

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA

Haute Plank Incorporated v. Grato S.L. LLC

Haute Plank · No. CV-25-04436-PHX-JZB · Decided March 10, 2026

OPINION

1 WO 2 3 4 5 6 IN THE UNITED STATES DISTRICT COURT 7 FOR THE DISTRICT OF
ARIZONA 8 9 Haute Plank Incorporated, No. CV-25-04436-PHX-JZB 10 Plaintiff, ORDER 11 v.
12 Grato S.L. LLC, 13 Defendant. 14 15 Pending before the Court is Plaintiff’s “Motion for Entry
of a Preliminary 16 Injunction.”¹ (Doc. 7.)

In its Motion, Plaintiff seeks injunctive relief in the form of a court 17 order compelling
Defendant to ship all pre-August 7, 2025, orders of wood planks it placed. 18 (Doc. 7-1 at 17–18.)
Defendant opposes Plaintiff’s Motion, and characterizes it as an 19 attempt by Plaintiff to receive
“\$306,000 more interest free credit[.]” (Doc. 38 at 4.) 20 Because Plaintiff fails to satisfy its
burden under the Winter four-factor test, the Court will 21 deny the Motion.

22 I. SUMMARY. 23 Through August 2025, Defendant shipped \$1.143 million in wood products
to 24 Plaintiff but was not paid. As a consequence, the parties entered into the “August 7,” 2025
25 contract where Defendants would ship additional wood products to Plaintiff worth 26
approximately \$65,000, for a total of \$1.208 million.

In exchange, Plaintiffs would pay 27 \$1.208 million to Defendants in an agreed installment plan.
Any orders placed after the 28 1 Both parties have consented to Magistrate Judge jurisdiction.
(Doc. 23.) 1 August 7 contract would require a 50% downpayment along with other requirements.
2 Plaintiff now argues the contract requires Defendant to ship an additional \$306,000 3 in wood
products because those orders were placed prior to the August 7 agreement.

4 Defendant argues those orders were not a part of the August 7 agreement. The Court agrees 5
with Defendant. The \$1.208 million dollar installment plan matches down to the penny the 6
orders placed and agreed to by Plaintiff, and orders outside the \$1.208 million installment 7 plan
were post-August 7 orders.

To find otherwise would violate the intent of the contract. 8 Plaintiff’s argument would also
require Defendant to ship \$306,000 in product as a pre- 9 August 7 requirement, but without any
requirement for payment. The Court will not enter 10 an injunction that furthers this absurd result.

11 II. PROCEDURAL BACKGROUND. 12 On November 26, 2025, Plaintiff initiated this action
by filing a four-count 13 Complaint against Defendant.

(Doc 1.) Plaintiff is an Arizona corporation that sells Spanish 14 wood flooring directly to
consumers. (Id. at 1.) Defendant is a manufacturer of Spanish 15 hardwood flooring based in

Cantabria, Spain, and has been supplying Plaintiff for 16 approximately a year and a half. (Id. at 1, 3.) Plaintiff alleges that Defendant has failed to 17 deliver several orders placed prior to August 7, 2025, in violation of the parties' August 7, 18 2025, Agreement ("Agreement").

(Id. at 11.) 19 On December 12, 2025, Plaintiff filed the instant Motion for Entry of a Preliminary 20 Injunction. (Doc. 7.) 21 On January 9, 2026, Plaintiff filed an Application for Entry of Default because 22 Defendant had not answered or otherwise responded to its Complaint. (Doc. 15.)

On 23 January 12, 2026, the Clerk of Court entered default as to Defendant. (Doc. 16.) 24 On January 13, 2026, Defendant contemporaneously filed a Motion to Set Aside 25 Default and an Answer to Plaintiff's Complaint. (Docs. 18, 20.) 26 On January 23, 2026, Plaintiff filed an Application for Temporary Restraining Order 27 ("TRO"). (Doc. 24.) Plaintiff filed the Application ex parte, requesting an injunction 28 compelling Defendant to ship the Johnson Purchase Order 1791 ("Johnson Order") via air 1 freight so that delivery may occur on or before January 31, 2026.

(Id. at 1.) 2 Upon receipt of Plaintiff's Application, and noting that Defendant has received a 3 "courtesy notice[,]" (doc. 24 at 2), this Court scheduled a telephonic hearing with the 4 parties on January 26, 2026. (Doc. 25.) During that hearing, the parties discussed Plaintiff's 5 Application and affirmed that the Johnson Order was a pre-August 7 order covered by the 6 parties' Agreement.

See (doc. 28.) 7 This Court, upon review of the parties' submissions and oral arguments, attempted 8 to strike a fine balance on the equities. Namely, Plaintiff would be obligated to pay 20% 9 of the Johnson Order cost and pay for air freight shipping.² However, this holding did not 10 resolve the TRO matter. 11 On January 27, 2026, the parties returned to the Court with the following four issues: 12 (1) which party bears the burden of tariffs; (2) which party bears the burden of arranging 13 shipping of the wood; (3) whether Plaintiff is obligated to pay the full Johnson Order price; 14 and (4) which party shall arrange the pickup of the Johnson Order wood from Defendant's 15 warehouse.

