–747). Kelly Sands's other companies continued to operate in the normal course of business during this period. 1-ER-152–53; 3-ER-661; 3-ER-678–712; 3-ER-596; 3-ER-720;

3-ER-747. ICON Commercial Contractors also completed some separate projects with other companies using the ICON BUILDERS Mark under teaming agreements, (3-ER-678–712; 1-ER-142–45), and other contractual relationships, (3-ER-596; 1-ER-145–47; 3-ER-720; 1-ER-147–49; 3-ER-747; 1-ER-149; 1-ER-150).

After the parties terminated the joint venture in 2022, Kelly Sands immediately began preparing to form IBCA, which occurred in 2023. 1-ER-5; 1-ER-125; 1-ER-129; 1-ER-160–61; 1-ER-147. In May 2024, IBCA publicly announced its reentry into affordable housing as "ICON Builders." 2-ER-284–85.

During that period, MFIB filed four applications to register the "MFRG-ICON CONSTRUCTION" and "ICON NATIONAL" word and design marks. 2-ER-268–77. MFIB filed the applications on August 4, 2022 (2-ER-274) (ICON NATIONAL word mark), August 8, 2022 (2-ER-268–71) (MFRG-ICON CONSTRUCTION word and design marks), and January 9, 2023 (2-ER-277) (ICON NATIONAL design mark). The USPTO registered MFIB's marks on November 28, 2023. 2-ER-268–77.

Through the companies he owned and controlled, Sands has continuously used the ICON BUILDERS Mark since 1985. Sands's use predates the first use dates claimed in MFIB's trademark applications. Sands is therefore the senior user of the ICON BUILDERS Mark.

C. The district court did not abuse its discretion in finding that MFIB is unlikely to show that it has priority over Sands.

Under 15 U.S.C. § 1115(b)(5), a "party or those in privity with him" may defend against a trademark-infringement claim by showing continuous use of the mark "without knowledge of the registrant's prior use" that pre-dates the date of application. Importantly, § 1115(b)(5) does not require that the party invoking the defense be the same entity as the prior user. Instead, the statute expressly extends the defense to "those in privity with" the prior user. *Id.* The statute therefore specifically contemplates that separate corporate entities may benefit from their close association with each other. Nor does the statute require formal contracts between the parties. It does not require, for example, that the prior user grant a written license to the subsequent user. Instead, it simply requires "privity."

Kelly Sands first originated the ICON BUILDERS Mark in 1985. *See* Statement of the Case § I. He has continuously used that mark for over 40 years through a series of companies. *See* Statement of the Case § II.B–D. Thus, Sands's § 1115(b)(5) defense turns on whether Sands is in privity with those earlier companies. Sufficient evidence supported the district court's finding that "Sands is in privity with his companies and can therefore assert priority based on the companies' prior use of the mark." 1-ER-9. Consequently, it was not clearly erroneous for the district court to find that Sands is "likely" the "senior user of the

ICON marks," and it was not an abuse of discretion to conclude that MFIB is unlikely to prevail on the merits. 1-ER-8–9; 1-ER-15. The Court should affirm.

1. Privity is established through common ownership and control.

In any question of statutory interpretation, a court "look[s] first to the plain language, construing the provisions of the entire law, including its object and policy, to ascertain the intent of Congress." *Retuta v. Holder*, 591 F.3d 1181, 1188 (9th Cir. 2010) (citation omitted). The definitions of privity used at different times and in different contexts reveal a consistent thread: common ownership and control establish privity.

Few cases analyze privity specifically under § 1115(b)(5). This Court has addressed the issue only once, in *Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 782 F.2d 1508 (9th Cir. 1986). *Park 'n Fly* holds only that common ownership alone is insufficient to establish privity. *See id.* at 1509. But as explained below (§ I.C.3), *Park 'n Fly*'s unreasoned decision does not offer any test for what *does* establish privity. Its narrow holding—that common ownership alone is insufficient—does not conflict with the principle, both within the § 1115(b)(5) context and without, that common ownership and control together can establish privity.

Other courts have found privity under § 1115(b)(5) based on common ownership and control. In *Concord Lab'ys, Inc. v. Concord Med. Ctr.*, 552 F.Supp. 549, 552 n.4 (N.D. Ill. 1982), the court found privity between two separate corporate entities based on "substantial overlap of ownership and administration," and a "functional link" between the companies. There, the entities' ownership was not even identical. They shared only "two-thirds" common ownership, but the court still correctly found privity. *Id.* In *Hot Shoppes, Inc. v. Hot Shoppe, Inc.*, 203 F.Supp. 777, 781 (M.D.N.C. 1962), the court found privity between a restaurant and its prior iteration with different ownership even when the business had closed for a short period.

Courts look to these same characteristics when analyzing privity across contexts. For example, the Supreme Court long ago explained that "'privity' denotes mutual or successive relationship to the same rights of property" and distinguishes those "who are directly interested in the subject matter" from those who "are regarded as *strangers* to the cause." *Litchfield v. Crane*, 123 U.S. 549, 551 (1887). Other courts, including this one, generally adhere to this broad view of privity. *See, e.g.*, *United States v. Schimmels*, 127 F.3d 875, 881 (9th Cir. 1997) ("Privity ... is a legal conclusion designating a person so identified in interest with" another that they can be fairly bound to them (quotation marks omitted)); *Elbert v. Carter*, 903 F.3d 779, 782 (8th Cir. 2018) ("'[P]rivity' is 'merely a word used to say that the relationship between the one who is a party on the record and another is close enough to include that other within the res judicata.'" (citation omitted)). *Black's* similarly confirms that privity means a "mutuality of interest" and the "connection or relationship between two parties each having a legally recognized interest in the same subject matter." *Privity*, Black's Law Dictionary (12th ed. 2024).

Courts in other contexts also focus specifically on ownership of control to show privity. *See, e.g.*, *Littlefield v. Union State Bank*, 500 N.W.2d 881, 885 (N.D. 1993) ("In the context of res judicata, the plaintiffs' sole ownership of the corporation and complete control of its affairs constituted a sufficient common interest to place them in privity with the corporation."); *Yanez v. Graco, Inc.*, 45 F.Supp.3d 1016, 1027 (D. Minn. 2014) (same); *Beal v. Allstate Ins. Co.*, 989 A.2d 733, 740, ¶ 20 (Me. 2010) ("Privity exists when two parties have a commonality of ownership, control, and interest in a proceeding"); *U.S. v. Conagra Grocery Prods. Co., LLC*, 4 F.Supp.3d 243, 261 n.20 (D. Me. 2014) (same); *Cohen v. United States*, 924 F.Supp. 1164, 1169 (S.D. Fla. 1996) ("As a CEO and direct or beneficial shareholder" in the companies, the plaintiff "exercised control over the companies' affairs and was, therefore, in privity with his companies").

