

ESTTA Tracking number: **ESTTA110363**

Filing date: **11/17/2006**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

Name	Penthouse Digital Media Productions Inc.
Granted to Date of previous extension	11/18/2006
Address	6800 Broken Sound Pkwy NWSuite 100 Boca Raton, FL 33487 UNITED STATES
Correspondence information	Joshua R. Bressler General Counsel Penthouse Digital Media Productions Inc. 6800 Broken Sound Pkwy NW Suite 100 Boca Raton, FL 33487 UNITED STATES jbressler@pmgi.com Phone:561-912-7000

Applicant Information

Application No	76653901	Publication date	09/19/2006
Opposition Filing Date	11/17/2006	Opposition Period Ends	11/18/2006
Applicant	JACOBY, ADRIANNE DIANE 4821 LANKERSHIM BLVD, SUITE 7 #374 NORTH HOLLYWOOD, CA 91601 UNITED STATES		

Goods/Services Affected by Opposition

Class 041. First Use: 2000/07/00 First Use In Commerce: 2000/07/00 All goods and seVICES in the class are opposed, namely: ENTERTAINMENT- ADULT MOTION PICTURE PRODUCTION
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Attachments	Notice of Opposition 901.pdf (5 pages)(51492 bytes) JILL KELLY opposition Exhibits.pdf (27 pages)(518929 bytes)
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Signature	/Joshua R Bressler/
Name	Penthouse Digital Media Productions Inc.
Date	11/17/2006

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of U.S. Trademark Application No. 76/653,901
For the mark JILL KELLY
Date filed: January 23, 2006

PENTHOUSE DIGITAL MEDIA PRODUCTIONS INC.,

Opposer,

v.

Opposition No.

ADRIANNE DIANE JACOBY,

Applicant.

NOTICE OF OPPOSITION

Opposer, Penthouse Digital Media Productions Inc., a New York corporation having an address c/o Penthouse Media Group Inc., 6800 Broken Sound Parkway NW, Suite 100, Boca Raton, FL 33487, hereby opposes U.S. Trademark Application No. 76/653,901 for the claimed mark JILL KELLY (the "Application").¹

The name and address of record for Applicant is Adrienne Diane Jacoby, 4821 Lankershim Blvd., Suite 7 #374, North Hollywood, CA 91601.

Opposer believes that it would be damaged by the issuance of a registration from the Application, and sets forth its grounds for opposition as follows:

1. Jill Kelly Productions, Inc. ("JKP Inc."), a Delaware corporation, was an adult entertainment production company founded, on information and belief, by

¹ The Application's prosecution history is inconsistent as to the actual mark claimed for registration. The initially-filed Application documentation in several instances claims the mark as JILL KELLY PRODUCTIONS, and the specimens Applicant submitted support the use of JILL KELLY PRODUCTIONS. A Trademark Examining Attorney amendment entered on July 14, 2006 "clarified [Applicant's] intention to register" JILL KELLY, but the prosecution history contains no additional specimens supporting use of JILL KELLY.

or in conjunction with Applicant. Its Chapter 11 bankruptcy is pending before the United States Bankruptcy Court, Central District of California, San Fernando Valley Division, the Honorable Kathleen Thompson presiding (Case No. SV 05-15389 KT) (the “Court”). Opposer hereafter refers to the debtor estate of JKP Inc. as the “Estate.”

2. Prior to the sale of its Assets by Court order as described more fully below, JKP Inc. had established exclusive trademark rights in a number of trademarks, services marks and trade names, including the names and marks JILL KELLY PRODUCTIONS, JILL KELLY SUPERSTAR COLLECTION, JKP, JKP DISTRIBUTION, and variants thereof (together, the “JILL KELLY Marks”), which JKP Inc. had used in connection with the production and distribution of adult entertainment motion pictures, pre-recorded video discs and videotapes featuring adult entertainment, and related goods and services.

3. Opposer’s ultimate corporate parent, Penthouse Media Group Inc., outbid all other suitors in an auction conducted by the Court on April 17, 2006 (the “Auction”) to purchase Estate assets for a total cash price of \$1.765 million.

4. The Court entered its Sale Order on July 3, 2006, which set forth, among other provisions, the terms pursuant to which Opposer would purchase substantially all of the Estate’s assets (hereafter, the “Assets”).² Opposer has attached hereto as Exhibit A a true and complete copy of the Sale Order. Sale Order Section 9(a) includes in the Assets sold to Opposer the Estate’s substantial catalog of adult

² The Assets do not include certain assets and claims of the Estate not relevant to the trademark issues at hand (e.g., claims against former JKP Inc. employees for their acts and omissions relating to JKP Inc.’s business), and exclude certain executory contracts of the Estate that Opposer in its sole discretion decides to reject. (Sale Order at 9-10.)

entertainment motion picture productions, as well as all of the Estate's trademarks and associated goodwill, including all of the Estate's rights in and to the JILL KELLY Marks.

5. On or about September 11, 2006, Opposer closed the purchase of the Assets pursuant to the Sale Order (the "Closing"). Opposer attaches hereto as Composite Exhibit B a true and correct copy of the Bill of Sale and the Trademark Assignment executed by the Estate in connection with the Closing.

6. As a result of the foregoing transactions, Opposer owns all or substantially all rights in and to the JILL KELLY Marks and all associated goodwill, including without limitation the marks set forth in Composite Exhibit B.

7. On information and belief, the Estate exclusively and continuously owned all or substantially all rights in and to the JILL KELLY Marks and all associated goodwill at the time of the Auction until Closing; as such, immediately as of the Closing, Opposer succeeded to all such exclusive trademark rights and associated goodwill, and Applicant does not own such rights.³

8. Sale Order Section 24 provides that "[...] [Opposer] may begin submitting and maintaining applications for, and receiving and maintaining registrations of, the JILL KELLY PRODUCTIONS marks, whether as trademarks, service marks, Internet domain names, legal entity names or otherwise, and marks incorporating them, or otherwise confusingly similar thereto."

³ The Sale Order provides that "the Court makes no findings on [the Estate's] or Adrienne Jacoby's interest in specific assets, including the name 'Jill Kelly' and the URL 'www.jillkelly.com.'" (Sale Order at 9.) The Court denied on November 2, 2006 Applicant's motion to attempt to enjoin Opposer from enforcing the terms of the Sale Order, and its ownership of the JILL KELLY trademarks and service marks, except to order both Applicant and Opposer to maintain *status quo* the registration of and content resident on two Internet domain names (www.jillkelly.com and www.jillkellystore.com) and the operation of the Internet websites hosted by third party website hosting service provider Club Jenna Inc.

9. Opposer filed on October 31, 2006 U.S. Trademark Application No. 77/032,335 for the mark JILL KELLY PRODUCTIONS for “pre-recorded media featuring adult entertainment; adult entertainment audiovisual works and motion picture production; providing a website via the Internet featuring photographs, text and other multimedia materials in the field of adult entertainment.”

