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

NY-EXOTICS, INC.

Petitioner ("Plaintiff")

vs.

EXOTICS.COM, INC.

Respondent ("Defendant")

Cancellation No. 92/040976

Registration No. 2,576,808

Mark: NY-EXOTICS.COM

REPLY TO PETITIONER'S OPPOSITION TO
RESPONDENT'S REQUEST FOR EXTENSION
OF TIME TO OPPOSE MOTION FOR
SUMMARY JUDGMENT

01-20-2004

U.S. Patent & TMO/TM Mail Rpt Dt. #78

Brief and Declaration Replying In Support of Extension of Time

- Respondent notes first that the gravamen of the request for extension is the severe mail delay in the delivery of the underlying Motion for Summary Judgment (a function most likely of the extra handling the U.S Postal Service now accords larger mailings). This two week delivery time deprived Respondent of the statutory right to the extended response time afforded only to Summary Judgment (and related FRCP 56(f)) motions. In particular, by its rule doubling time to respond to 30 from 15 days in this context, the Board underscores the importance of having adequate time to respond to the threat of such motion. The failure to receive a statutory should alone constitute good cause.
- Respondent naturally consents if this Motion be granted to Petitioner replacing its previous reply with one addressing any new matter Respondent might have introduced.
- As evidence of the undersigned's diligence, the substantial opposition he was able to file, with its wide-ranging exhibits and declarations, shows that the present extension request was in now way a "wait-til-the-last-moment" effort. In fact counsel needed only the minimum, namely, a day extra, to resolve a software/computer compatibility problem that compelled excision of the brief's final section so as to meet the strict 25 page limit (even if the footnotes' single spacing were doubled). In particular the submitted brief is 13 pt, and extra wide line spacing, which the computer system for final printing "insisted" on. Exhibit 1 (excised pages) and Exhibit 2 (complete brief) show that with 12 pt type and six-lines-per-inch (conforming to the Board's rules), the brief fits in 25 pages. These and other details might have been in Motion for Extension of Time had they not seemed petty next to the above referenced mail delay, and

Counsel's optimism in trying down-to-the-wire to simply resolve the page problem and file the brief as already written.¹

4. Petitioner's Opposition to this motion mischaracterizes the reference to "Thanksgiving" *vis a vis* opposing its summary judgment motion, making a false scarecrow. The point was that the whole week has become one in which many people are unavailable, making it impossible to develop evidence and effect declarations, especially when, as here, the needed declarants are not parties. That the particular day was a holiday was not the point.

5. Respondent's claim of the Undersigned's lack of diligence and planning is misplaced. The other obligations cited clearly long antedated receipt of the Summary Judgment motion. Moreover, there is no support for the implication that "non-legal" activity does not support good cause. Indeed, in *Luemme Inc. V. D.B. Plus Inc.* (53 USPQ 1758) the Board's objection was not to "travel" but to the vagueness and lack of details about it (from a petitioner with a history of dalliance). Likewise, in *Procyon Pharmaceuticals Inc. v. Procyon Biopharma Inc.* (USPQ 1542, 1543) the Board did imply that "rearrangement of laboratory facilities" could be good cause but was displeased because of the lack of connecting detail.

6. That this Motion is in effect a request to supplement papers already filed is by no means nefariously "disguised" as Petitioner suggests. *A fortiori*, a request to extend time is a motion to supplement - the difference being only that typically one is supplementing 0 pages, i.e., a null instead of a partial document.

7. Exhibit List:

- a. additional pages as intended to be included
- b. brief demonstrating that even with such pages it brief fits 25 pages.

8. Having interlaced argument with factual statements, undersigned counsel recognizes that the foregoing is in the nature of a declaration as well as reply argument, in which context he therefore declares that he is over 21 years old, is a member of the California Bar, represents

¹ Roughly speaking, incompatibility of wordprocessors required intermediate conversions which leads to a documents rife with spurious, complex and sometimes incomprehensible formatting such that it requires hours of cleanup to make it ready for readable, consistent adjustments.

Respondent, and has personal knowledge of the facts set forth herein, and that under penalty of perjury, each of them is true and correct.

9. In conclusion, Respondent believes that the mail delay alone supports an extension of time. Even if not, Respondent has demonstrated good cause for such extension. Accordingly, Respondent requests additional time to file as the Board thinks proper in the present circumstances.