As an example, courts applying the doctrine of patent assignor estoppel, which "prevents a party who assigns a patent to another from later challenging the validity of the assigned patent," evaluate "all direct and indirect contacts" to determine whether parties are in privity. *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1377, 1379 (Fed. Cir. 1998). In assessing those contacts, courts weigh common ownership and control heavily in favor of finding privity because ownership gives a party "considerable control over [the other]'s operations" and is "a reliable indicator of extensive, if not complete, control." *Id.* Sharing personnel and control over key operational decisions, such as budgeting, also weigh in favor of privity. *Id.*

These considerations make good sense. The purpose of privity is to measure the "sameness" of two parties, so demonstrating that one is not independent from the other because of common ownership and control establishes that fundamental "sameness." Indeed, the Supreme Court explained long ago that "a decree of injunction not only binds the parties defendant but also those identified with them in interest, in 'privity' with them, represented by them or subject to their control." *Regal Knitwear Co. v. NLRB*, 324 U.S. 9, 14 (1945).

Other federal statutory schemes similarly rely on ownership and control to measure "sameness" in generally analogous contexts. For example, an "enterprise" under the Fair Labor Standards Act can be established by "related activities, unified operation or common control, and common business purpose." *Brennan v. Arnheim & Neely, Inc.*, 410 U.S. 512, 518 (1973). A similar concept applies under the National Labor Relations Act, where a "single employer" is measured by the "interrelation of operations, common management, centralized control of labor operations and common ownership." *Radio & Television Broad. Technicians Loc. Union 1264 v. Broad. Serv. of Mobile, Inc.*, 380 U.S. 255, 256 (1965) (per curiam).

These concepts, like privity, seek to determine when seemingly distinct parties should be considered to be legally the same party. Again, they look to common ownership and control as the most reliable indicia.

In sum, the touchstone of privity under § 1115(b)(5) is common ownership and control.

2. The district court did not abuse its discretion in finding that Sands was likely in privity with his companies through common ownership and control.

Against this backdrop, the district court found that Sands was likely to establish prior use because he "originated the ICON mark," his "companies have continuously used the ICON Builders marks," and he "was the full owner and manager of those companies." 1-ER–8. Based on these factual findings, the district court found that "Sands is in privity with his companies" and "is considered the senior user of the ICON mark." 1-ER-8–9. These factual findings were not clearly erroneous and therefore the district court did not abuse its discretion in finding privity.

Beginning with the factual findings, the district court first found that Sands "originated the ICON mark." 1-ER-8. The record supports this finding. Kelly Sands originated the ICON BUILDERS Mark in 1985, via Bezaire, which did business as "ICON Builders"—the same mark Sands uses today. 1-ER-122–23; 1-ER-125; 1-

ER-185. As the district court noted, MFIB did "not dispute that Defendant Sands" began using "ICON Builders in 1985." 1-ER-8; 6-ER-1044–45.

The record also supports the district court's finding about Kelly Sands's ownership and control of his companies. Kelly Sands owned 100% of Bezaire and controlled its operations. *See id.* at 1-ER-42; 1-ER-122–25; 1-ER-127; 1-ER-129. As part of that control, Kelly Sands oversaw the use of the mark by his companies in addition to overseeing their business operations. 1-ER-129–30. In 2005, he launched ICON Commercial Contractors d/b/a "ICON Builders." 3-ER-667; 3-ER-669. Again, he owned 100% of the company and controlled its affordable-housing operations, including licensing the ICON BUILDERS Mark to MFIB. 1-ER-42; 1-ER-128–29; 1-ER-134–36. The same is true for ICON Professional Building Company. Kelly Sands owned 100% of the company and controlled its operations, which focused on affordable housing. 1-ER-125, 1-ER-127–29. He also owned and controlled 100% of IB Partners and IB Holding Partners. 1-ER-125; 1-ER-128–29.

The record further supports the district court's finding that Sands's companies continuously used the ICON BUILDERS Mark. Both Bezaire (since 1992) and ICON Commercial Contractors (since 2005) continuously used the ICON BUILDERS Mark in the affordable-housing space prior to MFIB's registrations and until Kelly Sands dissolved them and formed IBCA. 1-ER-163; 1-ER-97 (Krueger admitting that ICON Commercial Contractors was a "Kelly Sands entity" that "was using the ICON Builders mark in commerce"). And ICON Professional Building Company, IB Partners, and IB Holdings also all used the ICON BUILDERS Mark beginning before MFIB's registration applications (filed in 2022–2023). 1-ER-125; 1-ER-127–29; 1-ER-150–51; 3-ER-726–44.

Based on these well-supported factual findings, the district court did not abuse its discretion in finding the companies in privity. Kelly Sands's common ownership and control of these companies is sufficient to show that Sands is likely to establish privity with a prior user under § 1115(b)(5), and that therefore MFIB was not likely to succeed on the merits. The record shows that Sands not only owned and controlled the companies but acted *through* them. Indeed, Krueger admitted that, during the MFIB joint venture, he dealt with Kelly Sands, who operated "through his company ICON Commercial Contractors." 1-ER-106. Krueger also acknowledged that "Mr. Sands called all of *his* entities ICON Builders." 1-ER-97 (emphasis added). Sands provides the functional link: he originated the mark with Bezaire in 1985, brought it to each successive company, supervised its use, and maintained the brand's stellar reputation in the affordable-housing industry.

Thus, sufficient evidence supported the district court's finding that Kelly Sands's relationship with his companies demonstrates all the indicia of privity that courts traditionally rely on. *See, e.g.*, *Concord*, 552 F.Supp. at 552 n.4 (finding privity via a "substantial overlap of ownership and administration" and a "functional link"); *Mentor Graphics*, 150 F.3d at 1379 (ownership and indications of "considerable control over [another company]'s operations" is strong evidence of privity).

The case for privity here is particularly strong. "Privity does not require total identity of ownership," and has been found with only two-thirds overlapping ownership. *Concord*, 552 F.Supp. at 552 n.4. Here, Kelly Sands owned and controlled 100% of the relevant companies.

