



Mitsubishi Motors North America, Inc. v. Grand Automotive, Inc.

2018 | Cited 0 times | E.D. New York | April 30, 2018

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

-----X MITSUBISHI MOTORS NORTH AMERICA
INC., Plaintiff,

MEMORANDUM AND ORDER CV 18-814 (SJF) (SIL) - against - GRAND AUTOMOTIVE, INC.
d/b/a PLANET MITSUBISHI,

Defendant. -----X FEUERSTEIN, District Judge: I.
INTRODUCTION brings the instant action and injunctive relief stemming from

intentional operation of a Mitsubishi dealership at an unauthorized location and its improper use of Mitsubishi trade names, trademarks, and trade dress at the unauthorized location in derogation of 15 U.S. C. § 1125(a), -k as well as under common law causes of action. See generally before the Court is Plai motion 1

1 accompanying materials on February 13, 2018. See DE 5-10. On February 22, 2018, after See DE 32 (Temporary Restraining Order). In conjunction with the issuance of the TRO, the Court set

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seeking a preliminary injunction [DE 3] in accordance with Rule 65 of the Federal Rules of Civil Procedure. For the reasons that follow, II. FACTUAL BACKGROUND The facts are drawn from the Complaint, the February 12, 2018 Declaration of John the February 13, 2018 Declaration of Edward F. Maluf [DE 9] (Declaration of Kanhiya K. Galani [DE 18] the February 19, 2018 Reply Declaration of Michael Beauchemin [DE 20] Reply Decl. March 5, 2018 Declaration of Michael Beauchemin [DE 49] Declaration of Supp. ocuments attached thereto. See Mullins v. City of New York, 626 F.3d 47, 51-52 (2d Cir. 2010) (recognizing that in adjudicating a motion seeking preliminary injunctive relief, a district court may rely on affidavits, depositions and sworn testimony even admissibility of hearsay under the Federal Rules of Evidence goes to weight, not preclusion, at the preliminary injunction

A. The Parties MMNA is a California corporation that maintains its headquarters and principal



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place of business at 6400 Katella Avenue, Cypress, California 90630. McElroy Decl. ¶ 2. This location which all board meetings are held. Id. MMNA has operated in the United States since 1981 and recognized by consumers throughout th Id. ¶ 3.

Court construes DE 3 as a motion seeking affirmative relief.

Planet is a New York corporation with a principal place of business located at 306 Main Street, Hempstead, New York 11550. Compl. ¶ 4. Planet is owned by Kanhiya K. Galani Galani Decl. ¶¶ 1-2; McElroy Decl. ¶ 7. Planet sells both new Mitsubishi branded motor

vehicles as well as used Mitsubishi and non-Mitsubishi motor vehicles. McElroy Decl. ¶ 7.

B. Model Since beginning operations in 1981, MMNA has primarily been engaged in the business of distributing Mitsubishi branded motor vehicles, parts and accessories through a network of authorized retail automotive dealerships within the United States. McElroy Decl. ¶¶ 3-4. In

provide services relating to, among other products, Mitsubishi motor vehicles, parts, and 6; id., Exhibit ealer Sales and Service Agreement with a retail automobile dealership, MMNA expressly authorizes the limited 2

and related trade names, trademarks, and trade dress in connection with [the sales of] new Mitsubishi motor vehicles cElory Decl. ¶ 6; id., Ex. A (MMNA Dealer Sales and Service Agreement Standard Provisions § 9). This limited authorization or license is nevertheless 3

McElroy Decl. ¶ 6.

2 as the three-diamond logo design mark, USPTO Registration No. 0,931,665 (registered in 1972). McElroy Decl. ¶ 5. 3 Thi place or places of business established by Dealer and approved by MMNA in accordance with

C. MMNA Enters into Dealership Agreement with Planet , Planet and MMNA entered into a

subsequent De id., Ex. A; Galani Decl. ¶ 4. The Dealer Agreement explicitly provides that Planet is authorized to operate a Mitsubishi motor vehicle

id., Ex. A; Galani Decl. ¶ 9. In accordance with Section 6 of the Dealer Agreement and Section 9 of the Dealer Sales and Service Agreement Standard and otherwise using the [Mitsubishi Marks] in connection with and for the purpose of



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identifying, advertising and selling MMNA Products; provided, however, that [Planet] shall promptly discontinue the display and use of any such [Mitsubishi Marks] . . . whenever requested

Dealership Premi A. In accordance with this limited license,

included the [] three- Decl. ¶ 14.

D. Planet Fails to Exercise its Lease Extension Option at the Dealership Premises lease covered a twenty (20)-year period, it nevertheless

. A (MMNA Dealer Sales and Service Agreement Standard Provisions § 2).

required that Planet affirmatively execute a renewal option every five (5) years. Maluf Supp. -4). In order to exercise a each renewal option, Planet was required to notify the Franklin Street Owner of its operative lease termination date was August 6, 2017. Id.; see Galani Decl. ¶ 6. Notwithstanding this deadline, Planet failed to exercise its option to renew the lease within the required sixty (60)- day period. Maluf Supp. Decl., Ex. A (Tr. at 5). On July 20, 2017, after the renewal option window had closed, Planet received formal written notice from the Franklin Street Owner that its lease was set to expire on August 6, 2017. Galani Decl. ¶ 6. Although Planet approached the Franklin Street Owner in order to attempt to secure a lease renewal and/or extension, the Franklin Street Owner refused. Id. Planet was successful only in negotiating a one-time six-

entitling the [Franklin Street Owner] to summarily evict Planet [] if it did not vacate the Id. at 7. At that time, however, Planet did not disclose to MMNA that its lease concerning the Dealership Premises would be expiring within six months. See McElroy Decl. ¶ 25; Galani Decl. ¶ 19.

