

09-20-2001



Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

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EET U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office Y

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): Norton Motors International Inc. Individual(s) Association General Partnership Limited Partnership Corporation-State Minnesota Other Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies) Name: Robert E. Cieslukowski Internal Address: Street Address: 9226 Breckenridge LN City: Eden Prairie State: MN Zip: 55347 Individual(s) citizenship USA Association General Partnership Limited Partnership Corporation-State Other If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance: 9-14-01 Assignment Merger Security Agreement Change of Name Other Judgment Lien Execution Date:

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 74/493,245; 75/463,824; 75/463,812; 75/463,811; 75/462,570; 75/462,556 B. Trademark Registration No.(s) 2,084,188 Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Robert E. Cieslukowski Internal Address: Street Address: 9226 Breckenridge LN City: Eden Prairie State: MN Zip: 55347

6. Total number of applications and registrations involved: 7 7. Total fee (37 CFR 3.41): \$190.00 Enclosed Authorized to be charged to deposit account 8. Deposit account number: 190E (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Robert E. Cieslukowski Name of Person Signing Signature Date 9/5/01

Total number of pages including cover sheet, attachments, and document:

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

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TRADEMARK REEL: 002370 FRAME: 0249

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

Robert E. Cieslukowski

Case No. Civil 99-1056JRT/FLN

v.

JUDGMENT IN A CIVIL CASE

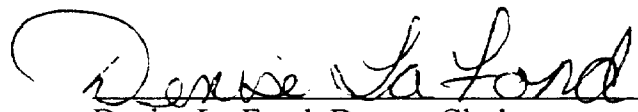
Norton Motors Int'l, Inc., Norton  
Motorcycles, Inc., Norton Acquisition  
Corp., Myron Calof and Mark Osterberg

- ( ) **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.
- (X) **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

**IT IS ORDERED AND ADJUDGED** that plaintiff's motion for summary judgment is **GRANTED**; and judgment is entered in favor of plaintiff against defendant NMI in the amount of \$634,720.39.

DATE: July 13, 2000

FRANCIS E. DOSAL, CLERK

  
Denise La Fond, Deputy Clerk

52

A true copy in \_\_\_\_\_ sheet (s)  
of the record in my custody.

CERTIFIED, August 20, 2001  
Richard D. Sletten, Clerk

BY:   
TRADEMARK

REEL: 002370 FRAME: 0250

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

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ROBERT E. CIESLUKOWSKI,

Civil No. 99-1056 (JRT/FLN)

Plaintiff,

v.

NORTON MOTORS INTERNATIONAL,  
INC; NORTON MOTORCYCLES, INC.,  
f/k/a Hallmark Properties, Inc.; NORTON  
ACQUISITION CORPORATION;  
MYRON CALOF; and  
MARK OSTERBERG,

**ORDER ADOPTING ORDER OF  
MAGISTRATE JUDGE**

Defendants.

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Seth M. Colton and Daniel R. Kelly, MAUN & SIMON, 2000 Midwest Plaza  
Building West, 801 Nicollet Mall, Minneapolis, MN 55402, for plaintiff.

Scott R. Carlson, DUCKSON & CARLSON, 333 Seventh Street South, Suite  
2100, Minneapolis, MN 55402, for defendants.

Plaintiff Robert E. Cieslukowski brings various claims against defendants, including a claim that defendant Norton Motors International, Inc. ("NMI") breached a loan repayment agreement between Cieslukowski and NMI. Cieslukowski filed motions for summary judgment and for entry of final judgment on this claim. The Court referred Cieslukowski's motions to Chief United States Magistrate Judge Franklin L. Noel, who recommended

FILED JUL 13 2000  
FRANCIS E. DOSAL, CLERK  
JUDGMENT ENTD. JUL 13 2000  
DEPUTY CLERK

**TRADEMARK**  
**REEL: 002370 FRAME: 0251**

granting both motions. The Court now considers NMI's objections to the Magistrate Judge's Report and Recommendation.