10. Opposer filed on November 2, 2006 U.S. Trademark Application No. 77/035,628 for the mark JILL KELLY SUPERSTARS COLLECTION for “adult novelties and toys, including without limitation love dolls, molded body parts, replica vaginas, replica mouths, penis pumps, stimulators, dildos, dongs, vibrators and sexual fantasy kits.” Opposer hereafter collectively refers to its Application Nos. 77/032,335 and 77/035,628 as the “Opposer Applications.”

11. The Application’s filing date (January 23, 2006) predates each of the Opposer Applications.

12. Opposer believes and therefore alleges that registration of the mark claimed in the Application will damage Opposer. Opposer has a reasonable belief that the PTO might refuse registration of one or both of the Opposer Applications on the ground of likelihood of confusion with the mark claimed in the Application. The fact that the Application (and resulting registration to the extent it might issue) could delay or preclude passage to registration of one or both of the Opposer Applications harms Opposer because Opposer would be denied the benefits of Federal trademark registration. Indeed, even the existence of the Application prior to its registration clouds Opposer’s exclusive title to its claimed trademark rights. This cloud threatens and impedes Opposer’s use of its claimed trademark rights, and jeopardizes Opposer’s realization of

the full benefit of its substantial monetary investment in the Assets it purchased from the Estate.

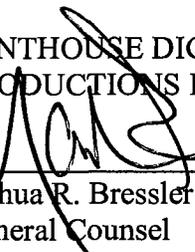
13. The Application should be rejected for the additional reason that Applicant is barred by one or more of the doctrines of laches, estoppel, waiver and acquiescence from asserting ownership of all or substantially all rights in the JILL KELLY Marks, and cannot rightfully maintain the subject Application.

14. On information and belief, on January 13, 2006, the date on which Applicant executed her Declaration in support of the Application, Applicant knew that (i) she was not the owner of the mark sought to be registered pursuant to the Application, and/or (ii) another person, firm, corporation or association had the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the good/services of such other person, to cause confusion, or to cause mistake, or to deceive. On information and belief, Applicant's Declaration was incorrect and fraudulent, and the Application should be rejected on this ground.

15. Having set forth valid bases on which Opposer is entitled to such relief, Opposer respectfully requests that the Trademark Trial and Appeal Board reject the Application.

Respectfully submitted,

PENTHOUSE DIGITAL MEDIA
PRODUCTIONS INC.

By: 
Joshua R. Bressler
General Counsel

Dated: November 17, 2006

Exhibit A:

Sale Order

[attached as separate pdf file]

ORIGINAL

of [unclear]

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9 Ronald L. Leibow (Bar No. 38043)
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16 Attorneys for Penthouse Media Group Inc.
17 and Penthouse Digital Media Productions Inc.

18 UNITED STATES BANKRUPTCY COURT
19 CENTRAL DISTRICT OF CALIFORNIA
20 SAN FERNANDO VALLEY DIVISION

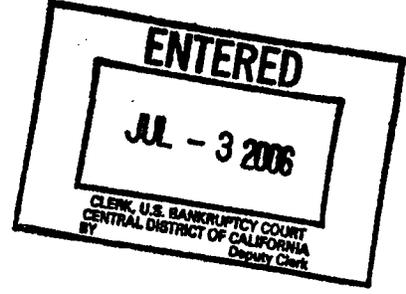
21 In re)
22 JILL KELLY PRODUCTIONS, INC.)
23 Debtor.)

24 Case No. SV 05-15389 KT
25 Chapter 11

26 **ORDER ON MOTION OF DEBTOR TO**
27 **APPROVE SALE OF SUBSTANTIALLY**
28 **ALL OF THE ASSETS OF THE ESTATE,**
FREE AND CLEAR OF LIENS SUBJECT
TO OVERBIDS; TO APPROVE
SETTLEMENT WITH SECURED
CREDITOR XGEN, LLC; AND TO
APPROVE ASSUMPTION AND
ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS

29 This matter is before the Court on the "Motion Of Debtor To Approve Sale Of Substantially
30 All Of The Assets Of The Estate Free And Clear Of Liens Subject To Overbids; To Approve
31 Settlement With Secured Creditor XGen, LLC, And To Approve Assumption And Assignment of
32 Certain Executory Contracts," filed March 24, 2006 (the "Sale Motion") by Debtor and Debtor in

ORDER ON MOTION TO APPROVE SALE OF ASSETS



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1 Possession Jill Kelly Productions, Inc. (the "Debtor"); and the Court having entered that certain
2 order dated March 21, 2006 (the "Bidding Procedures Order") on the "Stipulation Between
3 Debtor, Creditors' Committee And Secured Creditor XGen, LLC To Set Date And Procedures For
4 Sale By Open Auction Of Substantially All Of The Assets Of The Estate," filed March 21, 2006
5 (the "Stipulation"); the Debtor having received "qualified bids" as described in the Bidding
6 Procedures Order for the Assets (defined below in paragraph 9) of the Debtor from the following
7 entities: XGen, LLC, New Frontier, Penthouse Media Group Inc. ("PMGI"), Bad Influences, and
8 Playboy Media Group (collectively, the "Qualified Bidders"); and the Debtor having conducted an
9 auction ("Auction") on April 17, 2006 pursuant to the Bidding Procedures Order, at which all of
10 the Qualified Bidders and their counsel were present and participated; and, at the conclusion of the
11 Auction, the Debtor having determined, after consultation with the Official Committee of
12 Unsecured Creditors appointed herein (the "Committee") that the last competing bid (the "PMGI
13 Overbid") for the Assets submitted by PMGI was the highest and best bid for the Assets; and,
14 accordingly, the Debtor having requested the entry of this Order authorizing the sale (the "Sale")
15 of the Assets to PMGI's wholly-owned subsidiary, Penthouse Digital Media Productions Inc.
16 ("Purchaser"); and the Court having considered the Sale Motion, the Supplement to the Sale
17 Motion filed by the Debtor on April 7, 2006, the Stipulation, the notice of the hearing on the Sale
18 Motion filed by the Debtor on March 24, 2006, the limited opposition to the Sale Motion filed by
19 Ron Atkinson along with other oral oppositions and comments by the Court as stated on the record
20 before the Auction, the declarations and evidence in support of the Sale Motion, and the
21 arguments made by counsel therewith; and the Court having found that notice of the Sale Motion
22 and Auction was sufficient under the circumstances; and the Court having been fully advised and
23 having determined that the legal and factual bases set forth in the Sale Motion and at the Auction
24 establish just cause for the relief granted in this Order;

25 THE COURT HEREBY FINDS AND DETERMINES THAT:
26
27
28

1 the estate and the return to the Debtor's creditors; (ii) administrative claims against the estate
2 resulting from the continued operation by the Debtor of its business will be mitigated as a result of
3 the prompt consummation of a sale of the Assets; and (iii) the PMGI Overbid represents the
4 highest and best price, the purchase price is fair and reasonable, and the sale of the Assets at this
5 time is in the best interests of the Debtor, its creditors, and the estate.