E.

at 444 West Merrick Road, Valley Stream, New York. Galani Decl. ¶ 10. MMNA did not formally consider this request until August 31, 2017 the date it received the required site plans from Planet regarding the proposed location. Beauchemin Reply Decl. ¶ 2; McElroy Decl. ¶ 17. By letter dated October 26, 2017, MMNA denied this request on the grounds that (1) the Valley

believes that the proposed relocation would weaken its dealer network on Long Island and harm underperformed since its appointment in 2012 based on a variety of MMNA sales performance

performance will deteriorate even further if it relocates to an inferior site with lower registration

r 26, 2017

Valley Stream Location Denial Letter).



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December 7, 2017, filed a request for adjudication with the New York Department of Motor under New York Vehicle and Traffic Law Section 463.2(dd). McElroy Decl. ¶ 19. In

Dealership Premis Id. ¶ 20.

On or about 306 Main Street, Hempstead, New York Id. ¶ 21; Galani Decl. ¶ 20. On January 17, 2017, MMNA issued a written denia has insufficient space for the conduct of Mitsubishi dealership operations, does not have a high

amount of consumer traffic, lacks easily accessible parking, and is not readily visible to

Denial Letter).

On January 24, 2018, Planet withdrew its previously filed DMV adjudication request but

York Vehicle and Traffic Law Section 463.2(dd). McElroy Decl. ¶ 24; Galani Decl. ¶ 30.

F. Planet Relocates to the Unauthorized Location On February 7, 2018, Planet began operating its Mitsubishi dealership at the see Galani the Mitsubishi

In

ademarks to promote the Unauthorized Id. at 30. On February 8, 2018, MMNA served Planet with a cease

Trade Dress, and otherwise c Id., Ex. B.

G. MMNA Issues Planet a Termination Notice On February 16, 2018, MMNA served Planet with a Notice of Termination based upon

and constitutes due cause for termination of the Agreement under several provisions of the Agreement, the [Standard Provisions] incorporated by reference into the Agreement [], and Termination Notice based its termination decision, in part, upon the fact that Planet was no

s at the Dealership Premises for seven (7) business days constitutes grounds for termination under Id. In addition, d Provisions to the Agreement,

keep its MMNA dealership operations, or any part thereof, open for business for a period in excess of five (5) consecutive business days, Id. Moreover, MMNA

to terminate a



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4

operations at

4 Section 463(d)(3) states, in part, that a franchisor may terminate its franchise with a franchised motor vehicle dealer upon at least fifteen days written notice upon the occurrence of any of the following: (i) conviction of a franchised motor vehicle dealer, or one of its principal owners, of a felony or a crime punishable by imprisonment which substantially adversely affects the business of the franchisor, or (ii) the failure of the franchised motor vehicle dealer to conduct its customary sales and service operations for a continuous period of seven business days, except for acts of God or circumstances beyond the direct control of the franchised motor vehicle dealer or when any license required by the franchised motor vehicle dealer is suspended for a period of thirty days or less, or (iii) insolvency of the franchised motor vehicle dealer, or filing of any petition by or against the franchised motor vehicle dealer under any bankruptcy or receivership law.

ive 5:00 p.m. EDT on March 5, 2018 or Id.

H. Plaintiff Moves for a Temporary Restraining Order On February 13, 2018, MMNA, by Order to Show Cause, moved this Court for a Temporary Restraining Order seeking to e name, trademark, or trade dress at 306 Main Street, Hempstead, New York 11550 . . . and (b)

operating a Mitsubishi dealership at the Main Street Location, except that [Planet] may sell used motor vehicl issue being fully briefed and after conducting a hearing on February 22, 2018, the Court e TRO should be converted into a Preliminary Injunction. See DE 26, 32 (TRO). III. PLAINTIFF S MOTION SEEKING A PRELIMINARY INJUNCTION

A. Legal Standard to succeed on the merits, 5

that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the Winter v. Nat. Res. Def. Council, Inc., 555 U.S. 7, 20, 129 S. Ct. 365, 374, 172 L. Ed. 2d 249 (2008); see Otoe

5 Where a preliminary injunction requires an affirmative act or mandates a specific course of conduct (as opposed to maintaining the status quo) likelihood of success on the merits. Chobani, LLC v. Dannon Co., Inc., 157 F. Supp. 3d 190, 200-01 (N.D.N.Y. 2016) (citing Tom Dohe t, Inc., 60 F.3d 27, 34 (2d Cir.1995)).