Consequently, because Kelly Sands owned and controlled the relevant companies, he and IBCA are in privity with the prior users of the ICON BUILDERS Mark for purposes of § 1115(b)(5). For example, IBCA is in privity with Bezaire and ICON Commercial Contractors, which together used the mark continuously since 1985, because Kelly Sands owned and controlled all three. As another independent example, IBCA is also in privity with ICON Professional Building Company, IB Partners, and IB Holdings because Kelly Sands owned and controlled them and together they also continuously used the mark before MFIB's applications.

The policy underlying § 1115(b)(5) supports the district court's ruling. Congress included "privity" specifically to prevent the injustice that would otherwise occur when a long-time user of a mark—operating through various business entities over decades—is sued by a newcomer who obtained a federal registration. If privity did not extend to other entities under common ownership and control, small business owners like Sands would lose the ability to continue using marks they created and used for decades simply because they reorganized their business structure. That is not what Congress intended.

The district court did not abuse its discretion in finding that Sands was likely to be the senior user under § 1115(b)(5).

3. MFIB has not shown that the district court's privity findings were clearly erroneous.

MFIB's contrary arguments do not displace this conclusion. MFIB first argues (at 48–49, 51–52) that *Park 'n Fly* precludes the district court's finding that Sands is in privity with his companies. But *Park 'n Fly* neither defeats this finding nor controls this case.

Park 'n Fly addressed two airport-parking companies seeking to use the § 1115(b) defense. In a single paragraph with little analysis, the Court held that "there is no privity between the two separate corporations." 782 F.2d at 1509. The companies, however, had "no connection" other than sharing common ownership. *Id.* The opinion does not address any argument that the alleged infringer shared common *control* with the senior user, or address any other facts that could establish privity. In an unreasoned dictum, the Court also distinguished two cases because "they "involve[d] collateral estoppel and res judicata principles." *Id.* The opinion, however, does not supply any definition for privity, nor does it even explain what additional factors *would* support privity. It merely held that common ownership alone, with no other connection, was insufficient.

MFIB recognizes *Park 'n Fly*'s narrow holding. *See* OB at 52 ("[T]he holding in *Park 'n Fly* that common ownership of a corporation *alone* does not establish privity under § 1115(b)(5)[.]" (Emphasis added)). It claims that the district court violated this narrow holding because it supposedly "relied *solely and improperly* on evidence of *common ownership alone* when finding privity, in violation of *Park 'N Fly*." *Id.* at 49 (emphases added).

But the district court did not rely on ownership alone. Instead, it explained that "Defendant Sands was the full owner *and manager* of these companies." 1-ER-8 (emphasis added). Unlike the defendant in *Park 'n Fly*, who merely pointed to common shareholders, Sands actively originated the ICON BUILDERS Mark, personally selected it for each company, supervised its use across entities, and maintained control over quality. 1-ER-122–23; 1-ER-125; 1-ER-129; 1-ER-130; 1-ER-138; 1-ER-139. The *Park 'n Fly* defendant offered only passive common ownership; Sands offers active, unitary control over the mark itself.

The district court correctly relied on ownership *paired with control*, which are the hallmarks of privity. *See, e.g.*, *Mentor Graphics*, 150 F.3d at 1379; *Concord*, 552 F.Supp. at 552 n.4. Looking to common ownership and control does not ignore or conflict with *Park 'n Fly*, which did not address management or control at all.

Rather, the district court appropriately cited *Park 'n Fly* when analyzing privity under § 1115(b)(5). 1-ER-8.

MFIB relies (at 48) on *Headwaters Inc. v. U.S. Forest Service*, 399 F.3d 1047 (9th Cir. 2005). But *Headwaters*'s observation that "parallel legal interests alone" are insufficient, *id.* at 1054, does not preclude privity through common ownership *and control*. The district court did not base its ruling solely on parallel interests; it appropriately relied on both ownership and control.

MFIB also argues (at 49) that "no trademark rights could flow to IBCA from [Kelly] Sands himself" because he "admitted that he had no personal trademark rights or record of 'chain of title.'" But Kelly Sands did not need "personal trademark rights" or a "chain of title." Section 1115(b)(5) does not turn on ownership of the mark; it turns on *privity*. In other words, § 1115(b)(5) requires that the accused infringer be in privity with the senior user, which can be established by showing that the same person owned and controlled both entities.

Here, that means that the defense turns on whether Kelly Sands and IBCA are in privity with Bezaire, ICON Commercial Contractors, or Kelly Sands's other companies, which are the senior users of the ICON BUILDERS Mark. To take just one pair as an example, IBCA and Bezaire are in privity because Kelly Sands owned and controlled both companies. Kelly Sands's personal trademark rights do not need to connect IBCA and Bezaire; his ownership and control of both companies places them in privity for purposes of § 1115(b)(5).

This makes sense. Consider a person, "John," who starts a series of single-purpose LLCs, which he solely owns and controls. "ACME-LLC-A" and "ACME-LLC-B" are the senior users of the ACME mark. Then NewCo, an unrelated entity, begins using an ACME mark and obtains federal registration. John then forms a new single-purpose LLC, "ACME-LLC-C," after the registration, and uses the ACME mark. Because John owns and controls all three companies, the new LLC is in privity with his first two LLCs, and therefore ACME-LLC-C gets the benefit of § 1115(b)(5), even if John never uses the mark in his personal capacity (and therefore has no *personal* trademark rights). John's common ownership and control—the hallmarks of privity—supply the *facts* to support privity, even though John never used the mark in his personal capacity.

That is why *Malibu, Inc. v. Reasonover*, 246 F.Supp.2d 1008 (N.D. Ind. 2003), does not apply. (Cited at OB at 49). There, someone claimed to *personally* own a mark because he designed and created it, but he never used it. *Id.* at 1012. The court found that the company that actually used the mark, not the designer, owned it. *Id.* at 1013.

Here, as in the ACME example, Kelly Sands does not need to show *personal* ownership. His common ownership and control over IBCA on the one hand, and

Bezaire, ICON Commercial Contractors, and his other companies, on the other, establish privity between IBCA and those companies.

Same with MFIB's arguments (at 49) about "chain of title." Section 1115(b)(5) does not require a formal chain of title conveying ownership of the mark. It requires earlier "use," paired with "privity." *Id.* at 50. If a formal chain of title were required, § 1115(b)(5) would not use the broader concept of "privity."

MFIB emphasizes (at 50) that Kelly Sands's companies "were undisputedly separate corporate entities." But again, if § 1115(b)(5) applied only to the same corporate entity, it would say "such party" instead of "such party or those in privity with him." Privity applies even to "a different corporate entity," *Concord*, 552 F.Supp. at 551, 552 n.4, so long as there is common ownership and control.