Pursuant to 28 U.S.C. § 636(b)(1)(C) and D. Minn. LR 72.1(c)(2), the Court has reviewed *de novo* the portions of the Report and Recommendation to which NMI objects. For the reasons set forth therein, the Court agrees with the Magistrate Judge's recommendations.

#### **I. SUMMARY JUDGMENT MOTION**

NMI admits that the parties entered into a contract and that NMI failed to perform its obligations thereunder. Moreover, it does not dispute the amount that it owes Cieslukowski. Nevertheless, NMI objects to the recommendation to grant summary judgment, arguing that there are disputed facts material to both liability and damages.

NMI argued in opposition to summary judgment that potential counterclaims for an alleged breach of fiduciary duty entitle NMI to a setoff and raise doubts about damages in this matter. The Magistrate Judge rejected this argument on the ground that NMI's answer pleaded no counterclaim against Cieslukowski. NMI objects to that conclusion on the ground that one statement in its nineteen-paragraph answer provided notice of NMI's intent to bring a counterclaim sufficient to satisfy the minimum pleading requirements of Rule 8(c) of the Federal Rules of Civil Procedure.

The Court disagrees. The statement at issue reads: "Defendants . . . aver . . . that Plaintiff's performance of his duties as [NMI's] President and Chief Executive Officer

contributed to any alleged failure by Norton International to pay any indebtedness owed to Plaintiff.” This statement is intermixed with NMI’s defenses to Cieslukowski’s claims and is not set forth separately as an affirmative cause of action. Moreover, NMI never used the term “counterclaim” in its answer, nor did it mention the possibility of setoff or damages in its favor.

NMI urges the Court to read this statement in the broader context of documents made available to Cieslukowski after NMI’s answer was filed. However, assuming such documents may be used to interpret NMI’s answer, they dispel any remote possibility that NMI properly pleaded a counterclaim. After filing its answer NMI stated expressly in its Rule 26(f) Report that “this case is about a breach of Repayment Agreement only.” Moreover, in its disclosures to Cieslukowski, NMI further stated explicitly that it makes no claims for damages. For these reasons the Court agrees with the Magistrate Judge’s determination that NMI has not properly pleaded a counterclaim against Cieslukowski for his alleged breach of fiduciary duty. In so holding, the Court makes no determination as to the merits of any potential claim against Cieslukowski that NMI might assert. The Court merely holds that no such claim is properly before it at this time.

NMI also objects to the Report and Recommendation on the grounds of waiver and estoppel. Although NMI affirmatively pleaded these defenses, it did not raise them in its motion papers. Apparently for this reason the Magistrate Judge did not address them. Because NMI failed entirely to raise its waiver defense to the Magistrate Judge, it is not properly before the Court. *See Houston v. Housewright*, 678 F.2d 757, 759 (8<sup>th</sup> Cir. 1982) (it

is “doubtful” that a district court could properly consider issues first raised in objections to Magistrate Judge’s recommendations); *United States v. Armstrong*, 951 F.2d 626, 630 (5th Cir. 1992) (issues first argued in objections to Magistrate Judge’s recommendations “were not properly before the district court”). The Court nevertheless considers NMI’s estoppel defense because it appears that NMI may have vaguely asserted it during oral arguments before the Magistrate Judge on Cieslukowski’s motions.

NMI asserts that plaintiff is estopped from collecting on the contract with NMI because he is in part responsible for NMI’s inability to perform its obligations. According to NMI’s version of the facts, Cieslukowski became CEO by investing in NMI and promising that he alone could and would raise the capital necessary for the start-up company to revive the Norton line of motorcycles. NMI states that it relied on these assurances, but Cieslukowski’s efforts as CEO were, by design, inadequate. NMI alleges that his actual plan was to bring NMI close to ruin and thereby panic its investors into selling their stocks to him at a fraction of their true value. According to NMI, Cieslukowski’s efforts were ultimately self-defeating. His buy-out scheme failed, and by steering the company into dire financial straits he left NMI unable to repay him. NMI argues that these facts give rise to an estoppel defense whereby it can now avoid its obligations under the Repayment Agreement.

