

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN**

KUBOTA TRACTOR CORPORATION, and
KUBOTA CREDIT CORPORATION, USA

Plaintiffs,

Case No. 18-cv-00026

v.

Hon.

KAREN LARSON and MICHIGAN
SALES & EQUIPMENT, INC.

Defendants.

Seth D. Gould (P45465)
Daniel K. Beitz (P47451)
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INJUNCTIVE COMPLAINT

Plaintiffs Kubota Tractor Corporation (“KTC”) and Kubota Credit Corporation USA (“KCC”) (together “Plaintiffs”) file this complaint against Karen Larson (“Ms. Larson”) and Michigan Sales & Equipment, Inc. (“MSE”) (together “Defendants”) and allege as follows:

PARTIES

1. KTC is a California corporation authorized to do business in Michigan, with a principal place of business located at 1000 Kubota Drive, Grapevine, Texas 76051.

2. KCC is a California corporation authorized to do business in Michigan, with a principal place of business located at 1000 Kubota Drive, Grapevine, Texas 76051.

3. On information and belief, Ms. Larson is an individual residing at 433 E. Ridge Street, Marquette, Michigan 49855.

4. Upon information and belief, Defendant MSE is a Michigan corporation whose principal place of business is located in Marquette, Michigan 49855.

JURISDICTION AND VENUE

5. This Court has subject matter jurisdiction under 15 U.S.C. § 1121(a), 28 U.S.C. § 1331, and 28 U.S.C. § 1338 because this case arises under the Trademark Law of the United States, 15 U.S.C. §§ 1051, *et. seq.* The Court has supplemental jurisdiction over KTC's pendant state law claim pursuant to 28 U.S.C. § 1367.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(1) because Defendants have their principal place of business and/or reside within this District and, alternatively, pursuant to 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to KTC's claims occurred within this District.

COMMON ALLEGATIONS

KTC and Its Valuable Trademarks

7. KTC is a leading supplier of tractors and other farm and utility equipment, with more than 1,100 dealerships in North America.

8. KTC offers a full range of equipment repair and services to owners of KTC equipment across the United States and the world.

9. KTC offers these services under "Kubota" and other related marks.

10. KTC also takes great care to assure the quality and consistency of the goods and services offered at each of its company-owned and authorized locations.

11. Licensees are required to follow KTC's guidelines for the use of its trademarks and service marks, and KTC monitors licensees' operations for compliance with these requirements.

12. For these and other reasons, KTC's "Kubota" and related marks enjoy a high degree of recognition and goodwill throughout the United States and the world.

13. KTC has established valuable and enforceable trademark and service mark rights in its family of marks—including, of particular relevance to this lawsuit, KTC marks related to the sale, repair and maintenance of tractors and other farm and utility equipment—through *bona fide* use of the "Kubota" mark in commerce and related advertising.

14. In recognition of the goodwill and distinctiveness inherent in KTC's family of marks, the U.S. Patent and Trademark Office has issued to KTC numerous U.S. Trademarks and Service Mark Registrations, including but not limited to the registrations attached as **Ex. A**.

15. KTC's foregoing family marks and related common-law marks—which KTC shall refer to collectively as the "Kubota Marks"—embody KTC's considerable goodwill, and are extremely valuable assets. As a result of the extensive sales, advertising, promotion, and overall use of these marks in commerce, these marks are strong, and many of them have achieved significant fame.

KTC Terminates MSE's License to Use Kubota Marks

16. MSE was formerly an authorized Kubota dealer, subject to a Dealer Sales and Service Agreement dated August 10, 2004 (“DSSA”). A true and accurate copy of the DSSA is attached as **Ex. B**.

17. KTC terminated MSE's DSSA effective June 28, 2016. (**Ex. C**)

18. MSE stipulated to this termination in a lawsuit before this Court (Case No. 2:16-cv-00088).

19. MSE filed suit against KTC to prevent termination of the DSSA.

20. During these proceedings, MSE represented to the Court that KTC's termination should be enjoined to allow a third party to purchase MSE's assets and enter into a DSSA with KTC.

