

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

CARRIER GREAT LAKES,  
a Delaware corporation,

Plaintiff,

v.

COOPER HEATING SUPPLY, INC.,  
a Michigan corporation,  
and  
LANCE WOLFE,

Defendants.

Case No. 4:01-CV-189

HON. RICHARD ALAN ENSLEN

**ORDER AND PARTIAL JUDGMENT**

\_\_\_\_\_ /  
In accordance with an Opinion filed this day,

**IT IS HEREBY ORDERED** that Defendants' Motion to Dismiss (Dkt. No. 5) is  
**DENIED IN PART** as to Counts I and III of Plaintiff's Complaint and **GRANTED IN PART**  
as to Count II of Plaintiff's Complaint. Count II is **DISMISSED WITH PREJUDICE**.

**IT IS FURTHER ORDERED** that Defendants must, within 14 days from the date of  
this Order, either (1) brief why Plaintiff's Count IV presenting state common law claims should  
be dismissed for failure to state a claim, or (2) act to withdraw their Motion as to Count IV.

Plaintiff has 14 days from its receipt of Defendants' brief to respond.

DATED in Kalamazoo, MI:  
June 5, 2002

/s/ Richard Alan Enslen  
RICHARD ALAN ENSLEN  
United States District Judge

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

---

CARRIER GREAT LAKES,  
a Delaware corporation,

Plaintiff,

Case No. 4:01-CV-189

HON. RICHARD ALAN ENSLEN

v.

COOPER HEATING SUPPLY, INC.,  
a Michigan corporation,  
and  
LANCE WOLFE.

Defendants.

---

**OPINION**

This matter is before the Court on Defendants' Motion to Dismiss. The Court will deny in part and grant in part Defendants' Motion. The Court will also order further briefing relating to one Count which Defendants ask be dismissed.

**I. Standard of Review and Applicable Federal Rules**

Defendants, Cooper Heating Supply, Inc. ("Cooper") and Lance Wolfe ("Wolfe"), make a motion to dismiss this case for failure to state a claim upon which relief can be granted, pursuant to Federal Rule of Civil Procedure 12(b)(6). Under Federal Rule of Civil Procedure 12(b)(6), a court may dismiss a complaint only if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations. *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957); *Hishon v. King & Spalding*, 467 U.S. 69, 73 (1984). The allegations of the complaint must be construed in the light most favorable to the plaintiff. *Gregory v. Shelby County, Tenn.*, 220 F.3d 433, 446 (6th Cir. 2000) (citations omitted). The rules generally require only a "short and plain statement of the claim" and not detailed allegations. *Leatherman v. Tarrant County Narcotics Intelligence & Coordination Unit*, 507 U.S. 163, 168 (1993).

The complaint, however, “must contain either direct or inferential allegations respecting all the material elements to sustain a recovery under *some* viable legal theory.” *Scheid v. Fanny Farmer Candy Shops, Inc.*, 859 F.2d 434, 436 (6th Cir. 1988) (quotations omitted) (emphasis in original). The Court “need not accept as true legal conclusions or unwarranted factual inferences.” *Gregory*, 220 F.3d at 446. A district court’s ruling on a Rule 12(b)(6) motion is subject to *de novo* review. *Id.* at 445-46 (citations omitted).

## **II. Facts**

Plaintiff Carrier Great Lakes (“Plaintiff”) has sued Defendants in a six-count complaint alleging violations of the Lanham Act, 15 U.S.C. § 1121, as well as asserting other common law and state law claims. The term “Carrier” is a registered trademark (Reg. Nos. 2,094,163 and 1,712,227). Plaintiff is a licensee and distributor of Carrier brand heating and cooling products manufactured by Carrier Corporation. Plaintiff asserts that it is the exclusive licensee and distributor in Carrier Corporation’s Michigan region, which includes Kalamazoo County. Plaintiff also asserts that within the Michigan region, it is exclusively responsible for licensed services and installation of Carrier brand heating and cooling equipment and for selection and supervision of authorized Carrier dealers and service personnel.