Servs., 7

meets one of two related standards: either (a) a likelihood of success on the merits, or (b) sufficiently serious questions going to the merits of its claims to make them fair ground for Central Rabbinical



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Congress of United States & Canada Hygiene, 763 F.3d 183, 192 (2d Cir. 2014); Barsoumian v. Univ. at Buffalo (2d Cir. 2015). array Abbott Labs.

v. Adelphia Supply USA, No. 15 CV 5826, 2015 WL 10906060, at *5 (E.D.N.Y. Nov. 6, 2015), d sub nom. Abbott Labs. v. H&H Wholesale Servs., Inc. x 6 (2d Cir. 2016)

B. Application to the Facts

1. Irreparable Harm [Irreparable harm is the single most important prerequisite for the issuance of a preliminary injunction, and . . . the moving party must first demonstrate that such injury is likely before the other requirements for the issuance of an injunction T-Mobile Ne. LLC v. Water Auth. of W. Nassau Cty., 249 F. Supp. 3d 680, 683 (E.D.N.Y. 2017) (quoting Grand River Enterprise Six Nations, Ltd. v. Pryor, 481 F.3d 60, 66 67 (2d Cir. 2007) (internal quotation marks and citations omitted)); see Faiveley Transp. Malmo AB v. Wabtec Corp., 559 F.3d 110, 118 (2d Cir. 2009). In order to satisfy the irreparable harm requirement, injunction they will suffer an injury that is neither remote nor speculative, but actual and imminent, and one that cannot be remedied if a court waits until the end of trial to resolve the harm Grand River Enter. Six Nations, Ltd.,

481 F.3d at 66 (internal quotation marks omitted); see Faiveley Transp. Malmo AB, 559 F.3d at 118; Kraft Foods Glob., Inc. v. Starbucks Corp. order to obtain a preliminary injunction, the movant must show, inter alia, irreparable injury is likely harm exists, courts have considered whether the pla

favor; and (4) , 777 F. Supp. 2d 424, 435

(E.D.N.Y. 2011) (quoting Rex Med. L.P. v. Angiotech Pharms. (US), Inc., 754 F.Supp.2d 616, 620 (S.D.N.Y. 2010)); see 7-Eleven Inc. v. Khan, 977 F. Supp. 2d 214, 234 (E.D.N.Y. 2013).

This reasoned analysis must not Salinger v. Colting, 607 F.3d 68, 80 (2d Cir. 2010) (emphasis added) (parenthetical omitted) (citing eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391-393, 126 S. Ct. 1837, 1840, 164 L. Ed. 2d 641 (2006)); see Kraft Foods Glob., Inc. CJ Prod. LLC v. Snuggly Plushez LLC, 809 F. Supp. 2d 127, 141 (E.D.N.Y. 2011) (applying Salinger to Salinger court warned that courts, in analyzing the irreparable harm prong, must not adopt categorical general rule or presume that the plaintiff will suffer irreparable Abbott Labs., 2015 WL 10906060, at *8 (same); Conference of Bar Examiners, 801 F. Supp. 2d 270, 286 (D. Vt. 2011) irreparable harm, courts must not adopt a categorical or general rule or presume that the plaintiff will

suffer harm, but instead must actually consider the injury the plaintiff will suffer if he or Salinger, 607 F.3d at 80); Weinstein v. Krumpter, 120 F. Supp. 3d 289, 297 (E.D.N.Y. 2015) (same); Burroughs v. Cty. of Nassau, No. 13-CV-6784, 2014 WL 2587580, at *8 (E.D.N.Y. June 9, 2014); Barrett v. Volz, No. 2:16-CV-209, 2016 WL 4082640, at *8 (D. Vt. Aug. 1, 2016) irreparable harm not adopt categorical general rule or presume that the plaintiff will suffer irreparable see also Chobani, LLC, 157 F. Supp.



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3d at 204 irreparable harm deviates from the traditional principles of equity, which require a movant to

demonstrate irreparable harm *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 216 (3d Cir. 2014)). 6

i. Irreparable Injury Although irreparable injury can no longer be presumed in the wake of the *Second Salinger* it exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark pending trial, because loss of control over its reputation is neither calculable *Vox Amplification Ltd.*, 2014 WL 558866, at *14

6 Despite the fact that *Salinger* involved a preliminary injunction within the context of a eBay would not apply with equal force to an injunction in any type of case *Salinger*, 607 F.3d at 78 n. 7 (emphasis in original); see, e.g., *Grout Shield Distributors, LLC v. Elio E. Salvo, Inc.*, 824 F. Supp. 2d 389, 403 (E.D.N.Y. 2011) *Vox Amplification Ltd. v. Meussdorffer*, No. CV 13- 4922, 2014 WL 558866, at *5 (E.D.N.Y. Feb. 11, 2014), report and recommendation adopted, 50 F. Supp. 3d 355 (E.D.N.Y. 2014).

(quoting *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 343 (S.D.N.Y. Mar. 9, 2010)); see *Pretty Girl, Inc. v. Pretty Girl Fashions, Inc.*, 778 F. Supp. 2d 261, 269 (E.D.N.Y. 2011) (same). Having reviewed the documentary materials submitted in support Court finds that MMNA has met its burden of establishing that it will sustain irreparable injury if a preliminary injunction is not issued based upon the loss of control over its marks and trade dress at the Unauthorized Location pending a final decision on the merits. 7

its use of its marks in derogation of the terms of control the use of the

goodwill and [] reputation among consumers and among other Mitsubishi dealers authorized by NA sets forth the following reasons concerning why and how it will suffer direct and palpable injury in the event Planet is permitted

and dealers will believe that MMNA has authorized and approved Planet and its commercial activities, including to operate, and utilize the Mitsubishi trade names, trademarks, and trade n

locations 8

7 - design mark have been registered with the USPTO since 1968 and 1972 respectively, there can be no genuine dispute that MMNA, as the exclusive licensee of these marks in the United States since 1981, has garnered a certain reputation and commensurate level of goodwill among consumers through the continued use of these marks. See *McElroy Decl.* ¶ 5. 8 According to MMNA, the specific location of each Mitsubishi dealership is of



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in the NA has names, other MMNA dealers may seek to change their dealership locations without prior

tain a viable dealer network in the United States and hinder its ability to recruit new Id. ¶¶ 33-35.