6 F. The transactions contemplated by the Sale Motion, as approved and implemented
7 by this Order, are in compliance with and satisfy all applicable provisions of the United States
8 Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), including, without limitation,
9 sections 363(b), (f) and (m). The terms and conditions of the Sale and the other transactions
10 approved by this Order are fair and reasonable.

11 G. The PMGI Overbid, as approved by this Order, is the highest and best offer for the
12 Assets. The purchase price offered for the Assets constitutes full and adequate consideration and
13 reasonably equivalent value for the Assets.

14 H. The sale of the Assets to Purchaser for the consideration set forth in this Order is in
15 the best interests of the Debtor, its estate, and its creditors.

16 I. The Assets have a value equal to the price to be paid by Purchaser.

17
18 **Good Faith**

19 J. The Auction process conducted pursuant to the Bidding Procedures Order was non-
20 collusive, fair and reasonable and was conducted openly and in good faith. The transfer of the
21 Assets to Purchaser represents an arm's-length transaction. Purchaser, as transferee of the Assets,
22 is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to
23 the full protection of section 363(m) of the Bankruptcy Code.

24
25 **Sale Free and Clear of Liens, Claims and Encumbrances**

26 K. The Debtor is authorized to and shall (i) sell the Assets free and clear of all Liens
27 (as defined in paragraph 12 hereinbelow) under section 363(f) of the Bankruptcy Code; and (ii)
28 execute bills of sale and assignments, as and in the form requested by Purchaser.

1
2 **Corporate Authority**

3 L. The Debtor has full corporate power and authority to enter into this Order, and all
4 other documents contemplated by and consistent with this Order, or such other related agreements,
5 and the sale of the Assets by the Debtor has been duly and validly authorized by all necessary
6 corporate power and authority necessary to consummate the transactions contemplated by this
7 Order and the Debtor is otherwise lawfully entitled to sell the Assets. No consents or approvals,
8 other than this Order, are required for the Debtor to consummate such transactions.

9 BASED UPON THE FOREGOING, IT IS HEREBY ORDERED that

10 1. The Sale Motion is granted, as further described herein.

11 2. All objections to the Sale Motion or the relief requested therein that have not been
12 withdrawn, waived, or settled, and all reservations of rights included in such objections, are
13 overruled on the merits.

14 3. The parties shall proceed to a closing of the sale of the Assets as approved in this
15 Order ("Closing"), which in no event shall be no later than 20 days after entry of this Order.

16 4. Within 60 days following the Closing, Purchaser shall deliver to the Committee a
17 list of executory contracts or unexpired leases Purchaser wants the estate to assume and assign to
18 Purchaser (the "Assigned Contracts"). The Committee shall have 10 days from the date the
19 Purchaser delivers a list of the Assigned Contracts to file an appropriate motion before this Court
20 seeking the assumption and assignment to Purchaser of the Assigned Contracts. Immediately
21 upon the entry of the order approving the assumption and assignment to Purchaser of the Assigned
22 Contracts, the Debtor's estate shall assign and convey the approved Assigned Contracts to

23 Purchaser in accordance with the provisions of paragraph 5 below. *Any motion to assume and*
assign the Assigned Contracts
will be served on all interested parties, including counsel of record for Andianne Jacob

24 5. At Closing, Purchaser shall pay as the purchase price for the Assets the total sum of
25 \$1,765,000 (the "Purchase Price") to the Trust Account of Weinstein, Weiss & Ordubegian LLP
26 (the "Escrow Account"), of which amount \$800,000 shall be set aside in a separate interest-
27 bearing account in the Escrow Account, to cover any amounts necessary to cure the executory
28 contracts assumed and assigned pursuant to the provisions of paragraph 4. Additionally, should

1 the executory contract between the Debtor and Opus 1 Production Music Library, LLC dated
2 September 27, 2005 not be assumed and assigned to Purchaser, a hearing will be held on October
3 26, 2006 at 2:00 p.m. to determine damages, which will be resolved by way of separate court
4 order. Purchaser, in accordance with the provisions of the Sale Motion, heretofore has made a
5 \$100,000 deposit (the "Deposit") which is in the Escrow Account. Any interest accrued on the
6 Deposit shall be a credit against the Purchase Price. On the Closing, the Deposit will be applied to
7 the purchase price, leaving a balance of \$1,665,000 (minus all such accrued interest) to be paid at
8 the Closing. Should Purchaser take an assignment of any Assigned Contracts as provided in
9 paragraph 4, above, the Purchaser shall pay to the Debtor's estate an additional \$1.00 at the time
10 of assignment to Purchaser of the Assigned Contracts. If Purchaser fails to timely close the sale in
11 accordance with this Order, then Purchaser will forfeit its \$100,000 deposit and said deposit will
12 become free and clear cash of the Debtor's estate.

13 6. Except as otherwise expressly provided in this Order, the remaining funds after
14 escrow closes shall be held in the Escrow Account.

15 7. The Committee is authorized and directed to immediately return to the Qualified
16 Bidders, with the exception of Purchaser, the deposits made by the Qualified Bidders.

17 8. Within five (5) business days after Closing, the Committee is authorized and
18 directed to pay out of the Escrow Account the following sums: (a) \$530,000 to XGen, LLC, as
19 full and final payment on all of its claims (secured and otherwise) against the estate, which
20 payment will be payable to the trust account of Ervin, Cohen & Jessup LLP; (b) \$40,000 to
21 Canyon Capital Marketing, Inc., as full and final payment on all of its claims (secured and
22 otherwise) against the estate, and (c) \$14,500 to International Video Innovations ("IVI"), provided
23 that IVI has turned over all Assets to Purchaser, as full and final payment on its secured claim
24 against the Debtor's estate.