Cooper is a Michigan corporation in the heating and cooling business and asserts that its principal place of business is Knox, Indiana, but that it also does business in Southwestern Michigan. Plaintiff alleges that Cooper also has a place of business at 8160 Douglas Avenue, Kalamazoo, Michigan. Wolfe is the principal stockholder and chief executive officer of Cooper.

Plaintiff asserts that Cooper is not authorized to sell or service Carrier products in the Michigan region. In addition, Plaintiff asserts that Defendants have placed advertisements directed at customers in the Michigan region falsely suggesting that Defendants are authorized to sell and service Carrier products in the Michigan region. Plaintiff alleges that Defendants place these ads in order to sell unauthorized Carrier products, deceptively offer service as an authorized Carrier service provider,

and/or offer to sell equipment of another brand once customers wanting Carrier products have been attracted.

Cooper asserts that United Technologies purchased or absorbed the former Carrier Corporation several years ago and obtained ownership of the Carrier trademark. Cooper further asserts that in 1998 and 1999, it was selling Carrier parts and equipment that it purchased from a Carrier Corporation licensee without a written licensing agreement from United Technologies or any of its agents, but that it had verbal authority to do so.<sup>1</sup>

Plaintiff contacted Cooper in May 1999 and advised Cooper that Plaintiff objected to Cooper's use of the Carrier mark in Cooper's ads within the Michigan region, including Kalamazoo County, and objected to Cooper's sales of Carrier products within the Michigan region. Cooper asserts that it agreed not to advertise that it sold Carrier products or sell Carrier products in order to avoid litigation, despite its verbal authorization to do so.

Cooper alleges that in 2000, it contracted with Temperature Equipment Corporation ("TEC"), a licensed Carrier agent in Illinois, to become TEC's sub-licensee of Carrier products. TEC's agreement with United Technologies allegedly authorizes it to sub-license contractors in Cass and Berrien Counties. Cooper opened an office in Knox, Indiana, and asserts that under its agreement with TEC, it was authorized to sell Carrier equipment in nine counties, including Cook County, Illinois; counties in Northwest Indiana; and counties in Southwest Michigan.<sup>2</sup> Plaintiff alleges that Cooper has been directing its Indiana dealership's advertising, including reference to Carrier products, toward the Kalamazoo region to benefit the Kalamazoo business activities of Cooper.

Around March 15, 2001, Plaintiff became aware that Cooper was selling and advertising Carrier equipment and wrote Cooper's counsel, informing Cooper that Plaintiff believed that Cooper was

---

<sup>1</sup> Defendants do not assert from whom the verbal authority came.

<sup>2</sup> It is unclear, but the Court presumes from the other allegations that those counties in Southwest Michigan are Cass and Berrien Counties.

violating their May 1999 agreement. Cooper responded by informing Plaintiff that it had a contract with TEC to sell Carrier equipment. Plaintiff then filed the instant lawsuit.

### **III. Analysis**

Defendants argue that four of Plaintiff's claims should be dismissed for failure to state a claim. Three of the claims challenged by Defendants are Plaintiff's only federal claims, and therefore, because Defendants argue that those should be dismissed, Defendants also assert that this Court should decline supplemental jurisdiction over the state law claims. The Court will deny Defendants' Motion to Dismiss as to two of the federal claims, will grant dismissal of the remaining federal claim, and will order further briefing as to the fourth claim at issue. As a result, the Court will also retain supplemental jurisdiction over the state law claims.

#### **A. Count I**

Plaintiff's Count I is for Trademark Infringement, specifically alleging that Defendants' acts have violated 15 U.S.C. § 1125(a)(1)(A).<sup>3</sup> That statute provides that

Any person who ... uses in commerce any ... [trademark], which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation ..., or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, ... shall be liable *in a civil action by any person who believes that he or she is or is likely to be damaged* by such act.