§ 463.2(dd), Galani Decl. ¶¶ Agreement is specifically tied Id. at 9 (emphasis added). In

addition, the Dealer Agreement and Standard Provisions explicitly provide that the display of the MMNA marks is solely limited to the Dealership Premises unless prior written approval is obtained in order to deviate from this requirement. McElroy Decl., Ex. A (Dealer Agreement § 6); see id. (Standard Provisions § IX). Here, Planet does not dispute that it is displaying and otherwise using the marks at the Unauthorized Location in direct violation of the plain terms of , thereby exceeding the scope of its limited license to use the marks. See Galani Decl. ¶¶ 33-38. In addition, given P s in unilaterally relocating its dealership and continuing to use the MMNA marks, there exists a very real possibility that consumers passing by or otherwise actively shopping at the Unauthorized Location will be misled and/or confused into believing that Planet is presently an authorized Mitsubishi dealership based upon its display and active use of the MMNA marks. In addition, the Unauthorized

s other dealerships nearby, and thus may decide to browse or purchase Mitsubishi vehicles during the ensures that consumers will associate Mitsubishi with other major vehicle brands, such that Mitsubishi will be recognized as being on par with those brands. Beauchemin Reply Decl. ¶ 10

Location may be perceived by at least some consumers as inferior to nearby locations occupied equate space to display new and

used vehicles for sale, or to provide adequate customer and employee parking, all of which are ¶¶ 11, 15. Indeed, while the Unauthorized Location i [which] competitors maintain dealerships, including Nissan, Jeep, Dodge, Honda, Toyota, Hyundai and

Mazda Beauchemin Reply Decl. ¶ 8. the use of a licensed mark beyond the scope of the license may deceive the public into thinking that the licensee is authorized to provide the goods or services offered under the mark when in trut E.G.L. Gem Lab Ltd. v. Gem Quality Inst., Inc., 90 F. Supp. 2d 277, 293 (S.D.N.Y. 2000), d, x 81 (2d Cir. 2001); see also Microban Prod. Co. v. API Indus., Inc., No. 14 CIV. 41, 2014 WL 1856471, at *10 (S.D.N.Y. May 8, 2014) (quoting Mktg. Products Mgmt., LLC v. Healthandbeautydirect.com, Inc., 333 F. Supp. 2d 418, 432 (D. Md. similar licenser of trademarked goods and services has a federally-protected, enforceable right to impose conditions on the use of its marks, and to withdraw its permission for the continued use of its marks rights in maintaining the purity, quality, or soundness of its licensed goods and services (internal citation omitted, emphases in original)), there exists a clear and present threat to with its marks

pending resolution of the underlying merits of this litigation. Therefore, MMNA has met its burden



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of establishing irreparable injury.

ii. Adequacy of Remedy at Law This factor requires Plaintiff to show that no adequate remedy at law exists. See *Republic of Panama v. Republic Nat. Bank of New York*, 681 F. Supp. 1066, 1069 (S.D.N.Y. 1988); see also , 753 F. Supp. 1146, 1152 (S.D.N.Y. 1990) showing of an inadequate remedy at law is a sine qua non of granting injunctive damages, then an adequate remedy at law exists, and no irreparable injury may be found to

Oracle Real Estate Holdings I LLC v. Adrian Holdings Co. I, LLC, 582 F. Supp. 2d 616, 625 (S.D.N.Y. 2008) (quoting *Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393, 404 (2d Cir. 2004)). [b]ecause the losses of reputation and goodwill and resulting loss of customers are not precisely quantifiable, remedies at law cannot adequately compensate Plaintiff n, Inc. v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 541 (S.D.N.Y. 2011), , 511 F. App'x 81 (2d Cir. 2013) (citing generally *Ins. Co. of Milwaukee, Wisc. v. Alberts*, 937 F.2d 77, 80 (2d Cir. irreparable injury requisite for the preliminary injunction overlaps with the absent lack of

adequate remedy at law necessary to establish the e). Therefore, remedies at law would be inadequate to compensate MMNA pending final adjudication on the merits.

iii. Balance of the Equities A that the balance of equities tips in his favor New York Progress & Prot. PAC v. Walsh, 733 F.3d 483, 486 (2d Cir. 2013); see *VOX Amplification Ltd. v. Meussdorffer*, 50 F. Supp. 3d 355, 370 (E.D.N.Y. 2014).

MMNA submits

- solely from its failure to renew the lease at the Dealership Premises and its decision to move to the bona fide burden on Planet because it loses hundreds of thousands of dollars a year on its new Mitsubishi vehicle sales, and utilize the valuable

20-21.

In response, Planet asserts that if it is forced to discontinue active display and use of the Mitsubishi that: (1) talling the signs, logo, and names at the [Unauthorized Location] cost Planet

ef were granted,

its status [as a] franchised new motor vehicle

-brand new

Decl. ¶¶ 38-44 (emphases omitted).



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preliminary injunctive relief is granted can be characterized as economic and therefore readily compensable by Plaintiff in the event Defendant ultimately prevails at trial. Indeed, as a condition of the TRO, the Court required that Plaintiff put in place a bond in the amount of \$2.5 million in order to cover any potential economic losses sustained by Planet during the course of this lawsuit if Planet ultimately prevails on the merits. See DE 33. Therefore, of potential economic damages does not tip the balance of the equities in its favor. In addition, although Planet asserts that it too will suffer harm total of only 99 new Mitsubishi vehicles for the calendar year ending December 2017 while in

comparison it sold a total of 442 used vehicles during the same period, accounting for 82% of its total sales during that timeframe. See Be goodwill argument relies on its status as a franchised Mitsubishi dealer, it conflates its own achieved by and belonging to MMNA and its associated marks during the course of the last thirty-seven (37) years that these marks have been in continuous use by MMNA. Finally, having reviewed the remaining reasons provided by Planet as to why the balance of the equities tip in its favor, the Court finds them to be similarly unavailing.