Although NMI fails to articulate a legal argument in support of this defense, the Court assumes that NMI attempts to invoke the doctrine of equitable estoppel. Such a defense falls

short, however, even taking the facts to be as NMI presents them. Broadly stated, the doctrine of equitable estoppel is as follows:

Equitable estoppel is the effect of the voluntary conduct of a party whereby he is absolutely precluded . . . from asserting rights which might perhaps have otherwise existed either of property, contract, or of remedy, as against another person, who has in good faith relied upon such conduct, and has been led thereby to change his position for the worse, and who on his part acquires some corresponding right either of property, contract, or remedy.

*In re Estate of Peterson*, 281 N.W. 275, 278 (Minn. 1938) (quoted in *Transamerica Ins. Group v. Paul*, 267 N.W.2d 180, 183 (Minn. 1978)). NMI alleges that before, during and after the time during which Cieslukowski was its CEO, NMI relied to its detriment on his voluntary conduct. But that alone does not warrant invalidating the Repayment Agreement between NMI and Cieslukowski. Even according to NMI's version of the facts, Cieslukowski did not acquire by his misdeeds as corporate officer the right of contract that he now asserts. Rather, he acquired it by entering into the Repayment Agreement with NMI several months after resigning from his CEO position. NMI does not argue that it detrimentally relied on Cieslukowski's voluntary conduct when it entered into the Agreement, nor does it aver facts that could lead the Court to conclude that it did. NMI's estoppel defense therefore fails.

The Magistrate Judge determined that the amount to which Cieslukowski is entitled is \$634,720.39, and no parties object. The Court accordingly adopts this determination. Because NMI's objections to the recommendation in favor of summary judgment are without merit, the Court holds that plaintiff is entitled to summary judgment as recommended.

## II. MOTION FOR ENTRY OF FINAL JUDGMENT

The Magistrate Judge further recommended entry of final judgment on Cieslukowski's claim although other claims remain unresolved in this action. NMI objects that entering final judgment would be inappropriate because of the possibility of a setoff arising from its purported counterclaim and because the doctrines of waiver and estoppel bar the breach of contract claim decided here. NMI's objections are rejected for the above reasons. The Court accordingly adopts the Magistrate Judge's recommendation to enter final judgment in favor of Cieslukowski on his breach of contract claim against NMI.<sup>1</sup>

### ORDER

Based on the foregoing and all of the records, files and proceedings herein, the Court **OVERRULES** the objections of defendant NMI [Docket No. 45] and **ADOPTS** the Magistrate Judge's Report and Recommendation [Docket No. 40] as set forth above. Accordingly, **IT IS HEREBY ORDERED** that:

1. Plaintiff's Motion for Summary Judgment [Docket No. 21] is **GRANTED**; and

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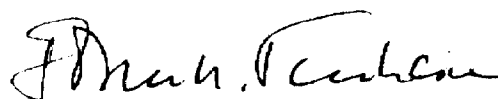
<sup>1</sup>Even if NMI's purported counterclaim had been properly pleaded, delaying entry of final judgment would not be warranted. The equities considered by the Magistrate Judge would be unchanged, and, on the record before the Court, NMI's counterclaim would be so loosely related to Cieslukowski's breach of contract claim that entry of final judgment would not at all compromise judicial administrative interests. *See Curtiss-Wright Corp. v. General Electric Co.*, 446 U.S. 1, 8-9 (1980) (entry of final judgment on fewer than all claims of an action is appropriate when remaining claims are not so closely related to the one adjudicated that separate appellate review would be inefficient and consideration of the equities involved does not indicate otherwise), *cited in Northwest Airlines, Inc. v. Astraeva Aviation Serv., Inc.*, 930 F. Supp. 1317, 1234 (D. Minn. 1996), *aff'd*, 111 F.3d 1386 (8<sup>th</sup> Cir. 1997)).



2. It is **ORDERED** that Final Judgment be entered in favor of plaintiff against defendant NMI in the amount of \$634,720.39.

**LET JUDGMENT BE ENTERED ACCORDINGLY.**

DATED: *July 13, 2000*  
at Minneapolis, Minnesota.