MFIB also argues (at 49–50) that Sands did not have a "written agreement" giving "permission" to use the marks. Contrary to MFIB's contention, privity does not require formal contracts. As the district court recognized, "were those agreements to exist, Defendant Sands would have executed the agreement on behalf of both parties." 1-ER-8–9. A "written agreement" giving "permission" (OB at 49–50) would essentially be Sands giving permission to himself.

Next, MFIB disputes (at 50) the sufficiency of the evidence about whether Kelly Sands was actually "the full owner and manager of those companies[.]" But these findings are reviewed for clear error. *Ocean*, 953 F.2d at 502. This is a heavy burden that requires more than mere disagreement with the ruling. The Court must be "reluctant to set aside a finding based on the trial judge's evaluation of conflicting … testimony." *Montana*, 130 F.4th at 686. To affirm, there need only be enough evidence in the record supporting the decision such that it is not "illogical" or "implausible." *See id.*

The district court's order easily clears this threshold because the record contains ample evidence to support the finding that Kelly Sands owned and controlled the companies. (Argument § I.C.2.) MFIB's argument invites this Court to reweigh the evidence, which it cannot do under clear-error review.

MFIB argues (at 50) that "nothing corroborates Sands's vague testimony that he had the 'final say' in these companies." But Kelly Sands's testimony *is* evidence, which the district court properly credited, and nothing requires "corroborat[ion]," as MFIB suggests. Tellingly, MFIB does not even suggest that anyone else owned or controlled the companies. And in any event, it wasn't just his testimony. The record also contained contracts that Kelly Sands signed on behalf of his companies and filings with the California Secretary of State showing that he managed the companies—another indication of control. 3-ER-596–608; 3-ER-661–717.

MFIB's arguments also belie a repeated misunderstanding of the district court's obligations at the preliminary injunction stage. The district court did not make *final* findings of fact when it denied MFIB's requested preliminary injunction.

The findings "are not binding at trial on the merits." *Camenisch*, 451 U.S. at 395. And such a ruling can be based on "procedures that are less formal and evidence that is less complete than in a trial on the merits." *Id.* So MFIB's suggestion that the district court erred by crediting Sands's testimony without additional corroborating evidence goes nowhere.

MFIB also argues that the district court erred by relying on two sources regarding privity. OB at 51 (citing *Diarama Trading Co. v. J. Walter Thompson U.S.A.*, 2005 WL 2148925, at *10 (S.D.N.Y. Sept. 6, 2005); Black's Law Dictionary). It's true that neither source arose specifically under § 1115(b)(5). But no binding authority establishes a test for privity in this context. MFIB offers no such authority, and does not even articulate what it thinks the test should be. It cites only *Park 'n Fly*, but as explained above, *Park 'n Fly* does not announce a test or explain what factors a district court should consider to determine privity. It merely holds that common ownership *alone* is insufficient. The district court did not err by citing the two out-of-circuit authorities, neither of which contradicts *Park 'n Fly*'s narrow (and unreasoned) holding.

In sum, Sands demonstrated that he is in privity with his companies and the district court did not err in making that finding.

D. MFIB's remaining arguments on priority all fail.

1. MFIB's trademark registrations do not establish superior rights to Sands's ICON BUILDERS Mark.

This Court has long recognized that "it is elementary that a trade-mark right is not acquired by registration," but rather "from prior appropriation and use." *Tillamook Cnty. Creamery Ass'n v. Tillamook Cheese & Dairy Ass'n*, 345 F.2d 158, 160 (9th Cir. 1965). As a result, a junior user's registration of its mark can "not operate to deprive the [senior common-law user] of its prior rights." *Id.* at 161; *see also Sengoku*, 96 F.3d at 1219–22 (affirming jury verdict in favor of senior common-law user over junior federal registrant).

Other circuits follow this longstanding rule. *See, e.g.*, *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001) ("Federal registration of a trademark or service mark cannot create rights and priority over others who have previously used the mark in commerce[.]"); *see also* 2 McCarthy § 16:18 ("In a priority battle, it is the first to use, not the first to register, who achieves priority." (collecting cases)); *id.* § 16:18.50 ("Neither application for nor registration of a mark at the federal level wipes out the prior nonregistered, common law rights of others. … Thus, in a priority dispute between a senior common law user and a second-in-time ITU applicant, the senior common law user will prevail." (collecting cases)).

MFIB contends (at 31) that it "owns valid and enforceable rights to the registered ICON marks." Solely for purposes of this appeal, Sands does not dispute that MFIB may have valid and protectable interests in its registered marks. MFIB's registration and validity aren't at issue—priority is. As MFIB concedes (at 31–32), any trademark rights that MFIB may have in its registered marks are "subject only to any prior user rights Appellees proved under § 1115(b)(5)." As demonstrated above, Sands has prior-use rights and is the senior user of the ICON BUILDERS Mark.

In sum, MFIB's registrations do not establish superior rights to Sands's four decades of continuous use of that mark.

2. The district court did not abuse its discretion by denying a preliminary injunction without making specific findings about the scope of Sands's senior rights.

MFIB argues (at 32–45) that the district court erred by not making specific findings about the scope of Sands's prior use rights under § 1115(b)(5). These arguments fail for several independent reasons. First, MFIB waived these arguments. Second, the district court was not required to sua sponte make specific findings on the scope of Sands's prior use rights. Third, even if a district court were sometimes required to make specific findings, it does not need to make specific findings to *deny* a preliminary injunction. Fourth, in any event, there was substantial evidence in the record that Sands is entitled to invoke § 1115(b)(5). The Court should affirm.

(a) MFIB waived its arguments that the district court failed to make specific findings.

"It is well-established that an appellate court will not consider issues that were not properly raised before the district court." *Slaven v. Am. Trading Transp. Co., Inc.*, 146 F.3d 1066, 1069 (9th Cir. 1998). A district court need not sua sponte consider arguments the parties declined to raise. *See, e.g.*, *State Farm Mut. Auto. Ins. Co. v. White*, 563 F.2d 971, 975 (9th Cir. 1977) ("Whatever the merits of this argument (and they are weak), White did not raise this argument in the district court. Therefore there is no need for this Court to consider the effect of the doctrine.").

Here, MFIB first raised the issue of the scope of Sands's prior use rights under § 1115(b)(5) in a single sentence in a footnote in its motion for preliminary injunction. 10-ER-1810 n.7. MFIB then addressed the alleged failure to establish the geographic areas of prior continuous use of the ICON BUILDERS Mark under § 1115(b)(5) in reply, but not in response to arguments raised in Sands's response. 6-ER-1057–58. Neither is sufficient to preserve the issue because "[a]rguments raised only in footnotes, or only on reply, are generally deemed waived." *Estate of Saunders v. Comm'r of Internal Revenue*, 745 F.3d 953, 962 n.8 (9th Cir. 2014).

