

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

**PATMONT MOTOR WERKS, Inc.**  
**Plaintiff**

v.

**GATEWAY MARINE, Inc., et al**  
**Defendant**

No. C 96-2703 TEH

ORDER

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The above-captioned matter came before the Court on October 20, 1997 on defendant Anthony DeBartolo's motion for summary judgment, defendant Gateway Marine's motion to vacate the stipulated preliminary injunction, and defendant Gateway Marine's motion for entry of judgment. Since the Court took these motions under submission, plaintiff Patmont Motor Werks filed three additional motions: a motion to supplement the record, a motion for a permanent injunction, and a motion for an order compelling arbitration.

FACTUAL BACKGROUND

Patmont Motor Werks, Inc. ("Patmont") manufactures small, motorized scooters under the federally registered trademark "Go-Ped." Gateway Marine, Inc. ("Gateway"), a Missouri corporation, sells power boats to customers in the St. Louis area. In January of 1996, Patmont learned of a World Wide Web site ("website") offering Go-Peds for sale. The website advertisement directed interested customers to mail payment to Gateway's office in St. Louis.

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On February 1, 1996, Patmont sent a cease and desist letter to Gateway. alleging that the website and its associated Uniform Resource Locator ("URL"),<sup>[FN1]</sup> as well as certain e-mail addresses, infringed on Patmont's Go-Ped mark. Patmont also objected to the website's endorsement of the unsafe practice of "popping wheelies" while riding Go-Peds. Gateway's founder and principal shareholder, Ronald DeBartolo, responded by explaining that he had no knowledge of the website. He informed Patmont that his son, Anthony DeBartolo, had been purchasing and reselling Go-Peds in California since the summer of 1995, and that Anthony DeBartolo may have utilized Gateway's name and address without authorization. Further investigation revealed that Anthony DeBartolo was indeed responsible for the website in question, which operated under the URL

"www.idiosync.com." After Ronald spoke with Anthony, Anthony removed the offending pages from his website.

Anthony DeBartolo and Patmont subsequently entered into negotiations regarding Anthony's desire to market and promote Go-Peds in addition to reselling them. On March 19, 1996, Anthony DeBartolo and Patmont executed a non-exclusive licensing agreement.<sup>[FN2]</sup> Among other things, the agreement prohibited the licensee from using the Go-Ped mark "in any E-mail address, or any Key Word designation on any internet server." Complaint, Exh. D, Para. 3(c).

Shortly after signing the agreement, the professional relationship between Anthony DeBartolo and Patmont deteriorated. Anthony revived his practice of using his website to advertise his Go-Peds for sale, and he also began to use the website as a forum for disparaging Patmont management. Patmont became aware that the Go-Fed mark was being used in Anthony DeBartolo's website again, and on June 27, 1996 it canceled the licensing agreement. Patmont averred that Anthony DeBartolo's continued use of its trademark on the internet website violated the terms of the license.

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On July 31, 1996, Patmont filed suit against both Anthony DeBartolo and Gateway, asserting numerous federal and state trademark claims, as well as claims for breach of contract and libel. The parties stipulated to a temporary preliminary injunction, which was designed to afford a brief respite from litigation in order to facilitate settlement. However, no such settlement ensued. On March 5, 1997, the Court dismissed Gateway for lack of personal jurisdiction, leaving Anthony DeBartolo as the lone named defendant. The instant motions were filed in September of 1997.

## DISCUSSION

### I. Motion to Supplement the Record.

Patmont candidly admits that it presented to the Court its evidence in opposition to summary judgment "in conclusory fashion," and it now moves to supplement the record with an additional declaration by Steven Patmont. Importantly, this new declaration does not contain any information of which Patmont was unaware at the time it filed its opposition. Patmont relies on Rules 56(e) and 56(f) of the Federal Rules of Civil Procedure as authority for this extraordinary request.

The Court fails to comprehend how Rule 56(e) helps Patmont. Patmont is correct that Rule 56(e) allows the court to "permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits." But nothing in that authorizes Patmont to file supplementary materials *at any time it chooses*. To the contrary, Rule 56(e) unambiguously defines a nonmoving party's burden in its "response" to a summary judgment motion, and it provides that "[i]f the [nonmoving] party does not so respond, summary judgment . . . shall be entered against the adverse party." FED. R. CIV. PROC. 56(e). Patmont's response-- *i. e.*, its opposition-- was filed on October 1 and

included the affidavits of Gabriel Patmont and Steven Patmont. Rule 56(e) entitles Patmont to the Court's consideration of *those* affidavits, but nothing more.