25 9. At Closing, and upon the terms and subject to the conditions set forth in this Order,
26 the Debtor shall sell, transfer, and assign to Purchaser all of Debtor's right, title, and interest in
27 and to the Assets, which Assets shall be in the same condition they were in as of the date of the
28 Auction, provided however that if the Assets are not in the same condition they were in as of the

1 date of the Auction (unless such change in condition occurred during the time in which the Assets
2 were in Purchaser's possession, custody, or control), the Purchaser shall be relieved of any
3 requirement to consummate the sale transaction. As used in this Order, "Assets" means all right,
4 title and interest in and to all tangible and intangible assets, properties, rights and claims of the
5 Debtor, "As Is, Where Is" as of the date of the Auction, excepting the "Excluded Assets" (as
6 defined below in paragraph 10), and includes without limitation the following:

7 (a) all trademarks, service marks, brand names, certification marks, collective
8 marks, d/b/a's, Internet domain names, logos, symbols, trade dress, assumed names, fictitious
9 names, trade names, and other indicia of origin, all applications and registrations for the foregoing,
10 and all goodwill associated therewith and symbolized thereby, including all renewals of same;
11 inventions and discoveries, whether patentable or not, and all patents, registrations, invention
12 disclosures and applications therefor, including divisions, continuations, continuations-in-part and
13 renewal applications, and including renewals, extensions and reissues; trade secrets, confidential
14 information and know-how, including processes, schematics, business methods, formulae,
15 drawings, prototypes, models, designs, customer lists and supplier lists; published and unpublished
16 works of authorship, whether copyrightable or not (including without limitation databases and
17 other compilations of information), copyrights therein and thereto, and registrations and
18 applications therefor, and all renewals, extensions, restorations and reversions thereof; moral
19 rights, rights of publicity and rights of privacy; and all other intellectual property and proprietary
20 rights, each of the foregoing owned by the Debtor or ^{in which the Debtor has a legal or equitable} ~~used or held by the Debtor~~ (collectively, ^{interest} ~~interest~~
21 "Intellectual Property"). Intellectual Property includes, without limitation, (i) all of the Debtor's
22 right, title, and interest in and to the names "Jill Kelly," "Jill Kelly Productions," "JKP
23 Distribution," "JKP," and all variants thereof, and all rights in related names, trade names, d/b/a's,
24 domain names, and marks, including the marks "Jill Kelly Productions" and "JKP Distribution";
25 and (ii) all of the Debtor's right, title, and interest in proprietary information and trade secrets, the
26 URLs, and domain names used by or registered to Debtor (including without limitation
27 "www.JillKellyProductions.com," "www.JillKelly.com," "www.JillKellyStore.com,"
28 "www.JillKellyProductionStore.com," and "www.ClubJillKelly.com"). Without limiting the

1 generality of the foregoing, the Purchaser may request as part of the Closing documentation a
2 "Schedule of Assignment of Intellectual Property" (the "IP Schedule") identifying specific items
3 of Intellectual Property to be transferred to Purchaser;

4 (b) all copies (including, without limitation, all camera masters and edited
5 masters ("Masters")) of, and DVDs and other physical, electronic, or other media on which are
6 copied, any of the Intellectual Property, including the proceeds of all audio, video, photographic
7 and other productions, and including all screenplays, behind the scenes and bloopers footage, all
8 production notes, box art, liner notes, music cue sheets, production documents, editing notes,
9 recordings in any and all forms and formats, and all other media products used or held
10 (collectively, "Elements"), including without limitation Elements identified in the Titles section of
11 the IP Schedule (collectively, the "Titles") and all underlying, precursor, or constituent elements,
12 whether or not constituting or incorporated into the Titles;

13 (c) all of the goodwill of the Debtor or otherwise associated with the
14 Intellectual Property;

15 (d) software and computer programs (including, without limitation, any
16 software and computer programs under development), and fully commented source codes, object
17 codes, systems documentation, systems administrator and user manuals, internet and world wide
18 web sites and links, all content and software code associated with the foregoing web sites, all e-
19 mail addresses referred to therein, and all phone numbers owned, used or held by the Debtor, and
20 all precursor documentation, work flows, flowcharts and other related elements, and all software
21 and other media embodying databases wherever located (collectively, "Technology");

22 (e) all lists of customers, vendors, suppliers and prospects (including, as
23 appropriate, names, addresses, dates and other information customarily maintained by the Debtor
24 and all contact information that has been developed from visits to the websites included in the
25 Technology), job cards, engagement letters, and all other lists, files and marketing and promotion
26 materials and telephone numbers owned, used or held by the Debtor;

27 (f) all raw materials, packaging, work in process, parts and supplies, wherever
28 located;

1 (g) all finished goods inventory, wherever located;
2 (h) all telephone systems and computer hardware owned, used, or held by the
3 Debtor, wherever located;

4 (i) all choses in action, claims, causes of action or rights (collectively,
5 "Claims") of the Debtor to recovery or offset of any kind or character other than the Excluded
6 Assets;

7 (j) all covenants of confidentiality and noncompetition, all options and rights
8 of first refusal, and all benefits arising therefrom;

9 (k) all accounts receivable;

10 (l) all prepaid expenses;

11 (m) all labels;

12 (n) all of the Debtor's right, title and interest in, to and under any licenses,
13 franchises and permits, except such licenses, franchises or permits which are executory contracts
14 which the Debtor has not assumed and assigned to Purchaser by separate order of this Court;

15 (o) all equipment (including transportation equipment), tools, vehicles,
16 machinery, furniture, furnishings, other tangible personal property, leasehold improvements, and
17 fixtures owned, held, or licensed by Debtor, except for executory contracts unless such contracts
18 are assigned to Purchaser by separate order of this Court;

19 (p) all documents and all rights under all agreements (other than Excluded
20 Assets) conferring, confirming or effecting current or contingent ownership of the Debtor in
21 Intellectual Property, including without limitation all copyright "work made for hire" agreements,
22 model releases, and location site releases; and

23 (q) all other assets, properties, and rights of every kind in which the Debtor has
24 an interest as of the date of this Order, known or unknown, fixed or unfixed, accrued, absolute,
25 contingent or otherwise, wherever located, whether or not specifically referred to in this Order. *

26 10. Notwithstanding paragraph 9, the Assets shall exclude the following categories of
27 assets (the "Excluded Assets"): (i) all recoveries of the Debtor's bankruptcy estate under Section
28 5 of the Bankruptcy Code; (ii) all recoveries of the Debtor's bankruptcy estate by reason of any

→ The Court makes no findings on the Debtor's or Adrienne Jacoby's interest in specific assets, including the name "Jill Kelly" and the URL "www.jillkelly.com".

1 claims of the estate against any of its former employees, insiders, agents and insurers arising from
2 or relating to acts or omissions of the Business on or before the Debtor's bankruptcy petition date;
3 (iii) all tax refunds and recoveries pursuant to insurance claims arising from or relating to acts or
4 omissions of the Business on or before the Debtor's bankruptcy petition date; and (iv) all
5 executory contracts and unexpired leases not assigned to the Purchaser by order of this Court.

6 11. The Debtor is authorized and ordered to assign and convey to Purchaser all of the
7 Debtor's right, title and interest in and to the Assets at Closing, and to execute all additional
8 instruments and documents consistent therewith including bills of sale, assignments, and other
9 such documentation requested by Purchaser. The Debtor is further authorized and ordered to take
10 all other actions as may be necessary or appropriate in performing the obligations as contemplated
11 by this Order.