On the same day, the Court issued an order permitting Defendant to file a 16 response to Plaintiff's Motion for Entry of a Preliminary Injunction on or before February 17 16, 2026. (Doc. 27.) In the order, the Court did not permit Plaintiff to file a reply to 18 Defendant's response. (Id.) 19 On January 28, 2026, the Court issued an order on Plaintiff's Motion for a TRO.

20 See (doc. 35.) In the Order, the Court granted the motion in part, requiring Plaintiff to pay 21 20% of the Johnson Order price, shipping, and tariff expenses, and requiring Defendant to 22 make the Johnson Order available for collection at its warehouse in Spain.³ (Id. at 9.) 23 On January 29, 2026, the Court set aside the Clerk of Court's Entry of Default.

(Doc. 24 37.) 25 On February 16, 2026, Defendant filed its response to Plaintiff’s Motion for Entry 26 2 Plaintiff averred that expedited air freight could cost as much as \$40,000.00 to 27 \$60,000.00. (Doc. 28.) 3 To date, Plaintiff has not paid for the Johnson Order or taken any actions to obtain 28 the Johnson Order following this Court’s entry of a temporary restraining order.

See (doc. 38 at 2.) 1 of a Preliminary Injunction. (Doc. 38.) On March 5, 2025, the Court heard oral arguments 2 from the parties on the instant Motion. (Doc. 44.) 3 Seeing as this matter is fully briefed, and finding no cause for delay, the Court will 4 address Plaintiffs’ Motion. 5 III. FACTUAL BACKGROUND. 6 At its core, this matter involves an installment contract for Spanish hardwood 7 planks.

In November 2023, the parties commenced a business relationship wherein 8 Defendant—a Spanish corporation that is registered to do business in Arizona, see (doc. 1 9 at 2)—would be Plaintiff’s exclusive producer of Spanish hardwood. (Doc. 7-1 at 3.) 10 Plaintiff, in turn, would then sell the hardwood to contractors and builders. See (docs. 28, 11 31.) 12 The basis of the parties’ quid pro quo—i.e., bargained-for exchange—was clear: 13 money for wood planks.

However, over time, Plaintiff fell behind on payments, resulting 14 in Defendant’s unilateral withholding of shipments “until the parties agreed on how to 15 remedy the past due amounts.” (Doc. 7-2 at 3.) 16 Eventually, the parties reached an agreement on August 7, 2025 (the “Agreement”). 17 Therein, Plaintiff acknowledged a commercial debt to Defendant in the amount of 18 \$1,208,938.30, “relating to previously delivered hardwood flooring and materials currently 19 ordered and awaiting payment before shipping.” (Doc.

7-4 at 3.) To date, Defendant has 20 shipped roughly \$1,143,438.58 in wood planks to Plaintiff. (Doc. 26 at 18–20, 24.) There 21 are three purchase orders that have not been shipped that equals the \$1,208,938.30: the 22 Wagon Plank (\$4,817.96), Marigold (\$5,815.27), and Johnson (\$54,866.49) purchase 23 orders.4 (Id.) 24 As noted above, 1.2 million would be paid in eight installments.

(Doc. 26 at 12); 25 (doc. 7-2 at 4.) The following payment schedule was set in the Agreement: 26 1. December 15, 2025: \$100,000; 27 2. March 15, 2026: \$110,000; 28 4 Defendant appears to have omitted the Wagon Plank and Marigold purchase orders during oral arguments. 1 3. June 15, 2026: \$120,000; 2 4. September 15, 2026: \$250,000; 3 5. December 15, 2026: \$130,000; 4 6.

March 15, 2027: \$140,000; 5 7. June 15, 2027: \$150,000; and 6 8. September 15, 2027: \$208,938.30. 7 (Doc. 7-4 at 6.) In sum, the \$1,208,938.30 total appears to account for all purchase orders 8 pending and accepted5 by Defendant between April 19, 2024, and June 11, 2025. (Doc. 26 9 at 18–20) (emphasis added). 10 The Agreement further required that, for orders accepted on or after August 7, 2025, 11 Plaintiff would be required to place a 50% downpayment of the order,

“including shipping 12... and will then pay the balance prior to [Defendant] shipping the applicable order.” (Doc.

13 26 at 14.) The parties’ Agreement is governed by the laws of the State of Arizona. (Id.) 14 While it would be incorrect to state that the aforementioned provisions were the 15 only ones contained in the Agreement, it would not be wholly incorrect either.

The 16 Agreement, contained on a little over three pages and an additional one-page exhibit, is— 17 at the very least—ambiguous.⁶ See (id. at 12–15.) 18 At issue in Plaintiff’s instant Motion is roughly \$306,000.00 in purchase orders 19 requested by Plaintiff before August 7, 2025. (Doc. 7- 1 at 5.) This \$306,000 in purchase 20 orders is not included in the \$1.208 million that comprises the current commercial debt 21 owed by Plaintiff to Defendant.⁷ Instead, it is quite clear that the \$306,000 in purchase 22 orders are not included in the \$1.208 million in purchase orders already accepted, for it 23 would require Defendant to ship \$1.5 million in wood planks to only receive \$1.208 million 24 25 5 The parties have used ‘queued,’ ‘confirmed,’ and ‘placed in addition to ‘accepted.’ The Court shall treat them interchangeably.