15 U.S.C. § 1125(a)(1) (emphasis added).

---

<sup>3</sup> Count I of Plaintiff's Complaint alleges a violation of 15 U.S.C. § 1125(a)(1)(A). No other statutory basis for relief is mentioned in Count I of the Complaint. In Plaintiff's Brief in Opposition to Motion to Dismiss, Plaintiff asserts that "there is a viable action under § 1114" in Count I. Count II of Plaintiff's Complaint alleges a violation of 15 U.S.C. § 1125(b). However, in Plaintiff's Brief in Opposition to Motion to Dismiss, Plaintiff asserts that this was a typographical error and that Count II should have alleged a violation of § 1125(a). Nonetheless, the Court analyzes whether dismissal is appropriate under the statutory claims made in the Complaint, not what Plaintiff asserts in a brief that the claims should have been. If Plaintiff wishes to amend the Complaint, Plaintiff may seek leave to do so.

Defendants argue that Plaintiff has failed to state a claim in this Court because of the contents of 15 U.S.C. § 1114. That statute states that any person infringing upon the trademark without the consent of the registrant is liable in a civil action to the registrant. *See* 15 U.S.C. § 1114(1). In addition, “[n]otwithstanding any other provision of [the Lanham] Act, the remedies given to the owner of a right infringed under this Act or to a person bringing an action under [15 U.S.C. § 1125(a)] shall be limited” to seeking an injunction where the defendant is an innocent printer of infringing matter or innocent media source running infringing matter for others. *See* 15 U.S.C. § 1114(2). Defendants assert that this statute limits the remedies found in § 1125 to registrants only, and Plaintiff is not the registrant of the trademark at issue.

However, this Court does not reach the same conclusion from its reading of these statutes. The Court reads § 1114 as limiting the relief available to a plaintiff such as Plaintiff here where the defendant is an innocent printer or an innocent media source. Defendants’ allegations are not consistent with a finding that they qualify as this type of defendant, and even if they did, Plaintiff would still be entitled to seek an injunction, according to § 1114. The fact that this section authorizes a civil remedy for registrants does not appear to diminish the availability of civil remedies for other parties.

Plaintiff also cites two Sixth Circuit cases for implicit support for its position that a licensee or sub-licensee of a trademark right can bring an action under § 1125(a). *Cf. Wynn Oil v. Thomas*, 839 F.2d 1183, 1185 (6th Cir. 1988) (one of two plaintiffs was the licensee of the mark, and Sixth Circuit reversed lower court decision for defendant); *Frisch’s Restaurant, Inc. v. Shoney’s Inc.*, 759 F.2d 1261, 1262-63 (6th Cir. 1985) (two licensees in dispute over trademark infringement in respective licensed territories). Therefore, the Court will not dismiss this Court.

**B. Count II**

Plaintiff's Count II alleges a violation of 15 U.S.C. § 1125(b).<sup>4</sup> This section concerns importation of trademark-infringing goods. Defendants argue that this section is totally inapplicable to any of Plaintiff's allegations. Plaintiff offers no response argument to this assertion, except to assert that the citation of § 1125(b) was a typographical error and that Plaintiff meant to allege a violation of § 1125(a).

Given that the Complaint alleges a violation of § 1125(b), dismissal is appropriate since Plaintiff's allegations do not support a claim under this section. Moreover, Count I already alleges a violation of § 1125(a). Therefore, the Court will dismiss Count II.

**C. Count III**

Plaintiff's Count III alleges a violation of 15 U.S.C. § 1125(c), the Federal Trademark Dilution Act (FTDA). This section provides that,

The owner of a famous mark shall be entitled ... to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain other relief as is provided in this subsection. ...

15 U.S.C. § 1125(c). Defendant asserts that "the owner" language means that only a registrant of a mark may bring a dilution action, which Plaintiff has not alleged. However, the Court finds that "the owner" includes sub-licensees of a mark, such as Plaintiff alleges that it is, and does not include only registrants.