12 12. This Order is and shall be effective as a determination that, upon Closing, all Liens
13 (as defined below) in, on or upon the Assets are adjudged and declared to be unconditionally
14 released, discharged and terminated. The transfer of the Assets upon Closing pursuant to this
15 Order constitutes a legal, valid, and effective transfer of the Assets, and shall vest Purchaser with
16 all right, title, and interest of the Debtor in and to the Assets free and clear of any and all liens,
17 claims, encumbrances, charges and interests of whatever kind, nature or description, including,
18 without limitation, any lien, security interest, pledge, hypothecation, encumbrance or other charge,
19 interest or claim (including, without limitation, any "claim" as defined in 11 U.S.C. § 101(5)) in,
20 against, or with respect to any of the Assets, whether arising by agreement, statute, common law,
21 or otherwise and whether arising concerning the Assets, or their use, prior to, on or after the
22 Debtor's petition date (all such interests described in this paragraph 12 are collectively referred to
23 as "Liens"). All persons and entities holding Liens of any kind or nature whatsoever against the
24 Debtor or the Assets are forever barred, estopped, and permanently enjoined from asserting
25 against Purchaser, or Purchaser's parent and other affiliates, successors, or assigns, and their
26 respective officers, directors, shareholders, members, employees and other representatives, or the
27 property of any of them or the Assets, such persons' or entities' Liens. The Liens released hereby
28 shall attach, if at all, solely to the proceeds realized from the sale which is the subject of this Order

1 with the same priority, validity and effect as those Liens had prior to the filing date of this
2 bankruptcy case.

3 13. This Order shall be binding upon and shall govern the acts of all entities, including
4 without limitation all filing agents, filing officers, title agents, title companies, recorders of
5 mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental
6 departments, secretaries of state, federal, state, and local officials, and all other persons and
7 entities who may be required by operation of law, the duties of their office, or contract, to accept,
8 file, register or otherwise record or release any documents or instruments, or who may be required
9 to report or insure any title or state of title in or to any of the Assets.

10 14. Each and every federal, state, and local governmental agency or department may
11 accept any and all documents, instruments, and permits necessary and appropriate to consummate
12 the transactions contemplated by this Order, and this Order or any individually attached schedules
13 may be accepted for recordation on or after Closing as conclusive evidence of the free and clear,
14 unencumbered transfer of title to the Assets to Purchaser.

15 15. All entities in possession, custody, or control of some or all of the Assets are hereby
16 ordered to surrender possession of all such Assets to Purchaser, including without limitation any
17 and all Elements, production documents, model releases, and documents, digital or otherwise,
18 regarding or constituting Debtor's 18 U.S.C. Section 2257 records. Club Jenna, Inc., Chris
19 Haberski (a/k/a Robert Bayonne), Jason "Pound" le Que, and Digital Document Solutions, Inc. are
20 each specifically ordered to surrender immediately possession of all Assets in their possession,
21 custody or control to Purchaser, including copies of any and all documents, digital or otherwise,
22 regarding or constituting Debtor's 18 U.S.C. Section 2257 records. IVI and Sun Protection Factor
23 are each ordered to surrender immediately possession of all Assets in their possession, custody, or
24 control to Purchaser. L&M Optical is ordered to surrender immediately possession of all Assets in
25 its possession, custody or control to Purchaser, including any and all Masters, gold or otherwise.
26 Additionally, Network Solutions LLC and Tucows, Inc. are each ordered to surrender immediately
27 possession of all Assets in their possession, custody, or control to Purchaser, and Network
28 Solutions LLC, Tucows, Inc., and Club Jenna, Inc. are specifically ordered to transfer to Purchaser

1 registration of all domain names and URLs owned, used, or held by the Debtor, including without
2 limitation "www.JillKellyProductions.com," "www.JillKelly.com," "www.JillKellyStore.com,"
3 "www.JillKellyProductionStore.com," and "www.ClubJillKelly.com". If any of the foregoing
4 parties do not comply with the terms of this Order, the Committee or the Debtor will file a motion
5 for turnover within five days of notice of such noncompliance. Any party listed in this paragraph,
6 along with the Purchaser, the Debtor, the Committee, any other representative of the estate, or
7 interested party, may bring an action or other appropriate proceeding before this Court to resolve
8 disputes concerning the turnover rights of this estate.

9 16. Purchaser shall have no liability or responsibility for any liability or other
10 obligation of the Debtor arising pre-Closing under or related to the Assets, provided, however, that
11 in the case of any Assigned Contracts, Purchaser shall have no liability or responsibility for any
12 liability or other obligation of the Debtor arising prior to the assignment thereof. Purchaser shall
13 have no liability or responsibility arising out of or related to the Excluded Assets. Purchaser, its
14 parent and other affiliates, successors, or assigns, and their respective officers, directors,
15 shareholders, members, employees and other representatives shall not be liable for any Liens in or
16 against the Debtor or any of its predecessors or affiliates, and Purchaser, its parent and other
17 affiliates, successors, or assigns, and their respective officers, directors, shareholders, members,
18 employees and other representatives shall have no successor or vicarious liabilities of any kind or
19 character including, but not limited to, any theory of antitrust, environmental, successor or
20 transferee liability, labor law, de facto merger, or substantial continuity, whether known or
21 unknown as of the date of this Order, now existing or hereafter arising, whether fixed or
22 contingent, with respect to the Debtor or any obligations of the Debtor arising prior to Closing,
23 including without limitation products liability, intellectual property and other rights infringement
24 and violation, and liabilities on account of any taxes arising, accruing, or payable under, out of, in
25 connection with, or in any way relating to the Assets prior to Closing, or the Excluded Assets.
26 Purchaser has given substantial consideration to the Debtor for the benefit of holders of Liens.
27 The consideration given by Purchaser shall constitute valid and valuable consideration for the
28 releases of any and all actual and potential claims of successor liability of Purchaser, releases

1 which are hereby deemed to have been given in favor of Purchaser by all holders of Liens against
2 the Debtor or its assets.

3 17. All of the Debtor's right, title and interest in the Assets, as of Closing, are
4 transferred to and vested in Purchaser. This Order will be considered and constitute for any and
5 all purposes a full and complete general assignment, conveyance and transfer of the Assets or a
6 bill of sale transferring good and marketable title in the Assets to Purchaser, without limiting
7 Debtor's obligations pursuant to paragraph 11.

8 18. The consideration provided by Purchaser for the Assets pursuant to this Order is
9 deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy
10 Code and under the laws of the United States, any state, territory, possession, and/or the District of
11 Columbia.

12 19. This Court has exclusive jurisdiction to implement and enforce the terms and
13 provisions of this Order, including but not limited to retaining jurisdiction to (a) compel delivery
14 of the Assets to Purchaser, (b) determine the scope of the Assets purchased by Purchaser, (c)
15 compel delivery of the purchase price owed to the Debtor, (d) interpret, implement, and enforce
16 the provisions of this Order, (e) order the subsequent assumption and assignment of the Assigned
17 Contracts to the Purchaser, and (f) protect Purchaser, its parent and other affiliates, successors, or
18 assigns, and their respective officers, directors, shareholders, members, employees and other
19 representatives from (i) assertion of any Liens against them concerning the Assets and, or against
20 the Assets, of any kind or nature whatsoever, or (ii) the assertion of any Liens arising out of or
21 concerning the Excluded Assets.