Given the above and in light of the fact that Planet has only itself to blame for its present predicament by failing to timely exercise the lease extension option at its former Franklin Street location, the balance of equities tip

iv. Public Interest ublic New York Progress & Prot. PAC, 733 F.3d at 486; see *Silberberg v. Bd. of Elections of the State of New York* must show that a preliminary injunction is in the public interest The consuming public has a protectable interest in being free from confusion, deception and mistake. n, Inc., 800 F. Supp. 2d at 541; see *New York City Triathlon, LLC*, 704 F. Supp. 2d at 344; see *Chobani, LLC, Osmose, Inc. v. Viance, LLC*, 612 F.3d 1298, 1321 (11th Cir. 2010)).

Because the consuming public may well be confused as to whether Planet is actually authorized to conduct Mitsubishi new car sales and service (as opposed to the sales and service of used vehicles) including through the public display and active use of the MMNA marks at the Unauthorized Location the public interest would be best served by the issuance of a preliminary injunction. See *ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C.* ; *Juicy C l Ltd.*, 930 F. Supp. 2d 489, 505 actions are likely to cause consumer confusion. Therefore, the public interest would not be disserved by the issuance of a preliminary i ; *E.G.L. Gem Lab Ltd.*, 90 F. Supp. 2d at 293.

2. Likelihood of Success

i. Application of Heightened Standard affairs, rather than maintain the status quo, it must show a clear or substantial likelihood of

(citing *Krispy Kreme Doughnut Corp. v. Satellite Donuts, LLC*, 725 F. Supp. 2d 389, 393 (S.D.N.Y. 2010)). Although not directly addressed by Plaintiff, a review of its Memorandum of Law illustrates



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that Plaintiff tacitly agrees with Defendant. See

convergent positions on this issue and based upon the fact that the relief being sought here requires Planet to engage in an affirmative act or specific course of conduct (i.e., removal of all MMNA trademarks and trade dress from the Unauthorized Premises as which would alter the status quo ante, the heightened standard will be applied here. See *Chobani, LLC*, 157 F. Supp. 3d at affirmative act or mandate[] a specific course of conduct, such as requiring a defendant to turn over phone numbers featuring a tradename or to assign a trademark [.] In those cases, the inju standard applies.) (internal quotations and citation omitted) (first, second and third alteration in original); *N. Am. Soccer League, LLC v. United States Soccer n, Inc.*, No. 17-CV-05495, 2017 WL 5125771, at *7 (E.D.N.Y. Nov. 4, 2017), d, 883 F.3d 32 (2d Cir. 2018) a heightened standard is appropriate where: (i) an injunction is mandatory, or (ii) the injunction will provide the movant with substantially all the relief sought and that relief cannot be undone even if the defendant prev citation omitted).

ii. Unfair Competition Claims and Fourth causes of action assert claims for unfair competition under the Lanham Act, 15 U.S.C. § 1125(a), unfair competition under New York State common -k. 9

See generally control of Congress by making actionable the deceptive and misleading use of marks in such see *Zimmerli Textil AG v. Kabbaz*, No. 14-CV-1560, 2015 WL Streetwise Maps, Inc. v.

VanDam, Inc., 159 F.3d 739, 742 (2d Cir.1998); see *Zimmerli Textil AG*, 2015 WL 5821523, at 9

[c]ourts employ substantially similar standards when analyzing claims for trademark infringement [and unfair competition] under the Lanham Act, 15 U.S.C. § 1114(1)(a); false designation of origin under the Lanham Act, 15 U.S.C. § 1125(a); trademark infringement under New York common law; and unfair competition under New York claims will be analyzed concurrently. *Van Praagh v. Gratton*, 993 F. Supp. 2d 293, 301 (E.D.N.Y. 2014); see *Richemont North Am., Inc. v. Huang*, No. 12 Civ. 4443, 2013 WL 5345814, at *5 n. 15 (S.D.N.Y. Sept. 24, 2013); *Allied Interstate LLC v. Kimmel & Silverman P.C.*, 2013 WL 4245987, at *5 (S.D.N.Y. Aug. 12, 2013) (quoting *Lorillard Tobacco Co. v. Jamelis Grocery, Inc.*, 378 F. Supp. 2d 448, 456 (S.D.N.Y. 2005 -established that the elements necessary to prevail on causes of action for trademark infringement and unfair com *Sussman-Automatic Corp. v. Spa World Corp.* elements of unfair competition under New York State common law closely parallel the elements of unfair competition under the Lanham Act see also *optionsXpress, Inc. v. optionsXpress Inc.*, No. 14-CV-956, 2014 analysis for trademark infringement under New York common law is the same as federal trademark analysis, the foregoing establishes liability under GBL § 360 (citing *Koon Chun Hing Kee Soy & Sauce Factory, Ltd. v. Star Mark Mgmt., Inc.*, 04 cv 2293, 2007 WL 74304, at *8 n. 13 (E.D.N.Y. Jan. 8, 2007)).

would exploit the reputat Id.