Nor does Rule 56(f) help Patmont. That provision affords trial courts the discretion to postpone summary judgment proceedings where the opposing party demonstrates, for [PAGE 4] reasons specified in an affidavit, that it needs more time to obtain information that is necessary to oppose to the motion. The rule provides that:

Should it appear from the affidavits of a party opposing [summary judgment] that the party cannot for reasons stated present by affidavit facts essential to justify the party's opposition, the court may . . . order a continuance to permit [further] discovery to be had .

. . .  
FED. R. CIV. PROC. 56(f). The purpose of this rule is to preclude summary judgment where the other side has not had a fair opportunity to gather relevant evidence. However, rule 56(f) was not intended to absolve a party opposing summary judgment of its affirmative rule 56(e) obligation to set forth the evidence it does have at the time its opposition is due. As the Ninth Circuit has held, this Court should exercise its discretion to grant a Rule 56(f) application where the applicant "makes a *timely* application which specifically identifies relevant information" that can be obtained through further discovery. *Church of Scientology of San Francisco v. IRS*, 991 F.2d 560, 562 (9th Cir. 1993) (emphasis added), *vacated in part on other grounds*, 30 F.3d 101 (9th Cir. 1993).

Patmont's motion is not timely, for it should have been filed *before* Patmont submitted its opposition. Patmont's "new" evidence arises from the depositions of Steven Patmont and Anthony DeBartolo, which were taken on September 23 and 26, respectively. Although Patmont's counsel apparently did not receive transcripts of these depositions until the first week of October, he certainly was aware of his plan to rely on evidence contained therein when he filed Patmont's opposition on October 1.[FN3] Had Patmont filed a Rule 56(f) motion *then*, the Court happily would have postponed summary judgment proceedings long enough for Patmont to obtain transcripts of the recent depositions. At this point, however, in order to accommodate Patmont the Court would have to vacate submission, allow defendant the opportunity to respond substantively to the newly proffered evidence, and schedule a second hearing. Patmont has offered no explanation whatsoever-- much less a compelling [PAGE 5] explanation-- as to why it is entitled to such extraordinary and disruptive relief from established procedure. Accordingly, the motion to supplement the record is DENIED.

## II. Motion for Summary Judgment

Defendant Anthony DeBartolo has moved for summary judgment on all eight of Patmont's causes of action. Six of these claims are trademark-related, one is for breach of contract, and one is for libel.

### A. Legal Standard

Summary judgment is appropriate when there is no genuine dispute as to material facts and the moving party is entitled to judgment as a matter of law. *Jung v. FMC Corp.*, 755 F.2d 708, 710 (9th Cir. 1985); Fed. R. Civ. P. 56. Material facts are those that may affect the outcome of the case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute as to a material fact is genuine if there is sufficient evidence for a reasonable jury to return a verdict for the non-moving party. *Id.* The court may not weigh the evidence, and is required to view the evidence in the light most favorable to the non-moving party. *Id.*

A party seeking summary judgment bears the initial burden of informing the court of the basis for its motion, and of identifying those portions of the pleadings and discovery responses that demonstrate the absence of a genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Where the moving party will have the burden of proof on an issue at trial, he must affirmatively demonstrate that no reasonable trier of fact could find other than for the moving party. However, on an issue for which the nonmoving party will have the burden of proof at trial, the moving party can prevail merely by "pointing out to the District Court . . . that there is an absence of evidence to support the nonmoving party's case." *Id.*

If the moving party meets its initial burden, the opposing party must then "set forth specific facts showing that there is some genuine issue for trial" in order to defeat the motion. *Anderson*, 477 U.S. at 250; FED. R. CIV. P. 56(e).

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## B. Trademark Claims

Patmont's complaint alleges six distinct trademark-related claims: (1) trademark infringement under 15 U.S.C. Section 1114; (2) common law trademark infringement; (3) false designation of origin under 15 U.S.C. Section 1125(a); (4) trademark dilution under CAL. BUS. & PROF. CODE Section 14320; (5) unfair trade practices under CAL. BUS. & PROF. CODE Section 17200.

Defendant Anthony DeBartoro urges that he is entitled to summary judgment on all of these claims because "likelihood of confusion" is an element of each one, and because Patmont has not created a genuine issue of fact regarding whether the website was likely to cause confusion about the source of origin of Go-Ped scooters. The Court declines to address the likelihood of confusion issue, however, because it finds that this case "involv[es] a non-trademark use of a mark-- a use to which infringement laws simply do not apply . . . ." *New Kids on the Block* 971 F.2d 302, 307 (9th Cir. 1991).