22 20. The terms and provisions of this Order are binding in all respects upon the Debtor,
23 its creditors, Purchaser, any parties having received notice of these proceedings or this Order, any
24 affected third parties and other parties-in-interest, any person asserting any Lien against or an
25 interest in the Debtor's estate or any Assets or Excluded Assets, and all of the aforementioned
26 parties' successors or assigns, including without limitation, any trustee subsequently appointed for
27 the Debtor under the Bankruptcy Code, and shall remain binding and fully enforceable and shall
28 survive the confirmation of any plan or the conversion or dismissal of this case.

1 21. Each of the Debtor's creditors is authorized and directed to execute such documents
2 and take all action as may be necessary to release its Liens on the Assets, if any, as such Liens
3 may have been recorded or may otherwise exist.

4 22. The compromise of controversy between the Debtor's estate and XGen, LLC is
5 approved, and XGen, LLC is allowed a secured claim against the Debtor's estate in the amount of
6 \$530,000, which will be paid pursuant to the provisions of paragraph 8 above, and nothing further.
7 Except for such obligations, rights or claims as may be created by or arise out of the terms and
8 conditions of this Order, upon the satisfaction of the payment to XGen, LLC as set forth herein,
9 the Debtor and XGen, LLC shall mutually release each other, and their past and present partners,
10 managers, predecessors, successors, assigns, officers, directors, shareholders, agents, employees,
11 brokers, accountants and attorneys, and each of them, separately and collectively, from any and all
12 claims, liens, demands, causes of action, obligations, damages and liabilities, known or unknown,
13 that they have had in the past, or now have, or may have in the future against each other.
14 Moreover, the Debtor and XGen, LLC shall agree with each other that this Order applies to all
15 injuries and damages, whether known or unknown, and whether now existing or which may result
16 in the future relating to this matter.

17 23. The following events are conditions to Closing, which if not met shall relieve the
18 Purchaser of any requirement to consummate the sale transaction: (i) Debtor must deliver a letter
19 to Purchaser which represents and warrants that the Assets are in the same condition as they were
20 on the date of the Auction, provided, however, such warranty and representation shall not apply as
21 to any change in condition of the Assets which occurred during the time in which the Assets were
22 in the Purchaser's possession, custody, or control; (ii) Debtor must deliver a letter to Purchaser
23 identifying any claims made by third parties against or concerning the Assets of which the Debtor
24 is aware, including infringement claims and residual claims, or state that the Debtor is aware of no
25 such claims; (iii) Purchaser must be provided, if it already has not been so provided, copies of all
26 records concerning the Assets produced or maintained for compliance with the Federal Labeling
27 and Record-Keeping Law (18 U.S.C. § 2257) and associated regulations, which the Debtor or its
28

1 designees possessed or in which they had any right, title, or interest as of the date of the Auction;
2 and (iv) Purchaser must be provided a quitclaim deed as to the Assets from JK Distribution, Inc.

3 24. Immediately upon entry of this Order, and without limiting other applications and
4 registrations that Purchaser rightfully may submit and seek, Purchaser may begin submitting and
5 maintaining applications for, and receiving and maintaining registrations of, the JILL KELLY
6 PRODUCTIONS marks, whether as trademarks, service marks, Internet domain names, legal
7 entity names or otherwise, and marks incorporating them, or otherwise confusingly similar thereto.

8 25. Within ten (10) days after Closing, Debtor shall cause its legal entity name to be
9 amended to delete the JILL KELLY PRODUCTIONS Mark therefrom.

10 26. At Closing, the Debtor is authorized and ordered to deliver to Purchaser (i) if it has
11 not already done so, all of the Assets, or theretofore shall have caused all of the Assets to be
12 delivered to Purchaser, (ii) a Bill of Sale of the Assets, and (iii) other documents as requested by
13 Purchaser to confirm and effect the provisions of this Order.

14 27. Following the sale of the Assets to Purchaser pursuant to this Order, and so long as
15 Purchaser uses the Assets in the manner ^{properly} used by the Debtor, or as the Assets would be reasonably
16 expected to be used, the use (including any inadvertent use) by Purchaser (including its parent and
17 other affiliates, successors, or assigns, and their respective officers, directors, shareholders,
18 members, employees and other representatives), of contracts and documentation relating to
19 personal information respecting performers and models appearing in the motion pictures and
20 photographs contained in the Masters and other media included in the Assets, does not and shall
21 not be deemed to constitute, in whole or in part, the unauthorized access, destruction, use,
22 modification, or disclosure of personal information of any person, as prohibited by California
23 Civil Code Section 1798.81.5(b), the Health Insurance Portability and Accountability Act of 1996,
24 or any other applicable law. Purchaser shall implement and maintain reasonable security
25 procedures and practices appropriate to the nature of any personal information of any person
26 transferred to Purchaser as part of the sale of the Assets.

27 28. The automatic stay provisions of 11 U.S.C. §362 are hereby modified to the extent
28 necessary to permit the consummation of the transaction subject to this Order.

1 29. The provisions of this Order are non-severable and mutually dependent, and, ①
2 ~~pursuant to Bankruptcy Rules 6004(g) and 6006(d), this Order shall not be stayed for 10 days and~~
3 ~~shall be effective immediately upon entry.~~

4 30. The Debtor is authorized and ordered to execute and file such termination
5 statements, instruments of satisfaction, releases of all Liens, and such statements instruments,
6 releases, and other documents on behalf of any person or entity that has filed financing statements
7 or other documents or agreements evidencing Liens in the Assets, if such documents have not
8 been delivered to the Debtor prior to Closing, in proper form for filing and executed by the
9 appropriate parties.

10 31. The transactions contemplated by this Order are undertaken by Purchaser without
11 collusion and in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and
12 accordingly, the reversal or modification on appeal of this Order shall not affect the validity of the
13 transfer of the Assets. Purchaser is a purchaser in good faith of the Assets, and is entitled to all of
14 the protections afforded by section 363(m) of the Bankruptcy Code.

15 DATED: July 3, 2006


HONORABLE KATHLEEN THOMPSON
UNITED STATES BANKRUPTCY JUDGE

1 UNITED STATES BANKRUPTCY COURT
2 CENTRAL DISTRICT OF CALIFORNIA

3
4 In re
5 JILL KELLY PRODUCTIONS, INC.,
6 Debtor.