26 6 It has been asserted during oral arguments that the parties relied on generative AI to craft the Agreement. See (doc. 31.) While it is unclear whether the parties did in fact use 27 generative AI in crafting the Agreement, the Court does note that the Agreement contains tell-tale signs of AI usage, such as typographical errors. See, e.g., (doc. 26 at 12.)

28 7 The \$1.208 million appears to account for the orders already shipped by Defendant and the Wagon Plank, Marigold, and Johnson purchase orders. 1 in compensation. While discussed in greater detail below,⁸ it is quite apparent that 2 \$306,000 in purchase orders requires a 50% downpayment per the terms of the parties’ 3 Agreement. 4 As a final note, the parties do not dispute that Plaintiff has failed to pay a single 5 dollar for the \$1.208 million in wood planks.

See (doc. 38 at 3); see also (doc. 44.) This 6 means that the December 15, 2025, installment is nearly three months late, and it is unclear 7 whether Plaintiff will pay the March 15, 2026, installment. See (doc. 44.) 8 IV. THE PARTIES’ ARGUMENTS. 9 The parties’ arguments are summarized below. 10 A. Plaintiff’s Arguments. 11 Plaintiff contends that injunctive relief is warranted here.

In its “Memorandum of 12 Law in Support of Entry of a Preliminary Injunction,” Plaintiff asserts that injunctive relief 13 is warranted because: (1) it is likely to succeed on the merits of its breach of contract, 14 breach of the covenant of good faith, and tortious interference with a contract claims; (2) 15 it is likely to suffer irreparable harm if injunctive relief is not granted; (3) the balance of 16 hardships favors it as opposed to Defendant; and (4) injunctive relief is in the public interest 17 here.

(Doc. 7-1 at 8–18.)¹⁸ In oral arguments, Plaintiff clarified its position. First, Plaintiff agreed that it had not paid the December 15, 2025, installment payment. (Doc. 44.) However, Plaintiff²⁰ averred that, because Defendant had not shipped all of the pre-August 7, 2025, purchase²¹ orders, it was entitled to withhold payment until the wood was shipped.

(Id.) Next, Plaintiff²² asserted that there were 14 pre-August 7th orders not shipped by Plaintiff, and another 6²³ contracts orders were in dispute. (Id.) Further, Plaintiff stated that it would be willing to²⁴ make the December 15, 2025, \$100,000 payment if Defendant were willing to ship the 25 outstanding purchase orders encompassed under the pre-August 7 banner.⁹ (Id.)

²⁶ ⁸ See *infra* section VI.B.i.a. ²⁷ ⁹ Plaintiff avers that there are 14 purchase orders not shipped that amount to pre- August 7th purchase orders. See (doc. 44.) It is unclear whether the 14 disputed purchase²⁸ orders include the Wagon Plank, Merigold, and Johnson purchase orders. It is also unclear whether the 14 purchase orders equate the \$306,000 the parties are in dispute over.

1 B. Defendant’s Arguments. ² Defendant opposes Plaintiff’s Motion based on three main points. First, Defendant³ argued that Plaintiff is, in effect, seeking to compel Defendant to ship \$306,000 of wood⁴ planks for free. (Doc. 38 at 2.)

In essence, Defendant contends that there is only one pre- ⁵ August 7 purchase order that has not been shipped—the Johnson Order. (Doc. 44.) Because ⁶ of this, Defendant argued that the additional purchase orders Plaintiff is seeking through ⁷ injunctive relief would be provided without payment. (Doc. 38 at 5.)

Second, Defendant⁸ argued that because the Agreement was for \$1.2 million, not \$1.5 million, the \$306,000 in ⁹ purchase orders were not pre-August 7 orders, or, at the very least, were not encompassed¹⁰ in the \$1.2 million repayment plan. See (doc. 44); see also (doc. 38 at 4.) ¹¹ Third, Defendant contends that Plaintiff does not have sufficient funds to make any ¹² of the installment payments, so it would be unlikely that it would ever be paid for the wood¹³ it shipped.

(Doc. 38 at 2–5.) Defendant supports this argument with the fact that Plaintiff, ¹⁴ to date, has not paid for nor scheduled a shipment of the Johnson Order following the ¹⁵ Court’s order on Plaintiff’s Temporary Restraining Order.¹⁰ (Id. at 2.) ¹⁶ V. LEGAL STANDARDS. ¹⁷ “The Supreme Court has emphasized that preliminary injunctions are an ¹⁸ ‘extraordinary remedy never awarded as of right.’” *Garcia v. Google, Inc.*, 786 F.3d 733, ¹⁹ 740 (9th Cir.

2015) (en banc) (quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, ²⁰ 24 (2008)). “[A] preliminary injunction is an extraordinary and drastic remedy, one that ²¹ should not be granted unless the movant, by a clear showing, carries the burden of ²² persuasion.” *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (citation omitted).