Specifically, 15 U.S.C. sale, offering for sale, distribution, or advertising of any goods or services on



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or in connection

§ 1114(1)(a). Similarly, 15 U.S.C. confusion about the source of a product, in particular the use by any person of [] any . . . name

. . . likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association . . . with another person, or as to the origin, sponsorship, or approval of his or her

Corp., No. 11 Civ. 4187, 2013 WL 4400532, at *14 (S.D.N.Y. Aug. 15, 2013) (quoting 15 U.S.C. § 1125(a)) (third ellipses in original); see Van Praagh, 993 F. Supp. 2d at 301.

Although both of these statutory provisions have similar aims, 15 U.S.C. § 1114 is narrower, offering protection only to those marks that are registered with the United States Patent and Trademark Office. 15 U.S.C. § 1125(a) provides that a trademark is a word, symbol, or device, or any combination thereof, used by a person in commerce, which identifies and distinguishes the goods of one person from those of another. 15 U.S.C. § 1125(a)(1). See, e.g., *Van Praagh*, 993 F. Supp. 2d at 301; *Koon Chun Hing Kee Soy & Sauce Factory, Ltd.*, 2007 WL 74304, at *11. An unfair competition claim under Section 43(a) of the Lanham Act is conceptually broader than trademark protection . . . [and] extends not only to the name of the good, but to its overall presentation, or brackets in original); *l Diamond Importers, Inc. v. Oriental Gemco (N.Y.), Inc.*, 64 F. Supp. 3d 494, 513 (S.D.N.Y. 2014) (recognizing that a claim of unfair competition under the Lanham

Act whether the public is likely to be misled into believing that the defendant is . . . An unregistered mark can qualify for protection under 15 U.S.C. § 1125(a) if it is able to qualify for registration as a trademark. See *Lopez v. Gap, Inc.*, 883 F. Supp. 2d 400, 414 (S.D.N.Y. 2012) (citing *Courtenay*, 334 F.3d 210, 213 n. 2 (2d Cir. 2003)). Qualification for protection

Lopez, 883 F. Supp. 2d at 414 (quoting *Artisan Mfg. Corp.*

v. All Granite & Marble Corp., 559 F. Supp. 2d 442, 449 (S.D.N.Y. 2008)). In addition, the goods *Lopez*, 883 F. Supp. 2d at

414-15 (quoting *Inc.*, 838 F. Supp. 2d 141, 154 (S.D.N.Y. 2011)) (emphasis omitted).

In order to establish a claim of unfair competition under the Lanham Act, a plaintiff must demonstrate 1) the trademark, trade name or trade dress is valid and legally entitled to protection, 2) the defendant's unlicensed use of the same or similar trademark, trade name, or trade dress is likely to create confusion concerning the origin of the goods or services. *Gluco Perfect, LLC v. Perfect Gluco Prod., Inc.*, No. 14-CV-1678, 2014 WL 4966102, at *18 (E.D.N.Y. Oct. 3, 2014) (citing *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 146 (2d Cir. 2003)); see *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 139 (S.D.N.Y. 2015), *d sub nom. Victorinox AG v. B&F Sys., Inc.* x 44 (2d Cir. 2017), as amended (Oct. 4, 2017); *Estate of Ellington ex rel. Ellington v. Harbrew Imps. Ltd.*, 812 F. Supp. 2d 186, 192 (E.D.N.Y.



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has a valid trademark entitled to protection under the s actions are likely to c quotation marks omitted).

Likelihood of confusion generally prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the

otherwise approved Merck & Co. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402, 411 (S.D.N.Y. 2006) (internal quotations and citations omitted). In order to determine whether a mark is likely to cause confusion among consumers, courts generally -factor balancing test enumerated in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir.1961); see Merck & Co., 425 F. Supp. 2d at 411; see Van Praagh, 993 F. Supp. 2d at 301; Sola Franchise Corp. v. Solo Salon Studios Inc., No. 14-CV-0946, 2015 WL 1299259, at *8 (E.D.N.Y. Mar. 23, 2015); Victorinox AG, 114 F. Supp. 3d at 140 As to consumer confusion, courts within this Circuit generally assess this claim by considering the eight factors set forth in Polaroid These factors include:

(1) the strength of the plaintiffs [sic] mark; (2) the degree of similarity between the two marks; (3) the competitive proximity of the products or services; (4) the existence of actual confusion; (5) two s good faith in adopting its mark; (7) the s product; and (8) the sophistication of the purchasers. Id. (quoting Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 256 57 (2d Cir. 1987)). However, the Polaroid factors are generally not applicable in cases where a licensee or franchisee continues to use a trademark after its license to do so expires or is otherwise

terminated (i.e., where an identical as opposed to a confusingly similar mark is at issue) as well as where a licensee or franchisee exceeds the scope of its license. See Privado Mktg. Grp. LLC v. Eleftheria Rest. Corp., 13 Civ. 3137, 2017 WL 1167332, at *11 (S.D.N.Y. Mar. 27, 2017); MyPlayCity, Inc. v. Conduit Ltd., 10 Civ. 1615, 2012 WL 1107648, at *20 (S.D.N.Y. Mar. 20, -licensee continues to use a mark after its license expires likelihood of L & L Wings v. Marco-Destin, Inc., 676 F. Supp. 2d 179, 188 (S.D.N.Y. 2009)); Halo Optical Prods., Inc. v. Liberty Sport, Inc., 6:14-cv- 00282, 2017 WL 1082443, at *11 (licensee uses a mark beyond the scope permitted in the licensing agreement, the consumer

Dallas Cowboys Cheerleaders, Inc., v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 19 s owner sponsored Baskin- Robbins Ice Cream Co. v. D&L Ice Cream Co. sale by a licensee of unauthorized products, i.e., products outside the scope of the license, is

likely to confuse the public into believing that such products are in fact manufactured or authorized by the trademark owner. (internal citation omitted). In these situations, the element of consumer confusion is established

as a matter of law. See L & L Wings, 676 F. Supp. 2d at 188; C=Holdings B.V. v. Asiarim Corp., 992 F. Supp. 2d 223, 241 (S.D.N.Y. 2013); Ryan v. Volpone Stamp Co., 107 F. Supp. 2d 369, 399 (S.D.N.Y.