More significantly, MFIB never told the district court that it "was required to make specific findings," as it now claims. *E.g.*, OB at 39. If the law required the district court to make specific findings, then MFIB should have told the district court rather than waiting for appeal. Moreover, the district court asked the parties to submit proposed findings of fact and conclusions of law. 6-ER-1166. But MFIB's proposal did not include any of the "specific findings" it now contends were absolutely required. Its proposed findings of fact said nothing about § 1115(b)(5), and its only proposed conclusion of law referencing § 1115(b)(5) addressed privity rather than scope issues. 5-ER-976. MFIB cannot seriously contend that the district court abused its discretion by not making findings that it did not request below.

MFIB has therefore waived its arguments about § 1115(b)(5) other than its privity arguments, addressed above. (Argument §§ I.B–I.C.)

(b) The district court was not required to sua sponte make specific findings on the scope of Sands's prior use rights under § 1115(b)(5).

In addition, a district court need not sua sponte consider whether to grant lesser relief than what a party actually seeks. *See, e.g.*, *Merch. v. Corizon Health, Inc.*, 993 F.3d 733, 741 (9th Cir. 2021) ("[I]f the noncompliant party fails to move for lesser sanctions, the district court is not required to consider one[.]"); *see also United States v. DeAngelo*, 2003 WL 23311522, at *4 n.5 (C.D. Cal. Apr. 14, 2003) (denying preliminary injunction as overbroad where movant did "not request a narrower preliminary injunction").

MFIB faults (at 39) the district court for failing to "make specific findings to assess the applicability and scope of any prior user defense asserted by [Sands] under § 1115(b)(5)." These findings would be necessary only if the district court entered a geographically limited injunction.

As shown above (*see* Argument § I.B.2), Sands is the senior user of the ICON BUILDERS Mark with priority over junior users, including MFIB. Below, MFIB did not ask the district court to enter specific findings on the scope of Sands's prior use rights, or to enter a geographically limited injunction. Instead, MFIB only asked the district court to issue a blanket, nationwide injunction that barred Sands from using the ICON BUILDERS Mark anywhere. *See* 10-ER-1815–16 (proposed order seeking nationwide prohibition).

Having failed to secure the extraordinarily broad injunctive relief it requested below, MFIB shifts its position on appeal and claims the district court erred by not entering a narrower injunction that MFIB never requested below. In short, MFIB now asks this Court to: (1) require narrower relief than the nationwide injunction MFIB actually requested, (2) based on arguments MFIB declined to advance below, (3) citing authorities that MFIB never brought to the district court's attention, (4) based on evidence that MFIB never developed at the evidentiary hearing.

At a fundamental level, if MFIB was not entitled to the specific relief it requested (a nationwide injunction), then the district court did not abuse its discretion in denying that relief, and the district court had no obligation to sua sponte consider other forms of relief not requested by MFIB based on specific factual findings not requested by MFIB.

(c) A district court is not required to make findings on the scope of prior use rights under § 1115(b)(5) when declining to enter a preliminary injunction.

In any event, the district court was not required to make specific findings on the scope of Sands's prior-use rights when denying, as opposed to granting, a motion for preliminary injunction.

"As a general rule courts and agencies are not required to make findings on issues the decision of which is unnecessary to the results they reach." *INS v. Bagamasbad*, 429 U.S. 24, 25 (1976); *see also United States ex rel. Carter-Schneider-Nelson, Inc. v. Campbell*, 293 F.2d 816, 821 (9th Cir. 1961) ("Such findings are not needed in order to aid this court in reviewing the decision below, and the absence of such findings is clearly no cause for reversal.").

There is a significant difference between what is required to grant a preliminary injunction versus denying one. In a dispute between a geographically isolated senior common-law user and a junior registered user, for example, there may be circumstances where the senior user could obtain a limited injunction against the junior user in the senior user's isolated use area. If the district court granted an injunction, then perhaps it would need to make findings about the scope of the senior user's rights to determine the scope of the injunction. But when denying an injunction, the court only needs to conclude that the party seeking the injunction is not entitled to the relief requested.

This is doubly true when denying a *preliminary* injunction. "[A] preliminary injunction decision is just that: preliminary"; preliminary injunction rulings "must often be made hastily and on less than a full record." *Ctr. for Biological Diversity v. Salazar*, 706 F.3d 1085, 1090 (9th Cir. 2013) (citation omitted); *see also Beardslee v. Woodford*, 395 F.3d 1064, 1077 (9th Cir. 2005) ("the district court did not abuse its discretion in denying the preliminary injunction, given the limited record and the context of the case"); *see also Camenisch*, 451 U.S. at 395.

MFIB cites (at 33–39) several cases for the proposition that "the district court was required to make specific findings to assess the applicability and scope of any prior user defense asserted by Appellees under § 1115(b)(5)." Tellingly, however, none of the cited cases require a district court to make specific findings on a § 1115(b)(5) defense when denying a preliminary injunction.

For instance, *Quiksilver, Inc. v. Kymsta Corp.* involved a trademark dispute between clothing manufacturers: Quiksilver, a registered markholder, and Kymsta, a common-law user. 466 F.3d 749, 751–54 (9th Cir. 2006). Neither party sought a preliminary injunction. The district court *granted* a permanent injunction after a full trial. *Id.* at 754. This Court vacated the injunction, holding the district court erred in "granting Quiksilver's motion for judgment as a matter of law on Kymsta's innocent-use defense under 15 U.S.C. § 1115(b)(5)." *Id.* at 763. But the Court did not address whether § 1115(b)(5) findings are required when a district court *denies* a motion for preliminary injunction.

MFIB's other cases likewise do not address this issue. *See Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 431, 436–39 (9th Cir. 2017), *abrogated on other grounds by Romag Fasteners, Inc. v. Fossil, Inc.*, 590 U.S. 212 (2020) (defense inapplicable after bench trial); *Premier Elecs. Lab'y, Inc. v. Aston*, 914 F.2d 1496, *1 (9th Cir. 1990) (table) (bench trial);[4] *Casual Corner Assocs., Inc. v. Casual Stores of Nev., Inc.*, 493 F.2d 709, 711–14 (9th Cir. 1974) (no indication § 1115(b)(5) findings were made in connection with a preliminary injunction); *Allard*, 146 F.3d at 360–61 (bench trial); *Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1179, 1180–84 (1st Cir. 1987) (bench trial); *Nat. Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1393–94 (3d Cir. 1985) (bench trial).