In 23 deciding whether injunctive relief should be granted, the Court “must balance the 24 competing claims of injury and must consider the effect on each party of the granting or 25 withholding of the requested relief.” *Amoco Prod. Co. v. Vill. of Gambell*, 480 U.S. 531, 26 542 (1987). 27 10 The Court notes that Defendant, in both its written and oral submissions, asserts an ad hominem argument against Plaintiff related to an alleged investigation by the Scottsdale, 28 Arizona, Police Department.

The Court discourages ad hominem attacks and will not consider those submissions. 1 To receive a preliminary injunction, the Plaintiff “must satisfy Winter’s four-factor 2 test.” *Garcia*, 786 F.3d at 740. “Under Winter, plaintiffs seeking a preliminary injunction 3 must establish that (1) they are likely to succeed on the merits; (2) they are likely to suffer 4 irreparable harm in the absence of preliminary relief; (3) the balance of equities tips in their 5 favor; and (4) a preliminary injunction is in the public interest.” *Sierra Forest Legacy v. 6 Rey*, 577 F.3d 1015, 1021 (9th Cir.

2009) (citing *Winter*, 555 U.S. at 20). “To grant 7 preliminary injunctive relief, a court must find that ‘a certain threshold showing is made 8 on each factor.’” *Henry Schein, Inc. v. Cook*, 191 F. Supp. 3d 1072, 1076 (N.D. Cal. 2016) 9 (quoting *Leiva-Perez v. Holder*, 640 F.3d 962, 966 (9th Cir. 2011)).

The most important 10 Winter factor is the first—i.e., success on the merits. *Garcia*, 786 F.3d at 740. “[W]hen.. 11. a plaintiff has failed to show the likelihood of success on the merits, [the Court] need not 12 consider the remaining three Winter elements.” *Ass’n des Eleveurs de Canards et d’Oies 13 du Quebec v. Harris*, 729 F.3d 937, 941 (9th Cir. 2013) (citation omitted).

14 There are two forms of preliminary injunctions, each governed by a different 15 analytical framework. See *Doe v. Horne*, 683 F. Supp. 3d 950, 969–70 (D. Ariz. 2023), 16 *aff’d*, 115 F.4th 1083 (9th Cir. 2024). “A prohibitory injunction prohibits a party from 17 taking action and preserves the status quo pending a determination of the action on the 18 merits.” *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571 F.3d 873, 878 19 (9th Cir.

2009); *Heckler v. Lopez*, 463 U.S. 1328, 1333 (1983) (noting that a “prohibitory 20 injunction... merely freezes the positions of the parties until the court can hear the case 21 on the merits”). The status quo envisioned by a prohibitory injunction is “the last, 22 uncontested status which preceded the pending controversy[.]” *Regents of Univ. of Cal. v. 23 Am.*

Broad. Cos., Inc., 747 F.2d 511, 514 (9th Cir. 1984) (citation omitted and emphasis 24 added); *Ariz. Dream Act Coal. v. Brewer*, 757 F.3d 1053, 1061 (9th Cir. 2014) (“[T]he 25 status quo refers to the legally relevant relationship between the parties before the 26 controversy arose.”) (cleaned up). 27 A mandatory injunction, on the other hand, “orders a responsible party to take 28 action[.]” *Meghrig v. KFC W., Inc.*, 516 U.S. 479, 484 (1996). “Mandatory [injunctive] 1 relief, which goes well beyond simply maintaining the status quo Pendente lite, is 2 particularly disfavored, and

should not be issued unless the facts and law clearly favor the 3 moving party.” *Anderson v. United States*, 612 F.2d 1112, 1114 (9th Cir.

1979) (citation 4 omitted and emphasis added). “In general, mandatory injunctions ‘are not granted unless 5 extreme or very serious damage will result and are not issued in doubtful cases or where 6 the injury complained of is capable of compensation in damages.’” *Marlyn Nutraceuticals, 7 Inc.*, 571 F.3d at 879 (quoting *Anderson*, 612 F.2d at 1115). 8 When analyzing a motion requesting prohibitory injunctive relief, “[a] ‘sliding 9 scale’ approach is used... under which ‘the elements of the preliminary injunction test are 10 balanced, so that a stronger showing of one element may offset a weaker showing of 11 another.’” *Hualapai Indian Tribe v. Haaland*, 755 F. Supp. 3d 1165, 1185 (D.

Ariz. 2024) 12 (quoting *All. for the Wild Rockies v. Cottrell*, 632 F.3d 1127, 1131 (9th Cir. 2011)). 13 Additionally, for prohibitory injunctive relief, a party need-not establish a strong likelihood 14 of success on the merits. Rather, prohibitive injunctive relief “is appropriate if ‘serious 15 questions going to the merits were raised and the balance of the hardships tips sharply’ in 16 the moving party’s favor, thereby allowing preservation of the status quo when complex 17 legal questions require further inspection or deliberation.”¹¹ *Volga Dnepr UK Ltd. v. 18 Boeing Co.*, 464 F. Supp. 3d 1238, 1242 (W.D.

