

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA

**Residential Energy Services Network, Inc. v. Building Science
Institute, Ltd. Co., et al.**

Residential Energy Services Network · No. 22-cv-1641-AGS-MSB · Decided November 21, 2025

SUMMARY

The United States District Court for the Southern District of California denied Building Science Institute’s motion for reconsideration of a preliminary injunction concerning the use of “HERS” in connection with home energy ratings. The court held that the proffered evidence was not newly discovered, that subsequent legal authorities did not constitute an intervening change in controlling law, and that the defendant had not shown clear error regarding the treatment of a settlement agreement.

OPINION

1 UNITED STATES DISTRICT COURT 2 SOUTHERN DISTRICT OF CALIFORNIA 3
RESIDENTIAL ENERGY SERVICES Case No.: 22-cv-1641-AGS-MSB NETWORK, INC., 4
ORDER DENYING Plaintiff, 5 RECONSIDERATION (ECF 81) v. 6 BUILDING SCIENCE
INSTITUTE, 7 LTD. CO., et al., 8 Defendants. 9 This Court preliminarily enjoined defendant
Building Science Institute, Ltd. Co. 10 (BSI), from improperly using “HERS” to describe a Home
Energy Rating System, as such 11 use likely infringed on plaintiff’s trademark.

BSI moves for reconsideration. 12 DISCUSSION 13 “Reconsideration is appropriate if the district
court (1) is presented with newly 14 discovered evidence, (2) committed clear error or the initial
decision was manifestly unjust, 15 or (3) if there is an intervening change in controlling law.”
School Dist. No. 1J, Multnomah 16 Cnty., Or. v. ACandS, Inc., 5 F.3d 1255, 1263 (9th Cir.

1993). BSI primarily argues that it 17 has presented “newly discovered evidence” and “legal
decisions” that “came into existence 18 after the injunction issued,” while interspersing arguments
about the Court’s supposed 19 misunderstandings. (See ECF 93, at 2.) BSI only asks the Court to
reconsider the 20 “likelihood of success” prong of its preliminary-injunction order.

(ECF 81-1, at 8.) 21 A. Newly Discovered Evidence 22 23 BSI’s purported “newly discovered
evidence” is not “new” by reconsideration- 24 motion standards. A party moving for
reconsideration on this ground must “show not only 25 that this evidence was newly discovered or
unknown to it until after the hearing, but also 26 that it could not with reasonable diligence have
discovered and produced such evidence at 27 the hearing.” Frederick S. Wyle Pro.

Corp. v. Texaco, Inc., 764 F.2d 604, 609 (9th Cir. 28 1985). 1 BSI presents four items of additional evidence that existed well before this litigation 2 began: 3 1. The United States Patent and Trademark Office’s “files on Plaintiff’s two additional contemporaneously filed trademark applications which were rejected 4 by the USPTO,” 5 2. “Plaintiff’s attorney’s trademark application prosecution files for the marks 6 HERS®, HERS, and HERS/HOME ENERGY RATING SYSTEM[],” 7 3.

California Energy Commission documents “regarding the Settlement Agreement 8 entered into between Plaintiff and the CEC,” and 9 4. Portions of “Plaintiff’s trademark attorney’s files regarding the intended scope of 10 the Settlement Agreement with CEC.” 11 (ECF 93, at 4.) But BSI had plenty of time to uncover this material during the nine weeks 12 between the filing of the preliminary-injunction motion and the hearing on it.

(See ECF 18; 13 ECF 27). BSI has the burden of explaining why a reasonably diligent attorney could not 14 have found these items in the months before the hearing—let alone in the nearly two years 15 between the preliminary injunction’s issuance and BSI’s belated motion for 16 reconsideration. (See ECF 28; ECF 81.) It has not met that burden. See Wells Fargo Bank, 17 N.A. v. Mahogany Meadows Ave. Trust, 979 F.3d 1209, 1218 (9th Cir.

2020) (noting that 18 a reconsideration motion “may not be used to raise arguments or present evidence for the 19 first time when they could reasonably have been raised earlier”). 20 B. New Law 21 Next, BSI asserts that “new law” demands a different result. But the main case it 22 relies on—Great Concepts, LLC v. Chutter, Inc., 90 F.4th 1333 (Fed. Cir. 2024)—makes 23 BSI’s burden of challenging this trademark more difficult, not less.

(See ECF 81-1, at 9–13; 24 ECF 93, at 4–7.) At the time of the preliminary-injunction hearing, the Ninth Circuit had 25 long held that “filing a fraudulent incontestability affidavit [alone] provides a basis for 26 canceling the registration itself.” Robi v. Five Platters, Inc., 918 F.2d 1439, 1444 (9th Cir. 27 1990) (cleaned up). Chutter rejected that notion and adopted a more demanding process 28 1 for litigants, like BSI, who dispute a trademark.

The court held that a trademark 2 “registration” may not be cancelled in its entirety solely due to “fraud in connection with 3 acquiring incontestable status,” but that such fraud is merely a basis for cancelling the 4 “incontestable status.” Chutter, 90 F.4th at 1340.