21. On April 25, 2016, this Court entered a Stipulated Injunctive and Voluntary Termination Order (“Termination Order”). (**Ex. D**)

22. The Termination Order required MSE to provide KTC with a signed written agreement between MSE and a proposed buyer on or before June 20, 2016. (**Ex. D**)

23. If MSE failed to satisfy this condition, the Termination Order provided the DSSA would be deemed voluntarily terminated and MSE's lawsuit would be dismissed with prejudice. (**Ex. D**)

24. June 20, 2016 came and went without a signed purchase agreement from MSE.

25. In accordance with the Termination Order, on June 28, 2016, the Court issued a Memorandum (Doc. # 26) and Judgment (Doc. #27), which dismissed MSE's lawsuit with prejudice, and terminated the DSSA effective immediately. (**Ex. D**)

26. Post-termination (KTC terminated MSE's DSSA effective June 28, 2016), the DSSA prohibits any former dealership's use of Kubota trademarks after the DSSA terminates:

Upon termination or expiration of this Agreement:

* * *

(2) Sales Materials and Signs. [MSE] shall immediately remove from its place of business, at its expense, and discontinue the use of, all KTC signs, trademarks and tradenames used by [MSE] in connection with sale or lease of Products. [MSE] shall immediately discontinue the use of, and shall return to KTC, all advertising and promotional materials and technical and service manuals, whether in hard copy or electronic format, furnished to Dealer by KTC. Dealer shall refrain from thereafter holding itself out, in any way, as an authorized Kubota Dealer. Notwithstanding the foregoing, KTC shall have the right, upon sixty (60) days' advance written notice to [MSE], to enter the Retail Store(s) and remove all such signs, advertising and promotional materials, and manuals from the Retail Store(s) not so removed by [MSE], and [MSE] agrees to reimburse KTC for the actual and reasonable costs of such removal, which may be charged by KTC to [MSE's] account.

* * *

(5) Licensed Marks. All rights of [MSE] under this Agreement to the Licensed Marks shall terminate and automatically revert to KTC and [MSE] shall immediately discontinue all use of the Licensed Marks and shall no longer have any right to use the Licensed Marks or any variation or simulation thereof in any manner or for any purpose whatsoever.

(6) Return of Company Materials. Dealer shall return to KTC all materials, whether in hard copy or electronic format, regarding the Products, including, without limitation, all price books, maintenance manuals, parts and service policy manuals, service bulletins, parts catalogues, sales aids,

advertising material, and other publications by KTC, all without cost to KTC, except as required by applicable law.

[Ex. B, DSSA §17(A)(2), (5), and (6)]

27. Following dismissal of the lawsuit, for a period of time, MSE worked cooperatively to end its business relationship with KTC.

28. For example, on July 14, 2016, MSE advised KTC that all Kubota Mark signage would be taken down immediately, and that MSE no longer possessed hard-copy sales and service manuals.

29. On July 26, 2016, representatives of KTC visited MSE to collect what KTC understood to be all internal and external Kubota signage promotional and service related material.

30. Months later, however, on December 5, 2016, KTC discovered that MSE was continuing to use a website which improperly included Kubota Marks.

31. KTC immediately asked MSE to take down all references to Kubota products.

32. When MSE failed to remedy this trademark infringement, KTC again wrote Ms. Larson on March 15, 2017.

33. On March 21, 2017, Ms. Larson represented www.uptractors.com was not an MSE website and was controlled by a third party.

34. KTC investigated this claim by contacting the domain name registrar, who advised KTC that Ms. Larson owned the site and any changes would need to be requested by her.

35. On March 25, 2017, KTC discovered that MSE was displaying Kubota Marks at its former John Deere dealership.

36. KTC again demanded that MSE and/or Ms. Larson cease using Kubota Marks.

37. On April 3, 2017, Ms. Larson represented to KTC's counsel that she had removed all signs and websites using Kubota Marks.

38. KTC Regional Sales Manager, Luke Johnson, however, later visited Ms. Larson's store and found that, contrary to Ms. Larson's representations otherwise, she and/or MSE were still unlawfully displaying Kubota Marks.

39. On June 7, 2017, Ms. Larson advised KTC that she owned the Kubota Mark signs and sales/service manuals, and she refused to stop displaying these Kubota Marks.