Wash. 2020) (quoting *All. for the Wild 19 Rockies*, 632 F.3d at 1134–35); *Shell Offshore, Inc. v. Greenpeace, Inc.*, 709 F.3d 1281, 20 1291 (9th Cir. 2013) (“But if a plaintiff can only show that there are serious questions going 21 to the merits—a lesser showing than likelihood of success on the merits—then a 22 preliminary injunction may still issue if the balance of hardships tips sharply in the 23 plaintiff’s favor, and the other two Winter factors are satisfied.”) (cleaned up).

It should be 24 noted that “[t]hese formulations are not different tests but represent two points on a sliding 25 scale in which the degree of irreparable harm increases as the probability of success on the 26 11 The serious question standard, of course, does not apply to a request for mandatory injunctive relief. See *MG Pharm. LLC v. Cardinal Health 110 LLC*, No. CV-21-01747- 27 PHX-SPL, 2021 WL 6845294, at *1 (D.

Ariz. Oct. 15, 2021) (“Where the movant seeks a mandatory injunction,... injunctive relief is ‘subject to a heightened scrutiny and should 28 not be issued unless the facts and law clearly favor the moving party.’”) (quoting *Dahl v. HEM Pharm. Corp.*, 7 F.3d 1399, 1403 (9th Cir. 1993)). 1 merits decreases.

Under either formulation, the moving party must demonstrate a 2 significant threat of irreparable injury, irrespective of the magnitude of the injury.” *Dr. 3 Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1396 n.1 (9th Cir. 1997) 4 (citation omitted). 5 VI. DISCUSSION. 6 The Court shall proceed as follows.

First, the Court will address the character of 7 injunctive relief sought. Second, the Court shall address the Winter four-part test. 8 A. Mandatory or Prohibitory Injunction. 9 Proper labeling is not only necessary within the parties' trade—for a purchaser of 10 mahogany would be rightly upset to receive pine—it is integral in the proper application 11 of the law.

In the Court's TRO Order, it interpreted Plaintiff's requested relief as 12 prohibitory in nature.¹² See generally (doc. 35.) However, considering the additional 13 briefings and discussions during oral proceedings, the Court finds the proper 14 characterization of requested relief is mandatory, not prohibitory. 15 In reaching this conclusion, the Court finds our sister district's holding in *Fabrique* 16 *Innovations, Inc. v. A.P.*

Express, LLC instructive. In that action, the District Court for the 17 Central District of California analyzed a preliminary injunction motion that requested the 18 defendant proceed with the shipment of plaintiff's products which defendant had stopped 19 12 While not discussed in detail in the Court's TRO Order, the Court found that the 20 last uncontested status of the parties was the shipment of pre-August 7 purchase orders encompassed by the Agreement.

Hence, the Court found that the requested relief was 21 prohibitory in nature. This finding appeared congruent with sister district's holdings throughout the country. See *P&L Dev. LLC v. Bionpharma Inc.*, No. 1:17CV1154, 2018 22 WL 11154178, at *4 (M.D.N.C. Jan. 26, 2018) (holding that, by compelling the shipment of softshell drugs at issue in the contract, the court was restoring the parties' status quo, 23 which meant the requested relief was prohibitory in nature) (citing *Aggarao v. MOL Ship Mgmt.*

Co., Ltd., 675 F.3d 355, at 378 (4th Cir. 2012) (“‘To be sure, it is sometimes 24 necessary to require a party who has recently disturbed the status quo to reverse its actions,’ but as the Tenth Circuit has explained, ‘[s]uch an injunction restores, rather than disturbs, 25 the status quo ante.’”) (quoting *O Centro Espirita Beneficente Uniao Do Vegetal v. Ashcroft*, 389 F.3d 973, 1013 (10th Cir.

2004) (McConnell, J. concurring), *aff'd* and 26 remanded sub nom. *Gonzales v. O Centro Espirita Beneficente Uniao do Vegetal*, 546 U.S. 418 (2006)); *Sogefi USA, Inc. v. Interplex Sunbelt, Inc.*, 538 F. Supp. 3d 620, 631 (S.D.W. 27 Va. 2021) (“Requiring [defendant] to continue what it has done for almost three years would serve only to restore the last uncontested status between the parties, not to disturb 28 the status quo.

Accordingly, the Court is satisfied that the requested preliminary injunction is prohibitory in nature.”). 1 shipping one day before plaintiff initiated the action. See *Fabrique Innovations, Inc. v. A.P. 2 Express, LLC*, No. CV 19-7904-MWF (GJSx), 2019 WL 13241970, at *4 (C.D. Cal. Oct. 3 18, 2019).

The court noted that the “timing, however, does not change the fact that 4 [p]laintiff is seeking to change the status quo through its Application by requiring 5 [d]efendant to ship its product after it has decided to stop doing so.” Id. Hence, the court 6 found that plaintiff was seeking a mandatory injunction, requiring it to “meet the 7 heightened standard.” Id. 8 The Court finds that Plaintiff, by seeking the shipment of the Wagon Plank, 9 Merigold, and Johnson orders, and potentially 14 additional orders not clearly 10 encompassed in the pre-August 7th category, see (doc.

