UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

FORD MOTOR CO., and FORD GLOBAL
TECHNOLOGIES, LLC,

Plaintiffs,

v.

THERMOANALYTICS, INC.,

Defendant.

_____/

Case No. 14-cv-13992

UNITED STATES DISTRICT COURT JUDGE
GERSHWIN A. DRAIN

UNITED STATES MAGISTRATE JUDGE
R. STEVEN WHALEN

**OPINION AND ORDER GRANTING PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT
[25]**

I. INTRODUCTION

Ford Motor Company and Ford Global Technologies, LLC ("Plaintiffs"), commenced

this action on October 16, 2014 against ThermoAnalytics, Inc. ("Defendant"). *See* Dkt. No. 1.

On August 14, 2015, Plaintiffs filed an Amended Complaint adding no new parties. *See* Dkt. No.

30. In the Amended Complaint, Plaintiffs contend that Defendant is liable for: (I) False

Designation of Origin under 15 U.S.C. § 1125(a); (II) Breach of Contract; (III) Promissory

Estoppel; and request (IV) Declaratory Judgment on the RadTherm Software. *See id.*

On July 29, 2015, Plaintiffs filed a Motion for Partial Summary Judgment on both the

False Designation of Origin claim and Breach of Contract. *See* Dkt. No. 25. For the reasons

discussed herein, the Court **GRANTS** Plaintiffs' Motion for Partial Summary Judgment.

II. BACKGROUND

Beginning in 1994, Ford began collaboration with Michigan Technological University

("MTU") to help develop a specialized computer-aided engineering program named

"RadTherm." Dkt. No. 25 at 11, Pg. ID No. 277. RadTherm was designed to model the distribution and transfer of heat over complex systems, such as automobiles. *Id.* Over the course of about two years, Ford paid over $300,000 toward the development of RadTherm. At that point, the latest version of the software was "RadTherm 3.0." *Id.* at Pg. ID No. 278.

In 1996, Defendant ThermoAnalytics began operations and, according to Defendant, acquired MTU's intellectual property for the RadTherm software. Dkt. No. 33 at 5, Pg. ID No. 610. Ford paid ThermoAnalytics for the development of RadTherm under the terms of a Software Development agreement through most of 1998. Dkt. No. 25 at Pg. ID No. 278. Ford claims that the Software Development was a "Work for Hire" contract that granted them ownership of whatever ThermoAnalytics produced. *Id.*; *see also* Dkt. No. 19-1 at 21, Pg. ID No. 137. This arrangement lasted until the end of 1998, and brought the software to Version 4.1.1. *Id.*

At the end of 1998, Ford and ThermoAnalytics entered into a License Agreement ("the Agreement"). Dkt. No. 33 at Pg. ID No. 610. Under the terms of the Agreement, Defendant would have an exclusive license to develop and commercialize the existing "FGTI Licensed Software." *Id.* The Agreement defined FGTI Licensed Software as "RadTherm" and "Fluid Flow."[1] *Id.* In return, Defendant would pay royalties to Plaintiffs. The Agreement further provided at Section 4.3:

> As further consideration for the License granted herein, [ThermoAnalytics] hereby assigns and agrees to assign to FGTI all copyrights [ThermoAnalytics] acquires in original works of authorship included in additions, enhancements and improvements [ThermoAnalytics] is authorized to make as Derivative Works to FGTI Licensed Software, and to assign to FGTI and [ThermoAnalytics] jointly all copyrights [ThermoAnalytics] acquires in original works of authorship included in additions, enhancements, and improvements in Jointly Owned Software, but excluding such original works by [ThermoAnalytics] that form portions of Licensee Licensed Software.

Dkt. No. 25 at Pg. ID No. 304. The Agreement further provided:

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[1] The parties are not disputing any rights or terms regarding "Fluid Flow."

> FGTI represents and [ThermoAnalytics] acknowledges that title to FGTI Licensed Software, and all copies made in connection with this Agreement or Derivatives Works created based on FGTI Licensed Software shall belong to FGTI and that FGTI. . . shall have ownership of all copyright, trade secret, patent, trademark and other intellectual or industrial property rights therein or associated therewith.

Id. at Pg. ID No. 306. The Agreement also included a post-termination clause which required ThermoAnalytics to "deliver source code and object code for joint works," and to pay royalties to FGTI until ThermoAnalytics ceased "to market, Sell, and support the FGTI Licensed Software, Licensee Licensed Software or Jointly Owned Software." Additionally, the Agreement provided a "Trademark Notice" clause at Section 12:

> All trademarks and trade names identifying FGTI Licensed Software or FGTI or Ford businesses are, and will remain the exclusive property of FGTI and Ford respectively. [ThermoAnalytics] shall not take any action that jeopardizes the Marks, and acquires no rights in the Marks except in the limited use rights specified below. [ThermoAnalytics] shall be limited to using the Marks exclusively to advertise and promote FGTI Licensed Software."