40. However, facing the prospect of a lawsuit filed by Plaintiffs, Ms. Larson agreed to remove the Kubota Marks.

41. Defendants have nevertheless compelled Plaintiffs to file this lawsuit because, despite KTC's repeated attempts to amicably resolve this dispute, Defendants continue to represent themselves as an authorized Kubota dealer and to display Kubota Marks without authorization.

42. Defendants are using the Kubota marks on emails and invoices sent to customers.

43. Moreover, Defendants are advising Kubota customers that they are authorized to perform warranty repairs on equipment leased and owned by these customers when, in fact, they are not authorized to perform such warranty repairs.

44. Defendants have performed defective work for Kubota customers and are falsely advising these customers that Kubota equipment is defective.

45. Warranty repairs of Kubota equipment must only be performed at authorized Kubota dealerships by personnel trained to perform such repairs.

46. After KTC terminated Defendants' DSSA, a new Kubota dealership, U.P. Kubota, was opened and is operating at 4250 US Highway 41 West, Marquette, Michigan 49855.

47. Defendants' conduct is confusing Kubota customers, damaging such customers, harming Plaintiffs and the new Kubota dealer U.P. Kubota. Attached as **Ex. E** is a complaint recently filed in the 25th Circuit Court for the County of Marquette, Case No. 17-56206-CK (Karl Weber) by a Kubota customer, Donald Bacon, which alleges fraud and misrepresentation against Defendants.

COUNT I – BREACH OF THE DSSA

48. KTC incorporates herein by reference each of the preceding paragraphs.

49. KTC owns registered trademarks and trade names for its tractor and equipment products and service programs.

50. Section 17 of the DSSA prohibits MSE from using the Kubota Marks, and authorizes KTC to charge MSE for the costs of removing these signs and material post-termination.

51. MSE has breached the DSSA by continuing to use and display the Kubota Marks despite KTC's repeated demands that MSE and Ms. Larson immediately stop displaying such marks.

52. As a direct and proximate result of Defendants' infringement of the Kubota Marks, KTC has been damaged and is threatened with future damage in an amount that is not readily ascertainable.

COUNT II - TRADEMARK AND SERVICE MARK INFRINGEMENT

53. KTC incorporates herein by reference each of the preceding paragraphs.

54. In violation of 15 U.S.C. § 1114 and/or 1125(a), Defendants are displaying, without license or permission, KTC's trademarks and trade in a manner that is likely to confuse actual and potential Kubota customers.

55. Defendants have no right or authority to perform, sell, or otherwise offer in commerce any services in connection with the Kubota Marks.

56. Despite KTC's repeated demands that Defendants cease and desist from infringing KTC's trademarks and trade names, Defendants have refused and failed to do so.

57. Defendants' actions constitute infringement of the KTC Marks under 15 U.S.C. §§1114, 1125(a) and other applicable state and common laws.

58. As a direct and proximate result of Defendants' infringement of the Kubota Marks, KTC has been damaged and is threatened with future damage in an amount that is not readily ascertainable.

59. Unless Defendants, their officers, directors, employees, agents, and others acting in concert with them are restrained and enjoined from further infringement, KTC will suffer irreparable harm for which it has no adequate remedy at law.

60. At all material times, Defendants' infringing activity has been willful, knowing, and intentional.

**COUNT III – UNFAIR COMPETITION
AND FALSE DESIGNATION OF ORIGIN**

61. KTC incorporates herein by reference each of the preceding paragraphs.

62. By virtue of the actions described above, Defendants have unfairly competed with KTC, and have caused, and are causing, a likelihood of confusion, mistake, or deception as to the affiliation, connection, or association of Defendants with KTC, or as to the origin, sponsorship, or approval of Defendants' goods, services, or commercial activities by KTC, all in violation of 15 U.S.C. §1125 and other applicable state and common laws.

63. By virtue of the actions described above, Defendants have misrepresented the nature, characteristics, or qualities of Defendants' goods, services, or commercial activities, all in violation of 15 U.S.C. §1125 and other applicable state and common laws.