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2000); Southland v. Froelich, 41 F. Supp. 2d 227, 243 (E.D.N.Y. 1999); Baskin- Robbins Ice Cream Co., 576 F. Supp. at 1060; see also Halo Optical Prods., Inc., 2017 WL 1082443, at *11 ark . . . courts are not necessarily required to analyze the Polaroid Dunkin Donuts, Inc. v. Northern Queens Bakery, Inc., 216

F. Supp. 2d 31, 44 (E.D.N.Y. 2001) (finding Polaroid factors inapplicable where use of identical mark was at issue). As concerns the first element, MMNA has asserted that it is the primary licensee of the Mitsubishi registered marks at issue in this action. McElroy Decl. ¶ 5 (setting forth the registered Mitsubishi marks and their associated USPTO registration numbers). In addition, Planet does not dispute that the Mitsubishi trademarks and trade names are valid and legally entitled to protection. Therefore, this element is satisfied. See Dunkin Donuts, Inc., 216 F. Supp. prima facie

omitted); Century 21 Real Estate LLC v. Raritan Bay Realty, Ltd., No. CV-07-1455, 2007 WL 1385729, at *3 (E.D.N.Y. May 9, 2007); MyPlayCity, Inc., 2012 WL 1107648, at *18

Turning to the second element, likelihood of consumer confusion, MMNA asserts that confusion exists based up ng the Mitsubishi Marks outside the locatio license. See ; Reply Memorandum of Law in Support of Mitsubishi Motors

Planet does not directly address this factor but instead takes the position that because Planet has not actually been terminated by MMNA, this fact precludes MMNA from establishing a likelihood of success on its unfair competition claims. See -9. Having reviewed the underlying Dealer Agreement and Standard Provisions as well as the applicable sections of the New York Vehicle and Traffic Law, see supra at 3-9, the Court

finds that because Planet unilaterally moved the location of its dealership without first receiving prior approval from MMNA, this affirmative act breached the underlying agreements, in part, based upon failure to maintain customary sales and service operations at the Dealership Premises for at least seven consecutive business days in direct contravention of both Section IV(F) of the Standard Provisions as well as Section 463(d)(3) of the Vehicle and Traffic Law. See McElroy Decl., Ex. A (Standard Provisions § IV(F) ultra vires conduct (i.e., unilateral relocation of its dealership), MMNA was vested with the

limited license to use the Mitsubishi marks. See McElroy Decl., Ex. A (Standard Provisions § (X)(B)(1); VTL § 463(d)(3). MMNA, in turn, acted within the scope of its authority by serving Planet with a Notice of Termination dated February 16, 2018. Beauchemin Reply Decl., Ex. A. The Notice advised Planet that

due to operations at the Dealership Premises for at least seven consecutive business days, MMNA hereby gives notice of its intent to terminate the Agreement pursuant to Sections IV(F) and X(B)(1)(a) of the Standard Provisions to the Agreement, effective 5:00 p.m. EDT on notice, whichever is later.



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Id. (emphasis added). This language clearly and unequivocally served to terminate the underlying contractual relationship between the parties as of the later of March 5, 2018 or Id. In addition, the Notice [Planet] must . . . discontinue use of all signs, trademarks, or trade names of MMNA used by it in

Id. Therefore, to the extent

likelihood of success on its unfair competition claims), such an argument is misplaced. See

and

Having determined that the Dealer Agreement has been effectively terminated by MMNA through service of the Termination Notice and relocation and continued use of the Mitsubishi marks at the Unauthorized Location, a strong likelihood of consumer confusion may be presumed as a matter of law. MyPlayCity, Inc, 2012 -licensee continues to use a mark after its license expires likelihood of confusion is see Prudential Ins. Co. of Am. v. Ikomoni granted permission to OTRC to use those marks as long as the franchise agreement was in effect, but not beyond that point. The continued use of the name and marks of Prudential by OTRC will undoubtedly cause confusion to a public who will assume that OTRC continues to operate under ; Century 21 Real Estate LLC, 2007 WL 1385729, at *3; remains a Century 21 franchisee, using the same marks as they did when they were properly

franchised, despite being in violation of the franchise agreement, which explicitly provides that Raritan cease the use of the Century 21 Marks after termination of the agreement. Such usage will generate confusion among consumers services and their relationship with Century 21. Accordingly, plaintiff has demonstrated that it will likely succeed on the merits. ; see also Precision tune, Inc. v. Pelter, No. CV-89-0925, 1989 WL 50796, at *3

sufficient evidence to support its claim that defendant has violated the provisions of a license agreement, defendant loses its limited right to . Therefore, MMNA has shown a clear and substantial likelihood that it will succeed on the merits under this theory. 10