(d) In any event, there is substantial record evidence that Sands may invoke § 1115(b)(5).

The Court "may affirm a decision by the district court on any ground supported by the record, even if the district court's reasoning differs from our own."

[4] Sands addresses this unpublished "Table" decision because MFIB relied on it in the opening brief.

Preminger v. Principi, 422 F.3d 815, 820 (9th Cir. 2005) (affirming denial of motion for preliminary injunction).

A reviewing court may also assume a district court made implied findings consistent with its general holding so long as they are supported by substantial evidence. *See, e.g.*, *Premier Roof Co. v. U.S. for Use & Benefit of Alpaca Elec. Corp.*, 315 F.2d 18, 21 (9th Cir. 1963) ("there is substantial evidence to support the implied finding of the district court[.]").

MFIB challenges (at 40) only whether Sands has satisfied the third element (continuous use) of the innocent-use defense by establishing the geographic areas of Sands's continuous prior use when MFIB filed its applications. As to this element, the Court has "only concluded that interruption occurred when there was complete non-use of a mark for a one-year period, or the innocent user closed its stores without any intent to reopen them," *Quiksilver*, 466 F.3d at 763, which has not occurred here.

Next, MFIB improperly attempts (at 38–39) to graft a "market penetration" element onto § 1115(b)(5) based on caselaw from other circuits. This Court has previously rejected an attempt to read a "remoteness" element into § 1115(b)(5) because that "is the role of Congress, not the courts." *Quiksilver*, 466 F.3d at 761–62 (citation omitted). It should likewise decline MFIB's invitation to add a new element to § 1115(b)(5).

Even if the Court considered market penetration, the result is the same. "As long as there is a genuine use of the mark in commerce, however, ownership may be established even if the first uses are not extensive and do not result in deep market penetration or widespread recognition." *Allard*, 146 F.3d at 358. After all, the purpose of the market penetration inquiry is to identify "sporadic or minimal uses of a mark," which "may indicate the mere intent to reserve a mark for later use rather than the present commercial utilization of the mark." *Id.* at 359. And, as the Fourth Circuit recognized, market penetration is meant to identify "not only the locality where the mark is actually being used but also areas where use of the mark is likely to expand but has not yet done so." *Emergency One, Inc. v. Am. Fire Eagle Engine Co., Inc.*, 332 F.3d 264, 268 n.2 (4th Cir. 2003).[5]

As demonstrated above, Sands, through his companies in privity, has continuously used the ICON BUILDERS Mark throughout the United States since

[5] The primary market penetration case cited by MFIB (at 38–39), *Thrifty Rent-a-Car*, analyzed whether the common-law user was entitled to use rights in an area it "had desired to expand into," rather than areas where it had already used its mark. 831 F.2d at 1182.

1985. *See* Statement of the Case §§ I, II.B–D; Argument § I.B–I.C.[6] In concluding that Sands had not abandoned use of the ICON BUILDERS Mark, the district court correctly credited this evidence, finding that "Sands' companies have continuously used the ICON Builders marks" and that "[i]t does not appear that Defendant Sands discontinued use of the trademark ICON Builders from 2018 through 2023, or at any other time." 1-ER-8; 1-ER-10. That same evidence applies with equal force to continuous use.

MFIB's remaining arguments (at 40–46) on the scope of the innocent-use defense rely on the flawed assumption that the district court was required to make § 1115(b)(5) findings when it denied the preliminary injunction. *See* Argument § I.D.2.c.

In sum, the district court did not abuse its discretion in finding that MFIB was unlikely to succeed on the merits of its trademark-infringement claim because the court's findings are supported by substantial evidence that Sands and IBCA are entitled to invoke § 1115(b)(5). *See Preminger*, 422 F.3d at 820.

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[6] The evidence shows that Sands and his companies in privity used the ICON BUILDERS Mark before MFIB's applications in at least Arizona, California, Colorado, Georgia, Mississippi, Nevada, New Mexico, Oklahoma, Texas, and Washington. 2-ER-345; 2-ER-398; 3-ER-596; 3-ER-678–712; 3-ER-720–47; 3-ER-762; 1-ER-122–27; 1-ER-141–52; 1-ER-160–62; 1-ER-170–72. It also shows prior use in Maryland, although the limited preliminary injunction record does not indicate when this occurred. 1-ER-171–72.

II. The district court did not abuse its discretion in failing to make likelihood of confusion findings in denying the motion for preliminary injunction.

MFIB argues (at 52–67) that the district court abused its discretion in failing to consider whether there is a likelihood of confusion between the marks after finding that Sands is likely the senior user of the ICON BUILDERS Mark. But the district court had no obligation to analyze the *Sleekcraft* factors after determining that Sands is likely the senior user. Even so, there is substantial evidence to support a finding of no likelihood of confusion. The Court should affirm.

A. After finding that Sands was likely the senior user, the district court was not required to make likelihood-of-confusion findings.

"At the preliminary injunction stage of a proceeding, the trial court is not required to consider all the [likelihood of confusion] factors set forth in *Sleekcraft*." *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1384 (9th Cir. 1987). When the alleged infringer is actually the senior user, a district court may decline to address likelihood of confusion due to the senior user's superior rights. *See, e.g.*, *MDT Corp. v. NYSE, Inc.*, 858 F.Supp. 1028, 1034 (C.D. Cal. 1994) ("The Court can resolve MDT Corp.'s trademark claims on summary judgment because the resolution of these claims does not require an inquiry into the likelihood of confusion. First, Medtronic and the NYSE are the senior users of the MDT mark[.]").

This is because the *senior user* has the right to enjoin a junior user from using a confusingly similar mark. *See M2*, 421 F.3d at 1078 n.4 ("The first to use a mark is deemed the 'senior' user and has the right to enjoin 'junior' users from using confusingly similar marks in the same industry and market or within the senior user's natural zone of expansion." (citation omitted)); *see also Lodestar Anstalt v. Bacardi & Co. Ltd.*, 31 F.4th 1228, 1250–51 (9th Cir. 2022) (senior user "may bring an infringement action … based on that superior right of priority").

A hypothetical illustrates this commonsense point. If an entrepreneur opened a coffee shop in 2022 called "Starbuxx" and sued Starbucks for trademark infringement, there is no need to consider whether there is a likelihood of confusion between STARBUXX and STARBUCKS after finding that Starbucks has seniority. Starbucks has superior rights to Starbuxx based on prior use of its mark, regardless of whether the marks are confusingly similar.