44), is seeking to alter the status 11 quo of the parties. While it is reasonably likely that the Wagon Plank, Merigold, and 12 Johnson orders were required to be shipped shortly after the parties had executed the 13 Agreement, “the last, uncontested status which preceded the pending controversy” was 14 Defendant’s withholding those purchase orders. See *Regents of Univ. of Cal.*, 747 F.2d at 15 514.

Requiring Defendant to ship those orders and an additional 14 others would upend the 16 status quo of the parties. 17 For the foregoing reasons, the Court characterizes the requested relief as mandatory, 18 not prohibitory.

Therefore, Plaintiff must meet the heightened standard. 19 B. Application of the Winter Four-Part Test. 20 “Because Plaintiff seeks a mandatory injunction, it must establish that the law and 21 facts clearly favor its position, not simply that it is likely to succeed.” *Fabrique 22 Innovations, Inc.*, 2019 WL 13241970, at *4 (cleaned up) (quoting *Garcia*, 786 F.3d at 23 740).

With this in mind, the Court shall apply the Winter factors to instant action. 24 1. Likelihood of Success on the Merits. 25 Plaintiff asserts three claims¹³ in its Motion for Preliminary Injunction: (1) a breach 26 13 The Court notes that Plaintiff’s Complaint asserts four claims. See generally (doc. 1.) This omission, however, does not defeat its Motion for Entry of a Preliminary 27 Injunction.

See *Koller v. Brown*, 224 F. Supp. 3d 871, 875 (N.D. Cal. 2016) (“To satisfy the first element of the standard for injunctive relief, it is not necessary for the moving 28 party to ‘prove his case in full[.]’”) (quoting *Univ. of Tex. v. Camenisch*, 451 U.S. 390, 395 (1981)). 1 of contract claim; (2) a claim for breach of the covenant of good faith and fair dealing; and 2 (3) a tortious interference with a contract claim.

(Doc. 7-1 at 8–14.) However, before 3 reaching these claims, the Court shall attempt to interpret the parties Agreement. 4 a. Parties’ Intent. 5 To understand the merits of the arguments presented by Plaintiff, the Court must 6 first understand the parties’ Agreement.

In interpreting the parties’ Agreement, the Court 7 must “look to ‘the plain meaning of the words in the context of the contract as a whole’ to 8 give effect to the parties’ intent.”¹⁴ *Everything Tobacco LLC v. Circle K Procurement & 9 Brands Ltd.*, No. CV-24-00361-PHX-SMM, 2024 WL

4953271, at *3 (D. Ariz. Sept. 18, 10 2024) (quoting *Grosvenor Holdings, L.C. v. Figueroa*, 218 P.3d 1045, 1050 (Ariz.

Ct. App. 11 2009)). “[T]he Court must ‘apply a standard of reasonableness to contract language’ and 12 construe the contract ‘in its entirety and in such a way that every part is given effect.’” 13 *AGA S’holders, LLC v. CSK Auto, Inc.*, 589 F. Supp. 2d 1175, 1181 (D. Ariz. 2008) 14 (quoting *State ex rel. Goddard v. R.J. Reynolds Tobacco Co.*, 75 P.3d 1075, 1078 (Ariz.

15 Ct. App. 2003)). “Where the intent of the parties is expressed in clear and unambiguous 16 language, there is no need or room for construction or interpretation and a court may not 17 resort thereto.” *Grosvenor Holdings, L.C.*, 218 P.3d at 1050 (citation omitted). 18 The Court finds the parties’ Agreement ambiguous, especially regarding which 19 purchase orders are encompassed in the \$1.208 million dollar total.

Therefore, the Court 20 shall endeavor to interpret the parties’ agreement. 21 In interpreting the parties’ Agreement, the Court—at this early stage—finds the 22 clearest, most equitable, and non-absurd reading to be this: (1) the purchase orders 23 14 In the case at hand, the parties’ Agreement involves the sale of goods—i.e., wood 24 planks. See A.R.S. § 47-2105.

Therefore, it is governed by the provisions of the Uniform Commercial Code (“UCC”) as codified in the Arizona Revised Statutes. See *SiteLock LLC 25 v. GoDaddy.com LLC*, 562 F. Supp. 3d 283, 300 (D. Ariz. 2022) (“Under the UCC, goods include ‘all things (including specially manufactured goods) which are movable at the time 26 of identification to the contract for sale.’”) (quoting A.R.S. § 47-2105(A)).

Because the Agreement is governed by the UCC, it “is not enforceable... beyond the quantity of goods 27 shown in such writing.” *T&T Enters. LLC v. Aztec Secret Health & Beauty Ltd.*, No. CV- 18-08231-PCT-DWL, 2018 WL 6727266, at *4 (D. Ariz. Dec. 21, 2018) (quoting § 47- 28 2201(A)). 1 encompassing the \$1.208 million amount are those already shipped and the Wagon Plank, 2 Marigold, and Johnson orders; and (2) the requested \$306,000 in purchase orders require a 3 50% downpayment before they may be shipped.15 To find otherwise would amount to an 4 absurd reading of the Agreement.