In *New Kids*, the Ninth Circuit recognized a "nominative fair use" defense to infringement claims.<sup>[FN4]</sup> This defense has three requirements:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is

reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

*Id.* at 308.

Anthony's website obviously satisfies the first factor. Go-Peds simply are not identifiable without using the word "Go-Ped," and it would be impossible for Anthony to do business if the law of trademark forced him to advertise his inventory as, for instance, "small, motorized scooters manufactured by a well-known corporation." Indeed, it is no more possible to refer to Go-Ped scooters without using the Go-Ped mark "than it is to refer to the Chicago Bulls, Volkswagens or the Boston Marathon without using the[ir] [PAGE7] trademark[s]." *Id.*, see also *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969) (no infringement where repair shop used the words "Volkswagen" and "VW" in advertisements merely to convey information about the types of cars he repaired).

The second factor is likewise satisfied because the website in question, see Complaint, Exh. E, refers to the Go-Ped mark only to the extent necessary for Anthony to identify the particular brand of scooter that he had for sale. The website does not, for example, make use of any distinctive Go-Ped logo. See *New Kids* 971 F.2d at 308 n.7 (soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering).[\[FN5\]](#)

The third and final requirement is met because nothing in Anthony DeBartolo's website could possibly be construed to indicate Patmont's sponsorship or endorsement. Indeed, the Court would find incredible any argument to the contrary given the website's disparagement of Go-Peds as unsafe and of Patmont management as criminally anti-competitive. Cf. *In re Dual-Deck Video Cassette Recorder Antitrust Litigation*, 11 F.3d 1460, 1466-67 (9th Cir. 1991) (holding that use of the registered receiver was fair-use as a matter of law because no possibility existed that one of the receivers would be confused with plaintiff's products). [\[FN6\]](#)

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Because all three *New Kids* factors are satisfied, the Court finds that defendant's use of the Go-Ped mark in his website was fair use as a matter of law.[\[FN7\]](#) Accordingly, defendant's motion for summary judgment is GRANTED with respect to claims 1-6.

## B. Breach of Contract

Defendant is also entitled to summary judgment on plaintiff's breach of contract claim. The licensing agreement executed by defendant DeBartolo, which is appended to the [PAGE 9] complaint as exhibit D, prohibits him from using plaintiff's mark "in any E-mail address." Plaintiff's claim that defendant breached the contract by using the Go-Ped mark in his e-mail address is erroneous. Although defendant clearly used the Go-Ped mark in the URL of his website, an e-mail address and a URL are simply two totally different things. Whereas a URL is a pointer to a particular piece of information that can

be accessed through a web server, an e-mail address is a designated location in cyberspace to which messages for particular individuals or groups can be sent. Whereas an e-mail address involves "one-to-one messaging," a URL involves "remote information retrieval." *See, American Civil Liberties Union v. Reno*, 929 F. Supp. 824, 834 (E.D. Pa. 1996), *aff'd*, 117 S. Ct. 2329 (1997). The Court finds as a matter of law that Anthony DeBartolo's use of the Go-Ped mark in the URL of his website does not constitute a breach of his agreement not to use the mark "in any e- mail address."

Plaintiff argues that, even if DeBartolo did not breach the contract by using the Go-Ped mark in his e-mail address, he still breached the part of the contract that requires him to use "a high level of quality behavior . . . while representing resale of Patront Products." First, this language comes from the preamble to the contract and is not from an actual covenant to which DeBartolo agreed to be bound. Moreover, plaintiff did not plead in its complaint that defendant breached the contract by failing properly to behave himself; rather, plaintiff alleged only that defendant improperly used the Go-ped mark in his e-mail address. *See* Complaint Par. 61. Therefore, plaintiff cannot rely on this theory to survive defendant's summary judgment motion.

Accordingly, the Court GRANTS defendant's motion for summary judgment with respect to plaintiff's breach of contract claim.