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JOHN R. TUNHEIM  
United States District Judge

# UNITED STATES DISTRICT COURT DISTRICT OF MINNESOTA

## CIVIL NOTICE

The purpose of this notice is to summarize the time limits for filing with the District Court Clerk's Office a Notice of Appeal to the Eighth Circuit Court of Appeals from a final decision of the District Court in a civil case.

*This is a summary only. For specific information on the time limits for filing a Notice of Appeal, review the applicable federal civil and appellate procedure rules and statutes.*

Rule 4(a) of the Federal Rules of Appellate Procedure (Fed. R. App. P.) requires that a Notice of Appeal be filed within:

1. Thirty days (60 days if the United States is a party) after the date of "entry of the judgment or order appealed from;" or
2. Thirty days (60 days if the United States is a party) after the date of entry of an order denying a timely motion for a new trial under Fed. R. Civ. P. 59; or
3. Thirty days (60 days if the United States is a party) after the date of entry of an order granting or denying a timely motion for judgment under Fed. R. Civ. P. 50(b), to amend or make additional findings of fact under Fed. R. Civ. P. 52(b), and/or to alter or amend the judgment under Fed. R. Civ. P. 59; or
4. Fourteen days after the date on which a previously timely Notice of Appeal was filed.

If a Notice of Appeal is not timely filed, a party in a civil case can move the District Court pursuant to Fed. R. App. P. 4(a)(5) to extend the time for filing a Notice of Appeal. This motion must be filed no later than 30 days after the period for filing a Notice of Appeal expires. If the motion is filed after the period for filing a Notice of Appeal expires, the party bringing the motion must give the opposing parties notice of it. The District Court may grant the motion, but only if excusable neglect or good cause is shown for failing to file a timely Notice of Appeal.

## United States Court of Appeals FOR THE EIGHTH CIRCUIT

### Prehearing Conference Program

The United States Court of Appeals for the Eighth Circuit has established an early intervention Prehearing Conference Program. The purpose of the program is twofold: (1) to facilitate settlement discussions in civil cases by providing an impartial atmosphere for an open discussion of the case and alternative methods of disposition and (2) to promote the delineation of issues, early resolution of procedural problems, and effective administration of an appeal throughout the appellate process. See 8<sup>th</sup> Cir. R. 33A.

The program is directed by Mr. John Martin. Mr. Martin screens newly filed appeals based on information furnished by both appellants and appellees in the court's Appeal Information Forms A and B. Contact with counsel is by telephone and in personal conferences held in several cities throughout the Circuit. All communications with Mr. Martin are confidential. Counsel can openly discuss and evaluate the issues and explore alternatives in a non-adversarial setting without fear that the subsequent processing of the appeal or ultimate disposition of the case will be adversely affected by participation in the program.

Participation in the program is voluntary. However, the Court strongly encourages your participation and cooperation. Over the past twenty years, the program has enabled many appellate litigants to achieve mutually satisfactory resolution of certain issues or an overall settlement prior to progressing through all stages of the appellate process. Issue delineation enables counsel to focus only on those issues that need judicial resolution. The program has helped relieve the ever-increasing caseload confronting the Court, and it has also saved litigants and attorneys substantial amounts of time and money.

In order for the program to function effectively certain information must be provided at the initiation of the appeal. *Eighth Circuit Rule 3B directs each civil appellant to: (1) file a completed Appeal Information Form A with the Notice of Appeal at the time the Notice is filed with the District Court clerk and (2) forward a copy of the completed Form A and a copy of Appeal Information Form B to the appellee for completion.* Appellee may complete Form B and send it to the clerk of the Court of Appeals. If you have any questions about the Prehearing Conference Program or the Appeal Information Forms, please contact Mr. Martin at (314)-539-3669.

Forms A and B are available from the District Court clerk and the Court of Appeals clerk and can be found at the Court of Appeals' web site at: [www.ca8.uscourts.gov](http://www.ca8.uscourts.gov)

June 1, 2000

Forms/8thcircuitprehearingconf.wpd