Dated: January 12, 2004

Respectfully submitted,

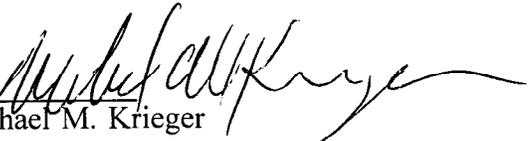


Michael M. Krieger
Attorneys for Respondent/Registrant
EXOTICS.COM, INC. a Nevada corp.
EXOTICS.COM, INC. a Delaware corp.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Reply to Petitioner's Opposition to Respondent's Request for Extension of Time to Oppose Motion for Summary Judgment is being served on Petitioner by deposit with the United States Postal Service on January 12, 2004, as first class mail in an envelope addressed to:

Jenkins & Gilchrist
Attn: Cathryn A. Berryman
1445 Ross Avenue, Suite 3200
Dallas TX 75202-2799



Michael M. Krieger

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the U.S. Postal Service with sufficient postage as first class mail in an envelope addressed to:

Commissioner for Trademarks
TTAB - No Fee
2900 Crystal Drive
Arlington, VA 22202-3514

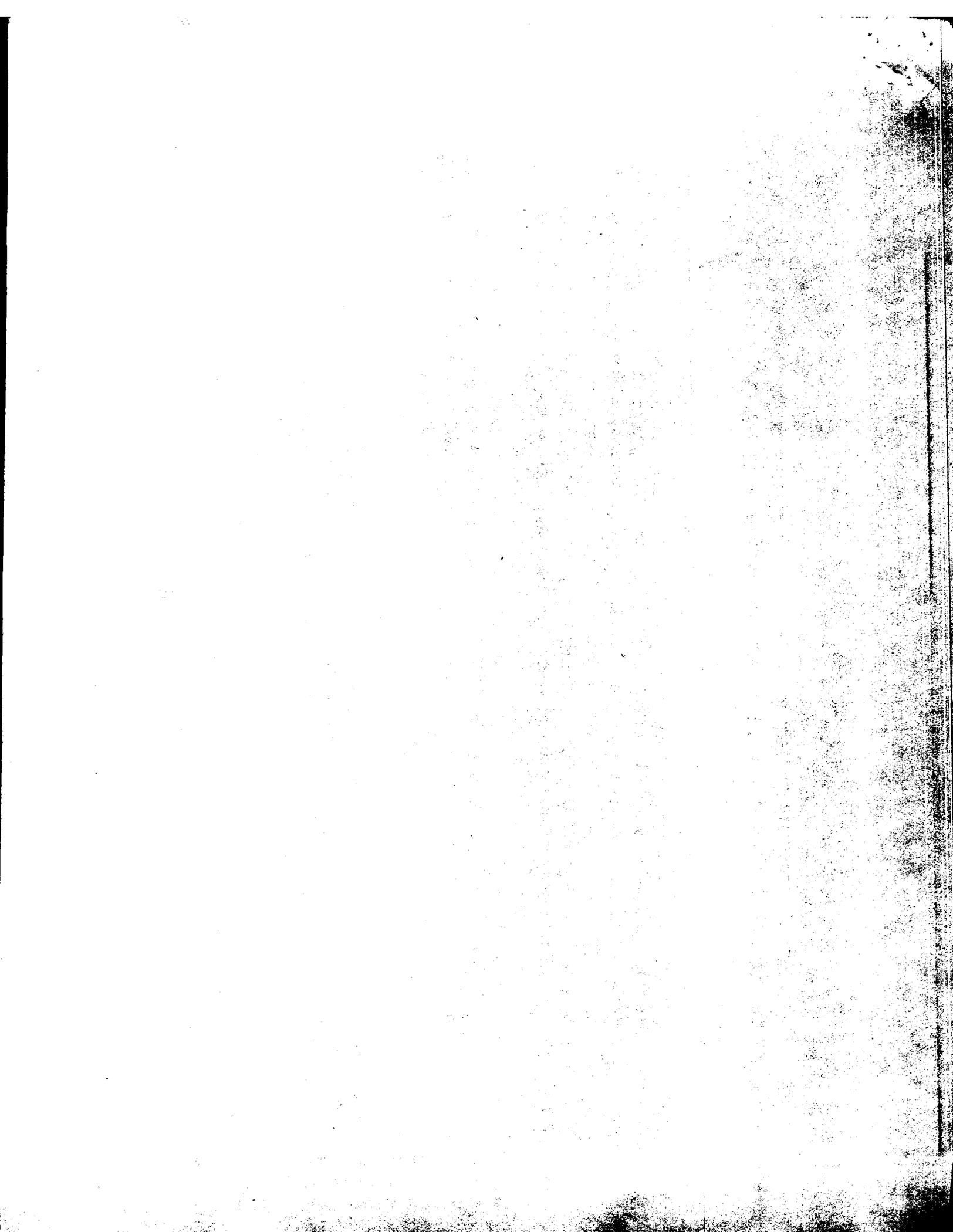
on January 12, 2004

By: 

Michael M. Krieger

92/040976

EXHIBIT



relating to the execution of the Amendment, as well as the alleged breaches upon which the present motion is based.