Bk No. SV-05-15389-KT
[Chapter 11]

7 **NOTICE OF ENTRY OF JUDGMENT**
8 **OR ORDER AND CERTIFICATE OF**
9 **MAILING**

10 TO ALL PARTIES IN INTEREST:

11 You are hereby notified, pursuant to Bankruptcy Rule 9022 and Local
12 Bankruptcy Rule 9021-(a)(1)(E) that an order or judgment entitled
13 *ORDER ON MOTION OF DEBTOR TO APPROVE SALE OF SUBSTANTIALLY ALL*
14 *OF THE ASSETS OF THE ESTATE, FREE AND CLEAR OF LIENS SUBJECT TO*
15 *OVERBIDS; TO APPROVE SETTLEMENT WITH SECURED CREDITOR XGEN,*
16 *LLC; AND TO APPROVE ASSUMPTION AND ASSIGNMENT OF CERTAIN*
17 *EXECUTORY CONTRACTS*

18 was entered on JUL 3 2006.

19 I hereby certify that I mailed a copy of this notice and a true copy of the order or
20 judgment to the persons and entities listed below on JUL 3 2006.

21 Dated:

JUL 3 2006

JON D. CERETTO, CLERK

By *Charles J. ...*
Deputy Clerk

22
23 Attorneys for Official Committee of Unsecured Creditors
24 Aram Ordubegian
25 Weinstein, Weiss & Ordubegian LLP
26 1925 Century Park East, Suite 1150
27 Los Angeles, CA 90067-2712

28 Office of the United States Trustee
725 So. Figueroa Street, Suite 2600
Los Angeles, CA 90017

Attorneys for Debtor
M. Jonathan Hayes
Law offices of Todd Becker
3750 E. Anaheim Street, Suite 100
Long Beach, CA 90804

Counsel for Penthouse
Steven F. Werth
Kaye Scholer LLP
1999 Avenue of the Stars, Suite 1700
Los Angeles, CA 90067-6048

NOTICE OF ENTRY OF ORDER

Composite Exhibit B:

Bill of Sale and Trademark Assignment

[attached as separate pdf file]

BILL OF SALE

For good and valuable consideration, receipt of which is hereby acknowledged, and pursuant to the "Order On Motion Of Debtor To Approve Sale Of Substantially All Of The Assets Of The Estate Free And Clear Of Liens Subject To Overbids; To Approve Settlement With Secured Creditor XGen, LLC; And To Approve Assumption And Assignment Of Certain Executory Contracts" entered by the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division, in Case No. SV 05-15389 KT on July 3, 2006 (the "Sale Order"), Jill Kelly Productions, Inc. ("Seller," or "Debtor"), intending to be legally bound hereby, hereby unconditionally and irrevocably sells, conveys, grants, assigns and transfers to Penthouse Digital Media Productions Inc. ("Purchaser"), and its successors and assigns, all of the Seller's legal, beneficial and other right, title and interest in and to the Assets, as that term is defined in the Sale Order (the "Purchased Assets"), free and clear of any indebtedness and Liens.

Terms used herein and not defined have the meanings assigned to them in the Sale Order.

The Purchased Assets includes without limitation the following:

1. All trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, Internet domain names, logos, symbols, trade dress, assumed names, fictitious names, trade names, and other indicia of origin, all applications and registrations for the foregoing, and all goodwill associated therewith and symbolized thereby, including all renewals of same; inventions and discoveries, whether patentable or not, and all patents, registrations, invention disclosures and applications therefor, including divisions, continuations, continuations-in-part and renewal applications, and including renewals, extensions and reissues; trade secrets, confidential information and know-how, including processes, schematics, business methods, formulae, drawings, prototypes, models, designs, customer lists and supplier lists; published and unpublished works of authorship, whether copyrightable or not (including without limitation databases and other compilations of information), copyrights therein and thereto, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; moral rights, rights of publicity and rights of privacy; and all other intellectual property and proprietary rights, each of the foregoing owned by the Debtor or in which the Debtor has a legal or equitable interest (collectively, "Intellectual Property"). Intellectual Property includes, without limitation, (i) all of the Debtor's right, title, and interest in and to the names "Jill Kelly," "Jill Kelly Productions," "JKP Distribution," "JKP," and all variants thereof, and all rights in related names, trade names, d/b/a's, domain names, and marks, including the marks "Jill Kelly Productions" and "JKP Distribution"; and (ii) all of the Debtor's right, title, and interest in proprietary information and trade secrets, the URLs, and domain names used by or registered to Debtor (including without limitation "www.JillKellyProductions.com," "www.JillKelly.com," "www.JillKellyStore.com," "www.JillKellyProductionStore.com," and "www.ClubJillKelly.com"). Without limiting the generality of the foregoing, the Purchaser may request as part of the Closing documentation a "Schedule of Assignment of Intellectual Property" (the "IP Schedule") identifying specific items of Intellectual Property to be transferred to Purchaser;

2. All copies (including, without limitation, all camera masters and edited masters ("Masters")) of, and DVDs and other physical, electronic, or other media on which are copied, any of the Intellectual Property, including the proceeds of all audio, video, photographic and other productions, and including all screenplays, behind the scenes and bloopers footage, all production notes, box art, liner notes, music cue sheets, production documents, editing notes, recordings in any and all forms and formats, and all other media products used or held (collectively, "Elements"), including without limitation Elements identified in the Titles section of the IP Schedule (collectively, the "Titles") and all underlying, precursor, or constituent elements, whether or not constituting or incorporated into the Titles;

3. All of the goodwill of the Debtor or otherwise associated with the Intellectual Property;

4. Software and computer programs (including, without limitation, any software and computer programs under development), and fully commented source codes, object codes, systems documentation, systems administrator and user manuals, internet and world wide web sites and links, all content and software code associated with the foregoing web sites, all e-mail addresses referred to therein, and all phone numbers owned, used or held by the Debtor, and all precursor documentation, work flows, flowcharts and other related elements, and all software and other media embodying databases wherever located (collectively, "Technology");

5. All lists of customers, vendors, suppliers and prospects (including, as appropriate, names, addresses, dates and other information customarily maintained by the Debtor and all contact information that has been developed from visits to the websites included in the Technology), job cards, engagement letters, and all other lists, files and marketing and promotion materials and telephone numbers owned, used or held by the Debtor;

6. All raw materials, packaging, work in process, parts and supplies, wherever located;

7. All finished goods inventory, wherever located;

8. All telephone systems and computer hardware owned, used, or held by the Debtor, wherever located;

9. All choses in action, claims, causes of action or rights (collectively, "Claims") of the Debtor to recovery or offset of any kind or character other than the Excluded Assets;

10. All covenants of confidentiality and noncompetition, all options and rights of first refusal, and all benefits arising therefrom;

11. All accounts receivable;

12. All prepaid expenses;

13. All labels;

14. All of the Debtor's right, title and interest in, to and under any licenses, franchises and permits, except such licenses, franchises or permits which are executory contracts which the Debtor has not assumed and assigned to Purchaser by separate order of the Court;

15. All equipment (including transportation equipment), tools, vehicles, machinery, furniture, furnishings, other tangible personal property, leasehold improvements, and fixtures owned, held, or licensed by Debtor, except for executory contracts unless such contracts are assigned to Purchaser by separate order of the Court;

16. All documents and all rights under all agreements (other than Excluded Assets) conferring, confirming or effecting current or contingent ownership of the Debtor in Intellectual Property, including without limitation all copyright "work made for hire" agreements, model releases, and location site releases; and

17. All other assets, properties, and rights of every kind in which the Debtor has an interest as of the date of the Sale Order, known or unknown, fixed or unfixed, accrued, absolute, contingent or otherwise, wherever located, whether or not specifically referred to in the Sale Order, but excluding the Excluded Assets (as defined in paragraph 10 of the Sale Order).