Specifically, the Court will not interpret the Agreement 5 to require Defendant to provide \$1.5 million in wood planks for a \$1.2 million payment. 6 Such an absurd result runs counter to the facts of this case, equity, and caselaw. See *Aztar 7 Corp. v. U.S. Fire Ins. Co.*, 224 P.3d 960, 973–74 (Ariz. Ct. App. 2010) (noting that the 8 court would not construe provisions of a contract in a manner that “would result in an 9 absurd contract”).

Therefore, the Court finds the only outstanding purchase orders are the 10 Wagon Plank, Marigold, and Johnson orders. 11 b. Breach of Contract. 12 As an initial matter, the Court shall apply Arizona law because the Agreement 13 explicitly states it “shall be governed by the laws of

the State of Arizona.”¹⁶ See (doc. 7-4 at 4); see also *Adonia Holding GmbH v. Adonia Organics LLC*, No. CV-14-01223-PHX- 15 GMS, 2014 WL 7178389, at *3 (D.

Ariz. Dec. 16, 2014) (“Here, Arizona law applies ¹⁶ because the Agreement explicitly states that it ‘shall be governed by the laws of the State ¹⁷ of Arizona.’”). To state a successful breach of contract claim under Arizona state law, ¹⁸ Plaintiff must establish that “(1) a contract exists between the plaintiff and defendant; (2) ¹⁹ the defendant breached the contract; and (3) the breach resulted in damage to plaintiff.” ²⁰ *Hannibal-Fisher v. Grand Canyon Univ.*, 523 F. Supp. 3d 1087, 1093 (D.

Ariz. 2021); ²¹ *Frank Lloyd Wright Found. v. Kroeter*, 697 F. Supp. 2d 1118, 1125 (D. Ariz. 2010). ²² As to the first breach of contract element, the Court—at this early stage—finds the ²³ parties’ Agreement legally ambiguous.

As an example, there are multiple ways to construe ²⁴ the following provisions: “materials currently ordered and awaiting payment before ²⁵ shipping.” (Doc. 7-4 at 2.) Because there are ambiguities regarding the quantity of purchase ²⁶ orders encompassed by the Agreement, the Court cannot conclusively find—at this early ²⁷ ¹⁵ Because it is unclear which party drafted the agreement, the Court is unable, at this ²⁸ time, to rely on the contra proferentem principle of contractual interpretation.

¹⁶ The parties have not disputed this matter. ¹ stage—whether the parties have a valid contract. ² As to the second factor, the Court cannot conclusively find that Defendant ³ committed a clear and unjustifiable breach of contract were there a valid contract. While it ⁴ appears reasonable that the Wagon Plank, Merigold, and Johnson orders, as a pre-August ⁵ ^{7th} orders, should have been shipped shortly after the parties executed the Agreement, ⁶ there are a potential litany of affirmative defense that Defendant can—and has—argue ⁷ justify their unilateral withholding.

See, e.g., (doc. ²⁰ at ⁸) (asserting such affirmative ⁸ defenses as anticipatory repudiation). Because the first and second breach of contract ⁹ factors do not favor Plaintiff at this early stage of the litigation, the Court finds that the law ¹⁰ does not clearly favor Plaintiff on its breach of contract claim. ¹¹ c. Breach of the Covenant of Good Faith and Fair Dealing.

¹² Next, Plaintiff avers that Defendant has breached the covenant of good faith and fair ¹³ dealings. See (doc. 7-1 at 11.) Arizona law “implies a covenant of good faith and fair ¹⁴ dealing in every contract.” *Rawlings v. Apodaca*, 726 P.2d 565, 569 (Ariz. 1986) (en banc). ¹⁵ “The essence of that duty is that neither party will act to impair the right of the other to ¹⁶ receive the benefits which flow from their agreement or contractual relationship.” *Id.* ¹⁷ Just as was the case above,¹⁷ the Court does not find that the law clearly favors ¹⁸ Plaintiff at this early juncture.

First, the Court does not have sufficient evidence before it ¹⁹ to affirmatively find that Defendant acted to impair the right of Plaintiff to receive the ²⁰ benefits of the Agreement. Second, at this

juncture, it is unclear whether Plaintiff's 21 argument for the covenant of good faith would sound in contract or in tort.

In Arizona, "the 22 remedy for breach of the implied covenant of good faith is ordinarily on the contract itself." 23 Id. at 158 (citing *Wagenseller v. Scottsdale Mem'l Hosp.*, 710 P.2d 1025, 1038 (Ariz. 24 1985)). Only "[i]n certain circumstances [may a] breach of contract, including breach of 25 the covenant of good faith and fair dealing, may provide the basis for a tort claim." 26 *Wagenseller*, 710 P.2d at 1038.

To have a breach of covenant of good faith claim sound in 27 tort, there generally must be a relationship where "the law implies special duties not 28 17 See supra section VI.B.I.b. 1 imposed on other contractual relationships." *Rawlings*, 726 P.2d at 574. 2 Here, it does not appear, based on the factual record before the Court, that there was 3 a special relationship between the parties.