After Chutter, BSI must first establish 5 that the mark’s “incontestability status” was “obtained fraudulently,” warranting 6 cancellation of its incontestability, and only then may it challenge the HERS mark’s 7 registration. See *id.* at 1337, 1339. It’s unclear why this more rigorous legal framework 8 mandates reconsideration of this Court’s prior ruling. 9 Regardless, BSI’s new argument that RESNET engaged in fraud during the 10 incontestability process is substantively unavailing as well.

In light of the “Settlement 11 Agreement and two abandoned trademark applications,” BSI insists that the RESNET 12 representative who filed for trademark incontestability committed fraud by declaring that 13 “no final decision adverse to the owner’s claim of ownership of such mark for those 14 goods/services, or to indicate membership in the collective membership organization, 15 exists, or to the owner’s right to register the same or to keep the same on the register; and, 16 no proceeding involving said rights pending and not disposed of in either the U.S. Patent 17 and Trademark Office or the courts exists.” (ECF 81-6, at 46–47; see ECF 81-1, at 12.)

18 But BSI presents no authority that a settlement agreement is a “final decision adverse 19 to the owner’s claim of ownership,” a “final decision adverse to” “the owner’s right to 20 register,” or a “pending” “proceeding involving said rights.” (See ECF 81-6, at 46.) Nor 21 does BSI offer any authority that a previously abandoned trademark application would 22 qualify under those categories.

(Id.; cf. ECF 81-5, at 4 (showing that the USPTO refers to 23 the process as a “NOTICE OF ABANDONMENT”).) Despite BSI’s argument to the 24 contrary, our case is far different than Chutter. The Chutter representative signed the 25 incontestability declaration while there were two “pending” actions that challenged the 26 mark’s validity—a “cancellation proceeding in the PTO and [an] Eleventh Circuit appeal.” 27 90 F.4th at 1335–36.

BSI has presented no evidence of any “pending” challenges to the 28 registered trademark when the RESNET representative made the foregoing declaration in 1 August 2013. (See ECF 81-6, at 46.) So, BSI’s fraud-during-incontestability argument 2 fails. 3 BSI gestures at two other cases that don’t move the needle either.

First, *OpenAI, Inc. 4 v. Open A.I., Inc.*, 719 F. Supp. 3d 1033 (N.D. Cal. 2024), *aff’d*, No. 24-1963, 2024 WL 5 4763687 (9th Cir. Nov. 13, 2024), is a trial-court opinion that is not binding on this Court. 6 It cannot qualify as “an intervening change in controlling law.” See *ACandS, Inc.*, 5 F.3d 7 at 1263. And the affirmance of that case on appeal doesn’t help BSI, because the Ninth 8 Circuit never mentioned the specific issue—prior rejections of trademark applications— 9 that BSI focuses on.

10 Second, BSI points to *Heritage Alliance v. American Policy Roundtable*, 133 F.4th 11 1063 (Fed. Cir. 2025), which held that the Trademark Trial and Appeal Board “has 12 discretion not to accept” “five-plus years of prior continuous use as ‘prima facie evidence’ 13 that the marks had acquired distinctiveness.” *Id.* at 1070. But that principle was already 14 clear from the statute, which states that the Board “‘may accept’ such proof ‘as prima facie 15 evidence that the mark has become distinctive.’” *Id.* (quoting 15 U.S.C. § 1052(f) with 16 emphasis added in the opinion).

And, as the *Heritage Alliance* court itself noted, “our case 17 law similarly recognizes the Board’s discretion to weigh the evidence” and to reject such 18 prima facie evidence. *Id.* (collecting

cases). Heritage Alliance is not an intervening change 19 in controlling law. 20 C. Clear Error 21 Finally, BSI asserts that “the Court committed error in relying on Plaintiff’s 22 representation of the Settlement Agreement with the [California Energy Commission] as 23 being a license agreement.” (ECF 81-1, at 14.)

This is so, says BSI, because RESNET 24 “misrepresented the significance of the Settlement Agreement between Plaintiff and the 25 CEC” and “the Court apparently accepted” that misrepresentation “as true.” (Id. at 13.) 26 “To be clearly erroneous, a decision must strike [the Court] as more than just maybe 27 or probably wrong; it must be dead wrong.” *United States v. Hollis*, 506 F.3d 415, 421 28 (5th Cir.

2007). But the Court well understood the agreement’s import. In fact, after 1 || discussing the agreement during oral argument, the Court re-reviewed the document during 2 ||arecess and later expanded upon the agreement-related analysis when issuing a final ruling 3 the hearing’s end. (See ECF 29, at 32, 38, 46.) Even if the Court’s description of the 4 ||agreement as “akin to a license” was imprecise (ECF 29, at 46), as BSI contends, the 5 ||essential facts of that agreement—and the Court’s understanding of its terms—has not 6 ||changed.

BSI has not met its burden to establish that the Court was “dead wrong” about 7 ||the agreement. See *Hollis*, 506 F.3d at 421. 8 CONCLUSION 9 BSI’s reconsideration motion is DENIED. The unopposed judicial-notice motion is 10 || granted. (See ECF 81-3.) 11 Dated: November 21, 2025 13 Hon. Andrew G. Schopler 14 United States District Judge 15 16 17 18 19 20 21 22 23 24 25 26 27 28