Here, finding that Sands is likely the senior user puts Sands in the position of Starbucks in the example. The district court did not need to analyze the *Sleekcraft* factors after finding that Sands is likely the senior user.

B. Even if likelihood of confusion findings were required, substantial evidence supports finding no likelihood of confusion exists.

In any event, substantial evidence supports finding no likelihood of confusion exists. The Court may affirm the district court's decision on any ground supported by the record. *See Preminger*, 422 F.3d at 820. Even if the Court reverses the district court's finding on priority and privity, it may still affirm because there is no likelihood of confusion.

"Whether there is a likelihood of confusion between two competing marks is a question of fact." *One Indus., LLC v. Jim O'Neal Distrib., Inc.*, 578 F.3d 1154, 1162 (9th Cir. 2009). To determine whether there is a likelihood of confusion, courts "evaluate the eight so-called '*Sleekcraft* factors'": (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." *Lodestar*, 31 F.4th at 1252. "Some *Sleekcraft* factors are much more important than others, and the relative importance of each individual factor will be case specific." *M2*, 421 F.3d at 1080 (citation omitted). "The confusion must be probable, not simply a possibility." *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 935 (9th Cir. 2015) (citation omitted).

Strength of the mark. "When similar marks permeate the marketplace, the strength of the mark decreases." *One Indus.*, 578 F.3d at 1164–65 (finding that a "conceptually strong" mark "is weakened by the presence of other, similar marks," and noting that the record "contains several examples of similar O marks used by different companies"). The record here shows that at least three companies that use the word "ICON" in their name—MFIB (ICON NATIONAL), IBCA (ICON BUILDERS), and ITEX (ICON)—attended one of the largest industry conferences on affordable housing. 1-ER-117–19; 4-ER-766. This weakens the strength of the mark.

Similarity of the marks. Courts examine "'sight, sound and meaning' to determine the similarity of competing marks," and two marks may be "visually dissimilar" due to a "key distinguishing characteristic," such as by "a prominent apostrophe" or the use of "different colors." *One Indus.*, 578 F.3d at 1162–63. Although the two marks may share a common word, the presence of "a distinctive logo" and the use of the common word "in conjunction with another word or words" is "significant" because it "indicat[es] a different origin." *Alpha Indus., Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440, 444 (9th Cir. 1980).

MFIB contends (at 57–60) that Sands's and MFIB's marks are confusingly similar. Although the marks all have the word "ICON" in common, they have nothing else in common. Sands uses the word mark ICON BUILDERS. MFIB's word marks are MFRG-ICON CONSTRUCTION (Reg. No. 7,228,247) and ICON NATIONAL (Reg. No. 7,228,222). The marks are not identical, and are not similar because the different words surrounding "ICON" (i.e., BUILDERs vs. "MFRG," "CONSTRUCTION," and "NATIONAL") "indicat[e] a different origin." *Alpha*, 616 F.2d at 444.

The design marks likewise are dissimilar, using different colors, typefaces, and images:

2-ER-271; 2-ER-345; 2-ER-457.

In sum, because the only common feature between the marks is the use of the word "ICON," the use of this common word in conjunction with different words, colors, or stylized logos makes the marks dissimilar.

Actual confusion. This Court has found certain types of "anecdotal" evidence of actual confusion to be "too weak to support a finding of actual confusion," including evidence that (1) communications intended for one party were directed to the other party; (2) "merchandise and invoices" intended for one party were actually delivered to the other party; and (3) a person mistakenly thought the two parties "were the same company." *Accuride Int'l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1537 (9th Cir. 1989). This Court has also found that "in light of both parties' high volume of business, the misdirection of several letters and checks proved insignificant," and that "the instances of confusion, at best, were thin, and at worst, were trivial" or "de minimis." *Nutri/Sys., Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 606 (9th Cir. 1987).

MFIB points (at 15–17, 62–63) to anecdotal evidence of some misdirected communications, some confusion about overlapping projects on the parties' respective project lists and completed projects, and two misdirected wire payments. Critically, however, Krueger conceded that no one mistakenly awarded IBCA a project intended for MFIB. 1-ER-111 (Krueger); 1-ER-40 (MFIB's counsel). As Kelly Sands explained, "these are multi-million-dollar projects," negotiated over a period of six to twelve months and often involving "weekly calls" and multiple site visits. 1-ER-165–67. MFIB has therefore not cited any persuasive evidence of actual confusion.

MFIB's reliance (at 63-65) on *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190 (9th Cir. 2012), does not change this analysis. There, the Court acknowledged that "a finder of fact could determine that the evidence of non-consumer confusion presented by Appellants simply has no bearing on the critical question of whether consumers themselves may be confused." *Id.* at 1218. In the face of MFIB's concessions below that no contracts were mistakenly awarded to IBCA (1-ER-40; 1-ER-111; 1-ER-165–67), anecdotal incidents of non-consumer confusion identified by MFIB "at best, were thin, and at worst, were trivial" or "de minimis." *Nutri/Sys.*, 809 F.2d at 606.

Types of goods and degree of consumer care. "Confusion is less likely where buyers exercise care and precision in their purchases, such as for expensive or sophisticated items." *Multi Time*, 804 F.3d at 937 (finding that watches that "sell for several hundred dollars" are expensive). When "the purchasers of the parties' goods are highly specialized professional purchasers," they are "expected to exercise a high degree of care in making their purchase decisions." *Accuride*, 871 F.2d at 1537. Further, when the consumers "are highly sophisticated members of the … industry," "they would be well informed about the nature of" the product "before making a purchasing decision," which makes the likelihood of confusion about the products "almost nil." *M2*, 421 F.3d at 1084.

Here, it is undisputed that the contracts that Sands and MFIB compete for are worth millions of dollars and are intensely vetted and negotiated over a period of six to twelve months. 1-ER-165–67. As MFIB repeatedly acknowledges (at 1, 7–9, 56, 61), consumers in this "specialty" or "niche" market are highly sophisticated and therefore exercise a high degree of care when making multi-million-dollar decisions after months of due diligence.

Intent in selecting the mark. A mark holder adopts a "name in good faith" when its "intent was to derive benefit from the goodwill associated with its longstanding use of the trademark." *Accuride*, 871 F.2d at 1538; *see also Nutri/Sys.*, 809 F.2d at 606 ("Con-Stan had used the prefix 'Nutri' on health related products since 1960, long before Nutri/System, Inc. existed.").