### C. Libel

The Court declines to entertain defendant's motion for summary judgment on plaintiff's libel claim, because the Court concludes that it should not exercise subject matter jurisdiction over that state-law cause of action. There is no diversity jurisdiction over the libel claim under 28 U.S.C. Section 1332, because, as Patmont conceded at oral argument, both [PAGE 10] Patmont and Anthony DeBartolo are domiciled in California. Thus, jurisdiction over the libel claim can only be supplemental to the trademark claims under 28 U.S.C. Section 1367.[FN8] The Court has discretion to decline to exercise supplemental jurisdiction where, as here, it has dismissed all claims over which it has original jurisdiction. *See* 28 U.S.C. Section 1367(c)(3). Because plaintiff's libel claim is purely a creature of state law, and because it is factually independent from the federal trademark claims, the Court declines to exercise supplemental jurisdiction. Accordingly, plaintiff's libel claim is DISMISSED WITHOUT PREJUDICE.

### III. Motion for Entry of Judgment

Defendant Gateway, which the Court previously dismissed for lack of personal jurisdiction, now moves for an entry of judgment pursuant to FRCP 54. Rule 54(b) provides that, although entry of judgment in favor of dismissed parties normally is withheld until all claims have been resolved against all remaining parties, the court may direct the entry of a final judgment as to one party if it finds expressly that "there is no just reason for delay." Gateway's motion is now moot, however, because this Order, which dismisses all eight claims against the sole remaining defendant, constitutes a final judgment in this action.

#### IV. Motion to Vacate Stipulated Preliminary Injunction

In August of 1996, the parties consented to (and this Court approved) a stipulated preliminary injunction, which was designed to delay the proceedings for one month in order to accommodate settlement negotiations. The stipulated injunction prohibited the defendants from referring to plaintiff's trademark during the settlement negotiation period. Defendant Gateway has now moved to vacate the injunction. Given that this Order grants summary judgment against plaintiff on each of its trademark claims, it follows that the stipulated preliminary injunction must be vacated. Accordingly, Gateway's motion is GRANTED.

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#### V. Motion for Permanent Injunction

The Court finds it difficult to take seriously Patmont's ludicrous motion for a permanent injunction. As Patmont itself points out in its brief supporting the motion, permanent injunctions are issued after a *full* adjudication of the parties' rights. Thus, even if the Court were not granting summary judgment against Patmont on each of its trademark-related claims, it would be nonsensical for the Court to issue a permanent injunction in advance of trial. Accordingly, Patmont's motion is DENIED.

#### VI. Petition for Order Compelling Arbitration

Patmont has moved for an order compelling arbitration based on language in the licensing agreement. Patmont's motion is moot, because, in light of the instant Order, there is nothing left to arbitrate.

#### CONCLUSION

For the reasons stated above, the Court DENIES Patmont's motion to supplement the record; GRANTS Anthony DeBartolo's motion for summary judgment with respect to claims 1-6 (trademark-related claims) and claim 8 (breach of contract); DISMISSES WITHOUT PREJUDICE claim 7 (libel); GRANTS Gateway's motion to vacate the stipulated preliminary injunction; and DENIES Patmont's motion for a permanent injunction. The Court declines to consider Gateway's motion for entry of judgment and Patmont's motion for an order compelling arbitration because those motions are MOOT.

IT IS SO ORDERED.

DATED 12/17/97

THELTON E. HENDERSON  
UNITED STATES DISTRICT JUDGE

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FOOTNOTES:

1. Every document available via the World Wide Web has an address known as a "URL" *See Shea v. Reno*, 930 F. Supp. 916, 929 (S.D.N.Y. 1996)(describing the World Wide Web), *aff'd*, *Reno v. Shea*, 117 S. Ct. 2501 (1997).
2. Although Anthony purported to sign the agreement on behalf of Gateway, Anthony was not in fact authorized to represent Gateway. *See* Order of March 5, 1997, at 7-9.
3. The Court assumes, of course, that Patmont's counsel prepared his client for the deposition, was present for it, and was aware of what was said and done and the deposition.
4. Whereas the Lanham Act codifies a "fair use" defense against a plaintiff's claim that its mark was used to promote someone else's product, *see* 15 U.S.C. Section 1115(b)(4), the *New Kids* defense applies to a plaintiff's claim that its mark was used to promote the plaintiff's own product. *See New Kids*, 971 F.2d at 308.
5. Curiously, Patmont suggests in its opposition that Anthony used the Go-Ped mark to label scooters that were not Go-Peds. *See* Declaration of Gabriel Patmont, n 2 ("he used our trademark in the body of his advertisements to advertise other scooters"). However, a printout of the allegedly offending website, which Patmont has appended to its complaint as exhibit E, conclusively disproves this allegation. The Court has reviewed this printout carefully, and it demonstrates unambiguously that there was no mislabelling. DeBartolo certainly advertised that he had Go-Ped scooters for sale, but all of the Go-Ped pictures were clearly labeled as such. Gabriel Patmont's conclusory statement to the contrary-- in light of Patmont's own hard evidence-- cannot satisfy plaintiff's summary judgment burden on this issue.
6. The Court is aware that the word "goped" appears at a secondary level in the Idiosync website's URL: "www.idiosync.com/goped." However, the Court finds as a matter of law that such use does not suggest Patmont's sponsorship or endorsement, because the Go-Ped mark did not appear in the website's "domain name." Every computer that is connected to the internet is assigned an alphanumeric designation-- such as "whitehouse.gov"-- known as a domain name. A website's domain name signifies its source of origin, and is therefore an important signal to internet users who are seeking to locate web resources. *See* ONLINE LAW 229 (Thomas Smedinghoff ed., 1996). Because of the importance of a domain name in identifying the source of a website, many courts have held that the use of a trademark within the domain name of a URL can constitute a trademark violation. *See, e.g. Cardservice International v. McGee*, 950 F. Supp. 737 (E.D. Va. 1997), *aff'd*, 1997 WL 716186 (4th Cir. 1997); *Panavision International v. Toepfen*, 945 F. Supp. 1296 (C.D. Cal. 1996). Thus, if Anthony DeBartolo had offered Go-Peds for sale on a website with the URL "www.goped.com, Patmont may have had a strong trademark claim despite the *New Kids* "nominative fair use" doctrine.

However, the text that follows the domain name in a URL-- in other words, the text that comes after the slash-- serves a different function. This additional text, often referred to as the "path" of the URL, merely shows how the website's data is organized within the



host computer's files. *See* THE WORLD WIDE WEB UNLEASHED 334-36 (Jahn December and Neil Randall eds., 1995). Nothing in the post-domain path of a URL indicates a website's source of origin, and Patmont has cited no case in which the use of a trademark within a URL's path formed the basis of a trademark violation. Therefore, the fact that the Go-Ped mark appeared in the path of Anthony DeBartolo's website's URL-- "www.idiosync.com/goped"-- does not affect the Court's conclusion that the website does not imply Patmont's sponsorship or endorsement.

Moreover, even if the Court were to shy away from such a broad holding regarding the use of a trademarks in URL paths, Patmont still has not created a genuine issue of fact regarding whether the use of a its [sic] mark in this URL suggested its sponsorship or endorsement. The only shred of evidence that Patmont has proffered is the affidavit of Steven Patmont, who swears that "in [his] testimony given last Friday, [he] indicated the numerous instances of actual dealer and consumer confusion as to source of origin of the motor scooters offered for sale" on the website. Decl. of Steven Patmont, Paragraphs E(a), E(e). This conclusory statement does not point the Court to the supposedly relevant portions of Steven Patmont's deposition, nor is that deposition even anywhere in the record. Thus, it cannot satisfy Patmont's burden of "set[ting] forth *specific* facts showing there is a genuine issue for trial" FED. R. CIV. PROC. 56(e) (emphasis added). 7. Plaintiff seems also to be arguing that defendant is Liable for trademark infringement because he "inserted" the Go-Ped mark into internet search engines in order to lure web surfers to the Idiosync website instead of the Patmont website. *See* Plaintiff's Opposition to Summary Judgment Motion at 3. However, even assuming that such conduct is actionable in trademark, plaintiff has not met its summary judgment burden of demonstrating that there is a genuine issue for trial. Plaintiff offers the conclusory statements of Steven and Gabriel Patmont that DeBartolo used the Go-Ped mark "in such a way" that websurfers were lured away from the Patmont site, but neither of these declarants specifies *how*. The Court is left wondering into which search engines DeBartolo "inserted" the Go-Ped mark, how that resulted in luring websurfers away from the Patmont site, when all of this took place, etc.. The summary judgment rule is clear that plaintiff "may not rest upon the mere allegations [of its] pleading . . . [It] must set forth specific facts showing there Is a genuine issue for trial." FEDERAL RULE OF CIVn PROCEDURE 56(e). Plaintiff has not met this burden.

8. In its complaint, Patmont erroneously asserts that the Court has jurisdiction over the libel claim under 28 U.S.C. Section 1338(b). Section 1338(b) pertains to unfair competition claims and has no bearing on the Court's junsdiction to adjudicate the libel claim.