However, even if the Dealer Agreement had not been properly terminated by MMNA, this fact, in itself, would not preclude MMNA from establishing a likelihood of success as to its unfair competition claims since it need only establish the requisite elements of this cause of action, which does not include or otherwise require a showing that an underlying licensing agreement has been breached and/or effectively terminated. See Franchised Stores of New York, Inc. v. Winter, 394 F.2d 664, 669 (2d Cir. 1968) (holding that elements of infringement are established, a trademark licensor may succeed in a trademark infringement action against one who is still his licensee. Ikomoni, 1996 WL 640915, at *2; see also Gluco Perfect, LLC, 2014 WL 4966102, at *18 (setting forth elements). Therefore, even if the underlying Dealer Agreement had still been in place, it is undisputed that Planet was granted only a limited license to use and display the Mitsubishi marks at the Dealership



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10 require an additional showing of bad faith, [w]here an unambiguous trademark licensing agreement is terminated, and the licensee continues to [use] the trademark post-termination, a court can find bad faith as a matter of law. *MyPlayCity, Inc.*, 2012 WL 1107648, at *21; see *L & L Wings*, 676 F. Supp. 2d at 190 (finding bad faith where defendants continued to distribute s mark after their licensing agreement was unambiguously terminated, and plaintiff sent defendants three no s mark). It light of the unambiguous nature of the licensing agreement and subsequent termination in this case, such a finding is warranted here.

See *McElroy Decl.*, Ex. A (Dealer Agreement § 6 (stating that use of marks is limited solely to Dealership Premises specified in Agreement unless prior written approval received from MMNA)); see also *Galani Decl.* ¶

Thus, Plane [MMNA] sponsored or otherwise approved the use of the trademark [which] satisfies the confusion requirement. *Dallas Cowboys Cheerleaders, Inc.*, 604 F.2d at 205; see *Halo Optical Prods., Inc.*, 2017 WL 1082443, at *11 ([W]hen a licensee uses a mark beyond the scope permitted in the licensing agreement, the consumer confusion); see also *E.G.L. Gem Lab Ltd.* he use of a licensed mark beyond the scope of the license may deceive the public into thinking that the licensee is authorized to provide the goods or services offered under the mark when in truth it is not.). Thus, MMNA has satisfied the consumer confusion requirement on this independent basis and has therefore shown a clear or substantial likelihood that it will succeed on the merits as to its unfair competition claims.

iii. Breach of Contract See generally *Compl.* In order to establish a claim sounding in breach of contract pursuant to New York law, a plaintiff (1) the existence of an agreement, (2) adequate performance of the contract by the plaintiff, (3) breach of contract by the defendant, and (4) 11

DeFlora Lake Dev. Assocs., Inc. v. Park

11 Under New York law, consequential damages for a breach of contract or warranty claim can include loss of goodwill, including the loss of customers, future profits, and harm to business reputation *RIJ Pharm. Corp. v. Ivax Pharm., Inc.*, 322 F. Supp. 2d 406, 414 (S.D.N.Y. 2004);

(quoting *Harsco Corp. v. Segui*, 91 F.3d 337, 348 (2d Cir. 1996)); see *Symquest Grp., Inc. v. Canon U.S.A., Inc.*, 186 F. Supp. 3d 257, 263 (E.D.N.Y. *Maniolas v. United States*, 741 F. Supp. 2d 555, 566 (S.D.N.Y. 2010), *Alexander & Alexander S*, 136 F.3d 82, 86

(2d Cir. 1998)) (additional citations omitted). can establish all of the requisite elements. P -13. In



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opposition, Planet asserts that

under the Dealer Agreement first by unreasonably withholding its consent to two otherwise valid requests to relocate the Court respectfully disagrees. Although Planet may subjectively harbor the belief that MMNA unreasonably withheld consent concerning its proposed relocation requests, the record

Court finds, at this stage, See *supra* at 5-6 ; see generally Beauchemin Reply Decl. Therefore, this argument is without merit. C's unauthorized relocation and subsequent continued use of the Mitsubishi marks constituted the initial breach

see *Ciamara Corp. v. Widealab, Inc.*, No. 13 CIV. 1142 JMF, 2013 WL 6331927, at *4 (S.D.N.Y. Dec. 5, 2013) (Under New York law, parties may recover for loss of future profits, goodwill, or harm to business reputation only if the damages were within the contemplation of the parties as the probable result of a breach at the time of or prior to contracting).

establishes that (1) a valid contract existed between the parties, (2) that plaintiff performed by granting Planet the ability to operate a Mitsubishi franchise which included limited use of the Mitsubishi marks, (3) that Planet breached the agreement by moving the location of its dealership absent prior approval from MMNA and as (4) MMNA has alleged damages to its reputation and goodwill, the Court finds that at this stage of the proceedings, MMNA has established a clear or substantial likelihood of succeeding on the merits as to this claim. IV. CONCLUSION a preliminary injunction is an extraordinary and drastic remedy, one that should not be granted unless the movant, by a clear NM v. Hebrew Acad. Long Beach, 155 F. Supp. 3d d of an injunction is not something a plaintiff is entitled to as a matter of right, but rather it is an equitable remedy issued by a trial court, within the broad bounds of its discretion, after it weighs the potential benefits and harm to be incurred by the parties from the granting Moore, 409 F.3d at 510, and after careful consideration of the record in this matter, motion seeking preliminary injunctive relief is GRANTED. Therefore, the limitations as contained in the TRO, which have been secured by a \$2.5 million bond, see DE 32, shall remain in full force pending a decision on the merits in this case.

SO ORDERED. Dated: Central Islip, New York April 30, 2018 /s/ Sandra J. Feuerstein SANDRA J. FEUERSTEIN U.S. District Judge