64. At all material times, Defendants' actions have been willful, knowing and intentional.

65. Said actions have caused injury to KTC, and Defendants are liable to KTC for the same.

COUNT IV– TRADEMARK DILUTION

66. KTC incorporates herein by reference each of the preceding paragraphs.

67. One or more of the Kubota Marks have become famous and distinctive in the United States and worldwide through the extensive, continuous and exclusive use of them in connection with Kubota products and services. These marks were famous prior to any use of these marks or similar marks by Defendants.

68. Despite knowledge of KTC's famous trademarks and trade names, Defendants used and continue to use in commerce spurious and colorable imitations thereof in connection with the advertisement, promotion, and display of the Kubota Marks.

69. Defendants' actions as described herein have caused and continue to cause irreparable injury to, and a likelihood of dilution of, the distinctive quality of the famous Kubota Marks in violation of KTC's rights under 15 U.S.C. §1125(c) and common law. Defendants' wrongful use of KTC's famous trademarks and trade names is likely to dilute the distinctive nature of those marks and to tarnish their reputation.

70. Defendants have used and continue to use in commerce the Kubota Marks and/or closely similar marks willfully and with the intent to dilute the marks. Accordingly, this is an exceptional case within the meaning of 15 U.S.C. §1117(a).

71. As a direct and proximate result of Defendants' conduct, KTC has suffered irreparable harm to the valuable Kubota Marks, and other damages in an amount to be proved at trial. Unless Defendants are enjoined, the valuable Kubota Marks will continue to be irreparably harmed and likely to be diluted.

72. KTC has no adequate remedy at law that will compensate for the continued and irreparable harm it will suffer if Defendants' actions are allowed to continue.

COUNT V – COMMON LAW CONVERSION (KCC)

73. KCC incorporates herein by reference each of the preceding paragraphs.

74. KCC is a secured creditor of Marvin W. Dawson ("Dawson") pursuant to a Retail Installment Contract (Consumer Use Only) and Assignment dated July 28, 2014, executed and delivered by Dawson as debtor to KCC as lender (the "Agreement"). A copy of the Agreement is attached hereto as **Ex. F**.

75. Dawson executed the Agreement in connection with the purchase of one (1) Kubota Tractor Model BX2670TV s/n 13005; one (1) Land Pride Rotary Tiller RTA1258 s/n 867866; one (1) Kubota Loader Model LA243A s/n B0608; and one (1) Kubota Front Mounted Snow Blower Model BX2570D s/n 21110593 (collectively, the "Equipment").

76. Pursuant to the terms of the Agreement, Dawson granted KCC a valid first priority purchase money security interest in the Equipment and all attachments and accessories thereto.

77. KCC properly perfected its security interest in the Equipment by filing a UCC financing statement with the Michigan Department of State.

78. The Agreement provides KCC with other rights and remedies set forth therein including, but not limited to, the right to accelerate the amounts due under the Agreement without notice, to take immediate possession of the Equipment upon Dawson's default and to recover attorneys fees' and costs of collection.

79. As of June 15, 2017, the combined fair market value of the Equipment is approximately \$12,000.

80. Dawson is in default of the Agreement for failing to pay amounts due thereunder. The payoff balance on this account, not including attorneys' fees and costs, is \$7,404.03 as of February 7, 2018.

81. Defendants obtained possession of the Equipment sometime in 2016, knowingly sold the Equipment to a third party without KCC's permission and failed and/or refused to deliver the sale proceeds to KCC as the Agreement requires.

82. Defendants' acts are inconsistent with KCC's rights in the Equipment.

83. KCC has been damaged as a result of this unlawful conduct.

COUNT VI - STATUTORY CONVERSION (KCC)

84. KCC incorporates herein by reference each of the preceding paragraphs.

85. KCC is entitled to possession of the Equipment as the result of Dawson's breach of the Agreement.

86. Defendants received the Equipment from Dawson with knowledge that KCC has a security interest in the Equipment.

87. Defendants sold the Equipment to a third party without authorization from KCC, and without remitting the sale proceeds to Dawson and KCC.

88. Defendants' receipt and sale of the converted Equipment violated MCL 600.2919a.

89. Defendants aided and abetted conversion of the Equipment.

90. Defendants' actions have directly resulted in actual damages to KCC, together with interest and attorneys' fees.

91. Defendants' violations of MCL 600.2919a entitle KCC to three times the amount of actual damages sustained by KCC as a result of Defendants' wrongful actions.