Id. at Pg. ID No. 311.

In the year 2000, Defendant released "RadTherm 5.0." Dkt. No. 33 at Pg. ID. No. 638. Defendant claims that this version of RadTherm "was an entirely new software product and **not** a derivative of RadTherm 4.1.1, and it was **not** the licensed software under the License Agreement." *Id.* According to ThermoAnalytics, RadTherm 5.0 was a modified version of software called MuSES, created under programs with the United States Army. *Id.* at Pg. ID No. 638–639. ThermoAnalytics claims that RadTherm 5.0 rendered prior versions of RadTherm obsolete. *Id.* at Pg. ID No. 639. ThermoAnalytics further claims that all subsequent versions of RadTherm starting in 2000 were derived from the MuSES source code, and not the RadTherm 4.1.1 source code that was subject to the Licensing Agreement. *Id.* Despite these updates however, the new software retained the name RadTherm. ThermoAnalytics maintains that they

discussed the change "openly with Ford" in 2000. *Id.* Ford disputes this. Dkt. No. 25 at Pg. ID

No. 284.

In 2012, the Agreement was amended to Ford Global's change in name and address.

Those were the only changes made to the Agreement. The First Amendment stated:

> Except as specifically modified or amended by the terms of this AMENDMENT,
> the LICENSE AGREEMENT and all provisions contained therein are, and shall
> continue, in full force and effect and are hereby ratified and confirmed.

Dkt. No. 25-10 at Pg. ID No. 387. The document was signed by both parties. *Id.*

Ford claims they were not aware of any software changes until they received a letter from

ThermoAnalytics in November of 2013 claiming that their ownership interest in RadTherm was

terminated. *Id.* ThermoAnalytics, in response, has pointed to an email exchange between the two

parties, where ThermoAnalytics denied Ford's request for source code updates because the

software was different and subject to specific "restrictions." Dkt. No. 33 at Pg. ID No. 683.

Despite allegedly changing the software completely and retaining the original name,

ThermoAnalytics still partially performed under the Licensing Agreement. Although

ThermoAnalytics has not provided the RadTherm source code since 2000, they continued to pay

royalties to Ford over an additional 13 years. Dkt. No. 25 at Pg. ID No. 284.

In November of 2013, the Defendant sent the Plaintiffs a Termination Notice, effective

March 1, 2014. *Id.* The last royalty was paid to Plaintiffs in March of 2014. ThermoAnalytics has

still not provided any source code to the new versions of RadTherm (now called TAITherm). *Id.*

III. LEGAL STANDARD

Federal Rule of Civil Procedure 56(a) empowers the Court to render summary judgment

"if the pleadings, depositions, answers to interrogatories and admissions on file, together with the

affidavits, if any, show that there is no genuine issue as to any material fact and that the moving

party is entitled to judgment as a matter of law." *See Redding v. St. Eward*, 241 F.3d 530, 532 (6th Cir. 2001). The Supreme Court has affirmed the Court's use of summary judgment as an integral part of the fair and efficient administration of justice. The procedure is not a disfavored procedural shortcut. *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986); *see also Cox v. Kentucky Dept. of Transp.*, 53 F.3d 146, 149 (6th Cir. 1995).

The standard for determining whether summary judgment is appropriate is "'whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law.'" *Amway Distributors Benefits Ass'n v. Northfield Ins. Co.,* 323 F.3d 386, 390 (6th Cir. 2003) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251–52 (1986)). The evidence and all reasonable inferences must be construed in the light most favorable to the non-moving party. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986); *Redding*, 241 F.3d at 532 (6th Cir. 2001). "[T]he mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material* fact." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986); *see also National Satellite Sports, Inc. v. Eliadis, Inc.*, 253 F.3d 900, 907 (6th Cir. 2001).

If the movant establishes by use of the material specified in Rule 56(c) that there is no genuine issue of material fact and that it is entitled to judgment as a matter of law, the opposing party must come forward with "specific facts showing that there is a genuine issue for trial." *First Nat'l Bank v. Cities Serv. Co.*, 391 U.S. 253, 270 (1968); *see also McLean v. 988011 Ontario, Ltd.*, 224 F.3d 797, 800 (6th Cir. 2000). Mere allegations or denials in the non-movant's pleadings will not meet this burden, nor will a mere scintilla of evidence supporting the non-moving party. *Anderson*, 477 U.S. at 248, 252. Rather, there must be evidence on which a

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