A sub-licensee or licensee has a property interest in a mark, in that it has obtained by contract the right to use the mark. Therefore, a sub-licensee could be considered an "owner" of the mark given its property right to the mark. *See Black's Law Dictionary* 1130-31 (7th ed. 1999) (defining "owner" as "[o]ne who has the right to possess, use, and convey something" and "ownership" as "[t]he collection of rights allowing one to use and enjoy property ..."). Moreover, Congress has used the

---

<sup>4</sup> See footnote 3, *supra*.

words “registrant” and “owner” throughout the Lanham Act, and presumably, would not have used both words if they had the same meaning. As a result, Defendants’ assertion that a claimant must be the registrant is not the best reading.

Finally, there is some implicit case law support for this Court’s conclusion. *Cf. V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 466 (6th Cir. 2001) (two of the plaintiffs granted summary judgment were licensees of the third plaintiff, the registrant), *cert. granted*, 122 S. Ct. 1536 (April 15, 2002).<sup>5</sup> Therefore, the Court will deny Defendants’ motion to dismiss this claim.

#### **D. Count IV**

Plaintiff alleges the torts of common law trademark infringement, unfair competition and palming off in Count IV of the Complaint. Plaintiff did not specify in the Complaint whether these common law claims asserted fell under state common law or federal common law. Defendants apparently assumed that the claims came within federal common law and argued for dismissal for failure to state a claim on that assumption.

However, in Plaintiff’s Opposition to Defendants’ Motion to Dismiss, it is clear that Plaintiff is asserting causes of action under Michigan state common law. As a result, Defendants have not had a fair opportunity to argue for dismissal. Therefore, the Court will give Defendants 14 days from the date of the Order accompanying this Opinion to brief why Plaintiff’s Count IV should be dismissed for failure to state a claim if Defendants so choose now that Plaintiff has clarified its claims. Plaintiff will then have 14 days to file a brief in response. If Defendants now do not wish to make the Motion to Dismiss with respect to Count IV, they should act within 14 days to withdraw the Motion as to Count IV.

---

<sup>5</sup> The Supreme Court apparently granted certiorari in this matter to resolve a circuit split as to whether actual economic harm must be demonstrated to prove dilution of a famous mark. *See, e.g., Court Agrees to Hear Lingerie Maker’s Case*, Wash. Post, April 16, 2002, at A2, and at <http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A56715-2002Apr15&notFound=true>. *See also V Secret Catalogue*, 259 F.3d at 471 (noting circuit split). Therefore, any future decision of the Supreme Court would almost certainly have no impact on the legal principle for which this Court cites this case.

#### **IV. Sanctions**

Defendants have also requested that Plaintiff be sanctioned, arguing that Plaintiff intended to mislead the Court by failing to inform the Court that other licensees existed beside Plaintiff and by failing to allege that Cooper is a licensee of TEC for a particular region. Defendants assert that they requested that Plaintiff withdraw its Complaint, pursuant to Federal Rule of Civil Procedure 11, but Defendants have not filed a separate motion asking for sanctions.

The Court does not find sanctionable conduct to exist here. The Court understood from the substance of the Complaint that Plaintiff was one of some number of entities able to license sub-licensees in particular regions of the country to sell and service Carrier equipment. Further, Defendants' allegation that it is and was properly licensed to sell and service Carrier equipment in Cass and Berrien Counties does not resolve this dispute on the mere face of the allegations. That is, even assuming that Plaintiff knew or had reason to know about Defendants' alleged sub-licenses in those counties when Plaintiff filed the Complaint, which the Court cannot assume, that allegation does not resolve the dispute over the Kalamazoo County territory. As such, the Court does not find much evidence that Plaintiff intended to mislead the Court and will not sanction Plaintiff.

#### **V. Conclusion**

Therefore, the Court will deny Defendants' Motion in part, as to Counts I and III. The Court will grant Defendants' Motion to dismiss Count II. Finally, the Court will order further briefing as to Count IV. An order and partial judgment consistent with this opinion will be entered.

DATED in Kalamazoo, MI:  
June 5, 2002

/s/ Richard Alan Enslin  
RICHARD ALAN ENSLEN  
United States District Judge