PRAYER FOR RELIEF

WHEREFORE, KTC respectfully requests entry of a judgment granting relief against the Defendants as follows:

A. A determination that MSE has breached the DSSA by continuing to display Kubota Marks without authorization and in complete disregard of KTC's requests that it stop doing so, that KTC has been damaged by such breach, and that MSE is liable to KTC for these ongoing breaches;

B. A determination that Defendants willfully and deliberately violated 15 U.S.C. §1114, that KTC has been damaged by such violation, and that the Defendants are liable to KTC for such violation;

C. A determination that Defendants violated 15 U.S.C. §§1125(a), (c), and (d)(1)(A)-(B), that KTC has been damaged by such violations, and that Defendants are liable to KTC for such violations;

D. A determination that the Defendants committed common law trademark infringement, that KTC has been damaged by such infringement, and that Defendants are liable to KTC for common law trademark infringement;

E. A determination that this case is "exceptional" in the sense of 15 U.S.C. §1117(a);

F. Under all claims for relief, that an injunction be temporarily, preliminarily, and permanently issued enjoining Defendants and their officers, employees, agents, successors and assigns, and all those in active concert and participation with them, and each of them who receives notice directly or otherwise of such injunctions, from:

- (1) displaying, imitating, copying, or making any unauthorized use of the Kubota Marks, or marks likely to cause confusion with them;
- (2) importing, manufacturing, producing, distributing, circulating, selling, offering for sale, advertising, promoting or displaying any service or product using any simulation, reproduction, counterfeit, copy, or colorable imitation of the Kubota Marks;
- (3) using any simulation, reproduction, counterfeit, copy or colorable imitation of the Kubota Marks in connection with the promotion, advertisement, display, sale, offer for sale, manufacture, production, circulation or distribution of any product or service;
- (4) using any false designation of origin or false description (including, without limitation, any letters, symbols, or designs constituting the Kubota Marks) or performing any act, which can, or is likely to, lead members of the trade or public to believe that any service or product manufactured, distributed or sold by Defendants are in any manner associated or connected with KTC or the Kubota Marks, or is sold, manufactured, licensed, sponsored, approved or authorized by KTC;
- (5) all of the above with the exception of nominative fair use of the Kubota Marks.

G. An Order permitting an authorized designee of KTC to remove any unauthorized display of the Kubota Marks, at Defendants' expense;

H. An Order directing that Defendants deliver for destruction all products, promotional and advertising materials, labels, tags, signs, prints, packages, videos or other materials in their possession or under their control, bearing or using unauthorized versions of the Kubota Marks or any simulation, reproduction, counterfeit, copy or

colorable imitation thereof, and all plates, molds, matrices and other means of making the same, pursuant to 15 U.S.C. § 1118;

I. An Order directing such other relief as the Court may deem appropriate to prevent the trade and public from deriving the erroneous impression that any service or product manufactured, sold or otherwise circulated or promoted by Defendants are authorized by KTC or related in any way to KTC's products and services;

J. An Order directing the Defendants and their agents, employees, servants, attorneys, successors, and assigns, and all others in privity or acting in concert therewith, to file with this Court, and serve upon KTC's counsel within thirty (30) days after entry of such judgment, a written report under oath, setting forth in detail the manner and form in which they have complied with such judgment;

K. An award of KTC's costs and disbursements incurred in this action, including KTC's reasonable attorney's fees;

L. An award of KTC's damages trebled or, alternatively, an award of Defendants' wrongful profits trebled, whichever is greater, plus KTC's costs and attorney's fees, pursuant to 15 U.S.C. § 1117;

M. An award to KTC of its costs incurred in this action, including an award of reasonable attorney fees under 17 U.S.C. § 1114;

N. As award to KTC of statutory damages under 15 U.S.C. §1125(d);

O. An award of KTC's damages arising out of Defendants' acts;

P. An award of KCC's damages arising out of Defendants' acts;

- Q. An award of KCC's damages trebled pursuant to MCL 600.2919a, plus attorneys' fees and costs.
- R. An award of interest, including pre-judgment interest on the foregoing sums;
- S. Such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,

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