Hence, Plaintiff is unlikely to pursue a tort 4 breach of covenant claim. Additionally, at this stage, the contract remedies for a potential 5 breach of the covenant of good faith are unclear because the parties' Agreement does not 6 contain any remedy provisions for a potential breach by Defendant. See *Wagenseller*, 710 7 P.2d at 1038 ("[T]he remedy for its breach generally is on the contract itself." (citing 8 *Zancanaro v. Cross*, 339 P.2d 746, 750 (Ariz.

1959)). 9 For the foregoing reasons, the Court cannot conclude that the law clearly favors 10 Plaintiff regarding its breach of the covenant of good faith and fair dealings claim. 11 d. Tortious Interference with a Contract. 12 Plaintiff's final claim in the instant Motion is for tortious interference with a 13 contract. "The elements of tortious interference with contract are (1) existence of a valid 14 contractual relationship, (2) knowledge of the relationship on the part of the defendant, (3) 15 intentional interference inducing or causing a breach, (4) resultant damage to the party 16 whose relationship has been disrupted, and (5) proof that the defendant acted improperly." 17 *AGA S'holders, LLC*, 589 F. Supp. 2d at 1189 (citing RESTATEMENT (SECOND) OF TORTS 18 § 766 (A.L.I.

1979). Liability for tortious interference with contract may be imposed for 19 "any intentional and unjustified interference resulting in harm to the plaintiff." *Infante v.* 20 *Namecheap Inc.*, No. CV-25-02537-PHX-DJH, 2025 WL 2390663, at *4 (D. Ariz. Aug. 21 18, 2025). 22 Plaintiff has not sufficiently established any of the above elements. This is 23 especially true regarding the third element.

Plaintiff has not sufficiently plead that 24 Defendant intentionally and unjustifiably interfered with any contract Plaintiff entered. 25 Consequently, the Court does not find that the law clearly favors Plaintiff on its tortious 26 interference with a contract claim. 27 2. Remaining Three Winter Elements. 28 Considering the fact that mandatory injunctive relief "is particularly disfavored, and 1 should not be issued unless the facts and law clearly favor the moving party," *Anderson*, 2 612

F.2d at 1114, and in light of the Ninth Circuit Court of Appeals statement that “when 3 a plaintiff has failed to show the likelihood of success on the merits, the Court need not 4 consider the remaining three Winter elements,” *Ass’n des Eleveurs de Canards et d’Oies 5 du Quebec*, 729 F.3d at 941 (cleaned up), the Court shall not analyze them in detail.

6 First, the irreparable harm element does favor Plaintiff. Here, Plaintiff has averred 7 economic harm and that it is likely to suffer loss of goodwill, loss of customers, and a risk 8 to its continued operations. Because the loss of goodwill, *Stuhlbarg Int’l Sales Co., Inc. v. 9 John D. Brush & Co., Inc.*, 240 F.3d 832, 841 (9th Cir. 2001), and threat of being driven 10 out of business, *hiQ Labs, Inc. v. LinkedIn Corp.*, 31 F.4th 1180, 1188 (9th Cir.

2022), is 11 sufficient to establish irreparable harm, the Court finds that the irreparable harm element 12 favors Plaintiff. 13 Next, regarding the balance of equities, the Court finds that it tips in favor of 14 Defendants. Were Plaintiff only seeking the Johnson Order—which both parties agree is a 15 pre-August 7th purchase order—the balance would slightly favor Plaintiff.

However, 16 because Plaintiff is seeking an additional \$306,000 in purchase orders that do not 17 reasonably appear to be part of the \$1.2 million bargained-for-exchange, the Court finds 18 that the balance tips in favor of Defendant.

In short, Defendant should not be obligated to 19 provide hundreds of thousands of dollars of wood planks gratis. 20 On the final element, public interest, the Court finds that the public interest is 21 balanced between the parties.

In short, the public interest does not favor the shuttering of 22 business, but it also does not favor requiring a company to ship \$306,000 of wood planks 23 gratis. 24 In total, only the element of irreparable harm favors Plaintiff. Hence, entry of a 25 mandatory injunction is unwarranted under the Winter four-factor test. 26 VII. CONCLUSION. 27 Because Plaintiff has failed to establish that the law and facts clearly favor granting 28 its requested injunctive relief, the Court shall accordingly deny the Motion.

This is not the 1 || end of the matter though. The Court has taken note of a potential point of agreement || between the parties in the oral proceedings: if Plaintiff pays the \$100,000 deposit that was 3 || due in December 2025, Defendant will ship the currently outstanding orders.* The parties should consider this potential ‘meeting of the minds’ as this action progresses.

5 Accordingly, 6 IT IS ORDERED that Plaintiff’s Motion for Entry of a Preliminary Injunction (doc. 7) is DENIED. 8 Dated this 10th day of March, 2026. 9 16 lon — ll United States Magistrate Judge 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 18 Le., the Wagon Plank, Merigold, and Johnson purchase orders. -17-