While MFIB argues (at 66–67) that Sands improperly selected the ICON BUILDERS Mark to capitalize off of MFIB's goodwill, the record shows that Sands intended only to capitalize on the goodwill that Kelly Sands had built up in the ICON BUILDERS Mark over forty years. 1-ER-122–23; 1-ER-125–25; 1-ER-163; 1-ER-180; 1-ER-183; 1-ER-200. There can be no serious dispute that Sands selected the same mark he had selected for his companies for decades, long before MFIB entered the picture.

* * *

In sum, the most salient *Sleekcraft* factors based on the facts of this case all support finding that there is no likelihood of confusion. The Court should therefore affirm the district court's decision denying MFIB's motion for a preliminary injunction.

III. The district court did not abuse its discretion in finding that the remaining *Winter* factors weigh against the entry of a preliminary injunction.

If the Court affirms the district court's finding on the likelihood of success on the merits, it "need not consider the other [*Winter*] factors[.]" *Baird*, 81 F.4th at 1042.

This rule also applies to the district court's analysis. The district did not need to address any of the remaining *Winter* factors once it concluded that MFIB wasn't likely to succeed on the merits. Consequently, even if the district court erred in its conclusions on those factors, this Court should still affirm because the district court did not abuse its discretion in finding no likelihood of success on the merits and therefore did not abuse its discretion in denying the preliminary injunction.

In any event, the district court did not abuse its discretion when it found that the remaining *Winter* factors all favored Sands.

A. Irreparable harm.

To satisfy *Winter*'s irreparable harm requirement, MFIB must "demonstrate that irreparable injury is likely in the absence of an injunction[.]" 555 U.S. at 22. The district court did not abuse its discretion in finding that "Plaintiff has failed to establish a likelihood of irreparable harm." 1-ER-13.

MFIB argues (at 68, 71, 75–76) that the district court applied the wrong standard by (1) requiring proof of "financial harm," (2) concluding "that loss of customers or contracts is the only evidence it would accept to demonstrate irreparable harm," and (3) failing "to properly account for" evidence of actual confusion. But the district court did not do any of that.

On this factor, the district court first articulated the correct legal standard for irreparable harm. 1-ER-12. Second, it summarized MFIB's arguments and the evidence that supposedly supported MFIB's irreparable harm position, including alleged non-financial harm ("loss of 'control over the quality of its services as perceived by customers'") and alleged actual confusion ("payments had been sent to

MFIB by mistake[.]"). 1-ER-13. Third, it analyzed the arguments and evidence and explained that "[a]lthough there may be evidence of confusion between the two companies, there is no evidence that [MFIB] has lost customers or contracts based on the confusion." 1-ER-13. Finally, the district court opined that "[w]ere that to occur, the value of a lost opportunity could be estimated based on the contract" (i.e., the harm would not be irreparable), before concluding that "[c]onsidering the evidence proffered, the Court finds that [MFIB] has failed to establish a likelihood of irreparable harm." 1-ER-13.

The district court's short observations about the lack of evidence on lost customers or contracts does not mean that it believed such evidence was required, or was "the only evidence it would accept," as MFIB claims (at 71). Instead, the district court's discussion shows that it considered MFIB's arguments and evidence, including brand value. 1-ER-13. That is all the district court was required to do at the preliminary-injunction stage, *see Enforma*, 362 F.3d at 1212, especially considering that the district court didn't have to address irreparable harm at all. Moreover, MFIB's argument about the evidence of actual confusion asks this Court to reweigh the evidence.

MFIB also relies (at 69–70) on the presumption of irreparable harm. But as MFIB concedes, that presumption "first requires demonstrating a likelihood of success on the merits." *See* 15 U.S.C. § 1116(a) (establishing the presumption).

That concession ends the argument. Having found that MFIB was unlikely to prevail on the merits, the district court did not abuse its discretion in declining to apply a presumption that requires likely success on the merits.

B. Balance of equities.

The district court found that the balance of equities favored Sands because it was "not convinced that Defendants have engaged infringing conduct." 1-ER-14. Without clear infringing behavior, the district court reasoned that it would be inequitable "to force Defendants to rebrand." 1-ER-14. These findings are not an abuse of discretion. The balance of equities does not favor an injunction that would prevent the senior user from continuing to use its mark.

On this factor, the district court credited Kelly Sands's testimony that "an injunction would destroy IBCA's business." 1-ER-14. He testified that an injunction "would destroy" his business because it is "a business built on reputation, and I have a stellar reputation" and that "I don't know how I'd explain that I can no longer use my name, the name I've been using, the name I built my company under." 1-ER-180.

MFIB tries (at 78) to minimize these hardships, but weighing the equities falls within the district court's discretion. MFIB cites a $300,000 cost to rebranding, but that reflects only direct rebranding costs, not the hardship from the reputational damage, loss of goodwill, and disruption. 1-ER-179–80, 1-ER-202. MFIB argues (at 77–78) that Sands has "only been 'back' in the affordable renovations area since 're-launching' in 2024." But Kelly Sands and his companies have continuously used the mark for more than 40 years. 1-ER-127–29; 1-ER-163; 1-ER-179.

At bottom, MFIB asked the district court to prohibit Sands from continuing to use a mark that he and his businesses have used continuously for decades, based on an incomplete and preliminary record. The district court did not abuse its discretion in finding that "[b]ased on all this information, Plaintiff has not shown that the balance of equities weighs toward relief." 1-ER-14.

C. Public policy.

The district court did not abuse its discretion by concluding that "[t]he public interest favors whichever party is the true owner of the marks—which here, is likely Defendants." 1-ER-14.

MFIB does not seriously dispute this principle. It claims (at 79) that "[a]bsent consideration of the merits, whether the public interest favors an injunction is hardly in dispute since both parties agreed there was evidence of actual confusion between Plaintiff and Defendants." But as with the STARBUXX/STARBUCKS example above (§ II.A), actual confusion does not support an injunction against the senior user. MFIB also claims (at 80) to have "extensive, uncontroverted evidence" to the "consuming public," but it cites only alleged harm to itself.

At bottom, this is not a case of counterfeits, knockoffs, fakes, or copycats. Sands has been using the same ICON Builders Mark, in the same industry, for decades, and MFIB wants to stop that use simply because it registered its marks. The parties have technical disputes about priority and privity, which will get resolved on a full record after a trial on the merits. The public interest, however, does not favor blocking Sands from using his multi-decade mark, on a preliminary record, while the case proceeds.

CONCLUSION

The district court did not abuse its discretion in denying a preliminary injunction. This Court should affirm.

RESPECTFULLY SUBMITTED this 16th day of January, 2026.

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