The Seller, for itself and its respective successors and assigns, hereby covenants and agrees that, without further consideration, at any time and from time to time after the date hereof, it will execute and deliver to Purchaser such further instruments of sale, conveyance, assignment and transfer, and take such other action, all upon the reasonable request of Purchaser, in order more effectively to sell, convey, grant, assign, transfer and deliver all or any portion of the Purchased Assets to Purchaser, and to assure and confirm to any other person the ownership of the Purchased Assets by Purchaser.

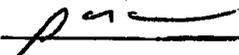
This Bill of Sale may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

10th IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed this day of September, 2006.

JILL KELLY PRODUCTIONS, INC.

By: 
Name: Mandie St. Cyr
Authorized Representative of Jill Kelly
Productions, Inc.

**ACCEPTED AND AGREED:
PENTHOUSE DIGITAL MEDIA PRODUCTIONS INC.**

By: 
Name: _____
Title:
Dated: September ____, 2006

TRADEMARK ASSIGNMENT

THIS TRADEMARK ASSIGNMENT (this "Assignment"), dated as of the date indicated below, is by and between Jill Kelly Productions, Inc., a California corporation (the "Assignor") and Penthouse Digital Media Productions Inc., a New York corporation (the "Assignee").

WHEREAS, by that certain Sale Order entered on July 3, 2006 for the matter captioned *In re Jill Kelly Productions, Inc.*, United States Bankruptcy Court, Central District of California, San Fernando Valley Division, Case No. SV 05-15389 KT (J. Thompson), Assignor has agreed to sell to Assignee all of its assets, properties and rights described in Section 9 of the Sale Order (the "Purchased Assets"); and

WHEREAS, pursuant to that certain Bill of Sale, dated as of the Effective Date (the "Bill of Sale"), Assignor did sell, convey, transfer, assign and deliver to Assignee all of Assignor's legal and beneficial right, title and interest in and to the Purchased Assets;

WHEREAS, the Purchased Assets include, without limitation, all of Assignor's trademarks and service marks, including, without limitation, those trademarks and service marks identified on the attached Schedule A, as and to the full extent contemplated by the Sale Order and the Bill of Sale, and any and all applications for trademark registration and trademark registrations therefor (all collectively, the "Trademarks"); and

WHEREAS, Assignee wishes by this Trademark Assignment to confirm its acquisition of all of Assignor's right, title and interest in and to the Trademarks, and Assignor wishes to confirm and assign same to Assignee.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby irrevocably assigns, sells and transfers unto Assignee all of its right, title and interest in and to the Trademarks, including without limitation all designations including the Trademarks, or based on the Trademarks, and all designations similar to the foregoing, and including any and all foreign counterparts, in perpetuity (including without limitation any and all renewals), and all goodwill symbolized by the foregoing, as well as all rights to recover for all past, present and future infringements and other violations thereof, the same to be held and enjoyed by Assignee, its successors and assigns to the same extent that such would have been held and enjoyed by Assignor had this assignment not been made. Assignor hereby covenants and agrees to provide all further documentation and do all further acts reasonably requested by Assignee to confirm and perfect title in and to the Trademarks in Assignee, its successors, assigns, or other legal representatives.

[remainder of page is blank]

IN WITNESS WHEREOF, Assignor has executed this Trademark Assignment as an instrument under seal on this 12th day of September 2006.

ASSIGNOR: JILL KELLY PRODUCTIONS, INC.


Name: MANDIE L. ST. CYR

Title: Trustee

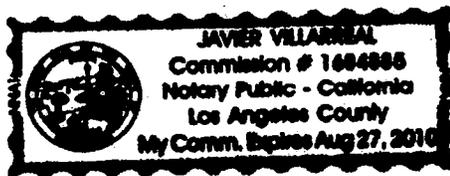
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA

SS.:

COUNTY OF LOS ANGELES

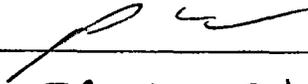
On this 12th day of September 2006, before me, the undersigned, personally appeared MANDIE L. ST. CYR, ~~personally known to me or~~ proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the same in ~~his~~/her capacity, and that by ~~his~~/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.




[NOTARY SEAL]

ASSIGNEE:

PENTHOUSE DIGITAL MEDIA PRODUCTIONS INC.


Name: PAUL ASHER

Title: SECRETARY

[remainder of page is blank]

SCHEDULE A

<u>TRADEMARK</u>	<u>NUMBER, CLASS, AND DESCRIPTION</u>	<u>STATUS</u>	<u>FILING DATE</u>	<u>OWNER INFORMATION</u>
JILL KELLY PRODUCTIONS	SERIAL 78/484,775 CLASS 9 - Pre-recorded digital video discs (DVDs) and videotapes featuring adult entertainment	DEAD - abandoned (failure to respond) 10/25/2005	9/16/2004 first use: 1/2/2001	Jill Kelly Productions, Inc. 1151 Vanowen Street North Hollywood, CA 91605
JKP	SERIAL 78/484,794 REGISTRATION 3,015,504 CLASS 9 - Pre-recorded digital video discs (DVDs) and videotapes featuring adult entertainment	LIVE - REGISTERED	9/16/2004 first use: 1/2/2001	Jill Kelly Productions, Inc. 1151 Vanowen Street North Hollywood, CA 91605
JILL KELLY	SERIAL # 78/271,845 CLASS 41 - Entertainment services, namely, personal appearances by a movie star	DEAD - ABANDONED (5/21/2004)	July 8, 2003	Moore, Adrienne, D. 22066 Pacific St. Apple Valley, CA 92308
JILL KELLY	SERIAL # 76/653,902 CLASS 41 - ACTRESS THEATER/ MOTION, PERSONAL APPEARANCE, SIGNING	LIVE - PENDING	1/23/2006 first use: 11/1/1994	Jacoby, Adrienne Diane 4821 Lankershim Blvd Suite 7 #374 North Hollywood, CA 91601
JILL KELLY	SERIAL # 76/653,901 CLASS 41 - ENTERTAINMENT- ADULT MOTION PICTURE PRODUCTION	LIVE - PENDING	1/23/2006 first use: 7/2000	Jacoby, Adrienne Diane 4821 Lankershim Blvd Suite 7 #374 North Hollywood, CA 91601