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Case No. 25-2167

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

FILED
Oct 15, 2026
KELLY L. STEPHENS, Clerk

MICHIGAN 32, LLC; I.E. DEVELOPMENT, LLC,

Plaintiffs-Appellants,

v.

TRAVELERS INSURANCE COMPANY, aka The Travelers Companies; NORTHFIELD INSURANCE COMPANY; DORAN EXCAVATING ENTERPRISES, LLC,

Defendants-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MICHIGAN

O P I N I O N

Before: KETHLEDGE, Chief Judge; COLE and MATHIS, Circuit Judges.

COLE, Circuit Judge. A fire in 2023 damaged real property owned by Michigan 32, LLC (M32) and personal property owned by I.E. Development, LLC (IED). M32 filed an insurance claim, which Northfield Insurance Company denied. Northfield also rescinded the commercial property insurance policy because M32 had misrepresented in its application for insurance that there was a policy-compliant fire alarm on the premises.

M32 and IED initiated this breach-of-contract and negligence action based on Northfield's, Travelers Insurance Company's, and Doran Excavating Enterprises, LLC's post-fire conduct. In a related appeal, we affirmed the district court's grant of summary judgment to Northfield based on its finding that Northfield was entitled to rescind the insurance policy, rendering it void ab initio. We now affirm the district court's dismissal of claims and grant of summary judgment in this action.

I.

A.

In June 2023, a fire occurred on M32's property in Macomb County, Michigan. On the property, M32 stored, maintained, and operated various cryptocurrency mining machines owned by IED. The fire occurred within the coverage period of the commercial property insurance policy issued by Northfield. The policy names a single insuring company, Northfield, and a single insured entity, M32.

After the fire, M32 submitted a claim under the policy. Shortly thereafter, a claims handler for Travelers, Northfield's parent company, directed M32's managing member to refrain from entering the building in order to preserve evidence from the fire. Then, approximately two weeks after the fire, a fire investigator from Travelers contracted with Doran to remove debris and demolish the building. Plaintiffs allege Doran's actions caused the collapse of the building, which also allowed thieves to steal the mining machines.

In June 2024, Northfield denied M32's claim and rescinded the policy.

B.

Northfield then sought declaratory judgment in a separate action. We recently affirmed the district court's grant of summary judgment there on the basis that Northfield was entitled to rescind the policy because of M32's misrepresentation in its insurance application.

In this suit, M32 and IED bring breach-of-contract and negligence claims. The district court dismissed IED and Travelers from the contract claims because they were not parties to the insurance policy. And it dismissed plaintiffs' negligence claims because the duties allegedly owed by the defendants all arose from contractual relationships. The court also granted Northfield summary judgment on the breach-of-contract claim brought by M32 because the final judgment in

the declaratory judgment action precluded further litigation under the doctrine of res judicata. Lastly, the court denied plaintiffs' request to amend their complaint to assert additional claims because plaintiffs improperly made the request in an opposition brief. This appeal followed.

II.

In the related appeal, we already rejected the waiver and estoppel arguments M32 and IED advance here regarding Northfield's right to rescind the policy. We now affirm the district court's dismissal of claims and grant of summary judgment in this action.

A.

We review a dismissal for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) de novo, accepting as true all factual allegations contained in the complaint and construing it "liberally in favor of the party opposing the motion to dismiss." *Scott v. Ambani*, 577 F.3d 642, 646 (6th Cir. 2009). "In addition, when a document is referred to in the pleadings and is integral to the claims, it may be considered without converting a motion to dismiss into one for summary judgment." *Com. Money Ctr., Inc. v. Ill. Union Ins. Co.*, 508 F.3d 327, 335–36 (6th Cir. 2007).

1. Breach-of-Contract Claims

The district court properly dismissed Travelers and IED from the contract claims because neither was a party to the insurance policy. In Michigan, "[t]he general rule is that there must be privity of contract between the parties thereto, and that no action can be brought upon a contract except by a party to it." *Claxton v. Margolis*, 226 N.W. 820, 821 (Mich. 1929). In addition to contracting parties, intended third-party beneficiaries may also sue for a breach of a contractual promise. *See Schmalfeldt v. N. Pointe Ins. Co.*, 670 N.W.2d 651, 654 (Mich. 2003) (per curiam). In their complaint, M32 and IED allege that, by denying M32's insurance claim, Northfield and Travelers breached the policy. But M32 and Northfield are the only two contracting parties to the

policy. Because Travelers is not a party to the policy, plaintiffs failed to state breach-of-contract claims against Travelers. Similarly, because IED is not a party to the policy and the complaint did not plead any facts demonstrating IED is an intended beneficiary of the policy, dismissal of IED was warranted. This leaves M32's breach-of-contract claim against Northfield, which is addressed in a later section.

2. Negligence Claims

The district court also properly dismissed plaintiffs' negligence claims against all three defendants because the complaint fails to allege that defendants owed duties of care independent of contractual obligations. Under Michigan law, when a plaintiff who is not a party to a contract brings a tort action based on the contract, "the threshold question is whether the defendant owed a duty to the plaintiff that is separate and distinct from the defendant's contractual obligations." *Fultz v. Union-Com. Assocs.*, 683 N.W.2d 587, 592 (Mich. 2004). "If no independent duty exists, no tort action based on a contract will lie." *Id.* M32 and IED argue on appeal that the district court erred in dismissing Travelers because Travelers is not a party to the policy and thus owed no contractual duties. They also contend dismissal of Northfield was improper because Northfield owed duties separate and distinct from duties arising under the policy. But the complaint relies only upon Travelers's and Northfield's violations of duties owed through "undisclosed contracts and agreements" to support plaintiffs' negligence claims. Thus, the complaint fails to allege duties that were owed independent of contractual obligations.

B.

Remaining is M32's breach-of-contract claim against Northfield. The district court granted summary judgment to Northfield on this claim under the doctrine of res judicata based on the final judgment in the declaratory judgment action. That final judgment declared that Northfield

properly rescinded the policy, rendering it void ab initio. We review both the district court's grant of summary judgment and application of res judicata de novo. *Branham v. Gannett Satellite Info. Network, Inc.*, 619 F.3d 563, 568 (6th Cir. 2010); *HRT Enters. v. City of Detroit*, 163 F.4th 319, 329 (6th Cir. 2025). Although M32 did not respond to the motion for summary judgment below, it can still argue on appeal that the movants failed to meet their burden of demonstrating the absence of genuine disputes of material fact. *See Loc. No. 499, Bd. of Trs. of Shopmen's Pension Plan v. Art Iron, Inc.*, 117 F.4th 923, 933 (6th Cir. 2024).

Under Michigan law, a "second, subsequent action" is barred by res judicata when "(1) the prior action was decided on the merits, (2) both actions involve the same parties or their privies, and (3) the matter in the second case was, or could have been, resolved in the first." *Adair v. State*, 680 N.W.2d 386, 396 (Mich. 2004). In Michigan, "courts have broadly applied the doctrine of res judicata." *Dart v. Dart*, 597 N.W.2d 82, 88 (Mich. 1999). They apply res judicata to bar "not only claims already litigated, but [also] every claim arising from the same transaction that the parties, exercising reasonable diligence, could have raised but did not." *Id.*

On appeal, plaintiffs argue that the second and third elements of res judicata, same parties and same transaction, have not been met. We disagree. Here, the parties to whom the district court found claim preclusion applied, Northfield and M32, were adversaries in both suits. Further, both claims involved the same series of transactions: M32's application for insurance, Northfield's issuance of the insurance policy, the fire, M32's insurance claim, and Northfield's ultimate denial of the claim and rescission of the policy. Under Michigan's broad application of res judicata, the breach-of-contract claim, which alleges that Northfield violated the policy, could have been raised in the declaratory judgment action, which adjudicated whether the policy was void ab initio. We affirm the district court's grant of summary judgment.

C.

Finally, M32 and IED's procedural arguments lack merit. First, they argue that the district court should have denied Northfield and Travelers's motions for partial dismissal and summary judgment because they were filed before the occurrence of conferences required by Eastern District of Michigan Local Rule 7.1(a) and Federal Rule of Civil Procedure 26. But Northfield and Travelers plainly complied with the local rule, and no Rule 26 discovery conference was required before the district court granted dismissal or summary judgment on res judicata grounds. *See Kolley v. Adult Protective Servs.*, 725 F.3d 581, 587 (6th Cir. 2013) ("A plaintiff is not entitled to discovery before a motion to dismiss[.]"); *Jefferson v. Chattanooga Publ'g Co.*, 375 F.3d 461, 463 (6th Cir. 2004) ("[I]t is well-established that a motion for summary judgment may be filed prior to discovery.").

Lastly, M32 and IED argue that the district court should have granted their request to amend the complaint, which was included in their response to the motion to dismiss. Where plaintiffs never formally moved for leave to amend, we review the district court's denial for abuse of discretion. *See Evans v. Pearson Enters., Inc.*, 434 F.3d 839, 853–54 (6th Cir. 2006). Here, plaintiffs had ample opportunity to either amend their complaint as a matter of course or properly file a motion to amend. The district court did not enter its decision on Northfield and Travelers's motions until December of 2025, months after the motions were filed in March and October. Plaintiffs "offer no explanation for their failure to adhere to Federal Rule of Civil Procedure 15(a) or reason to diverge from our precedent" affirming a district court's denial in similar situations. *Robbins v. New Cingular Wireless PCS, LLC*, 854 F.3d 315, 322 (6th Cir. 2017). Thus, the district court did not abuse its discretion.

III.

Because M32 and IED have failed to establish defendants' liability for any claims in this action, we do not reach the issues of attorney's fees or damages. We affirm the judgment of the district court.