Moreover, Petitioner has taken the unexpected tack of making a witness out of its own counsel, Mitchell S. Shapiro, signatory to the present Motion and to the letters used as sole basis for the claim of "breach." (Petitioner's Motion for Summary Judgment, Exhibits 7, 8). This indicates that Mr. Shapiro evidently has, or claims to have, personal knowledge of the facts relating to the alleged breach and other information central to the Parties' performance of the License Agreement. Accordingly, his deposition will be required in order for Exotics.com to respond to the present motion.

IV. EVIDENCE AND FACTS DISPUTED AND UNDISPUTED

A. Petitioner's *Sine Qua Non* Documents Are Not Evidence of Anything

Although formally disputed in IV. ___ below, we first underscore the broad infirmities of Petitioner's the three documents central to this Petition, namely, Exhibits 6, 7 and 8.

1. Exhibit 6 (March 5, 2001, "Amendment") is disputed, Respondent contending that it was never authorized by Respondent's Board of Directors, is therefor void, transfers nothing (because Exotics USA had no assets) and is unenforceable on it's face (for want of consideration) and is almost certainly an after the fact fabrication by Petitioner. See Declarations of Barry Dugan and Gary Thomas, Exhibits G and H, supporting lack of existance much less authority for the "Amendment" and argument above amplifying on this paragraph.

2. Exhibits 7 and 8 (letters from Petitioner's counsel Mitchell Shapiro) are disputed as being without foundation (Scott London was neither sender nor receiver of the letters constituting these Exhibits and so is incompetent to authenticate them) and there is no showing that Mitchell B. Shapiro was competent to state the facts alleged therein upon which the present Petition hinges.

B. Enumeration of Petitioner's "Facts" Disputed by Respondent

Respondent disputes the following of Petitioner's "Undisputed Facts" (numbering as in Petitioner's Motion). Citations to Respondent's contravening evidence are in brackets [..].

3.1: The License Agreement included no "Amendment" of March 5, 2001. Exhibits G and H show Exhibit 6 to be unauthorized, fraudulent and void.

3.5: The License Agreement never provided that any trademark rights of Respondent Licensor licensed to Petitioner would "revert wholly and automatically to Petitioner" nor does Exhibit 3, §16 cited by Petitioner have any language which so provides.

4.1: Licensor committed no uncured material breach so licensor had no right to terminate therefor and the License Agreement was therefore not terminated on October 9, 2001, rendering any reaffirmation thereof void. NB: Petitioner's Exh. 9, ¶¶ 5-6 say nothing about such termination, only purporting to authenticate Exhibits 5 and 6. [See Exhibits H, Declaration of Barry Dugan]

4.2: Existence of letter undisputed, content disputed. N.B. Petitioner's Exh. 9, ¶5 is an erroneous reference [Exh. H, Declaration of Barry Dugan]

4.3: Existence of letter undisputed, content disputed, Exh. 9, ¶6 is an erroneous reference. [Exh. H, Declaration of Barry Dugan]

5.3: Statement entirely disputed since no such transfer provisions exist in the License Agreement Exhibit 4 has no ¶28(g). Declarant Scott London was neither sender nor receiver of the original letters of October 9 and December 6, 2001 and so is incompetent to authenticate them.

5.4: Petitioner provides no evidence of any use since October 9, 2001. Respondent accordingly disputes the statement.

V. Basis for Opposition: Evidence and Respondent's Undisputed Facts

A. Respondent's Evidence

1. Respondent relies on Petitioner's Exhibits to the extent not otherwise disputed herein.
2. Respondent relies on the attached Exhibits A-M appended to this Memorandum.

B. Respondent's Undisputed Facts

1. Scott London was a member of the board of directors of Exotics.com, Inc. (a

Delaware Corporation) from mid-1999 until the beginning of 2002.

2. Scott London was simultaneously an officer or director of both Petitioner and Respondent during 2001.

3. Exhibit 3, the 2001-Documents, recites no new consideration to Licensor Exotics.com in exchange for the benefits to Licensee NY-Exotics.

4. Exotics USA, Inc. (a Georgia Corporation) held no trademark rights after 1999.

5. All rights arising from Petitioner's use of NY-EXOTICS.COM while a Licensee of Respondent inure to Respondent.

6. All rights arising from Petitioner's use of NY-EXOTICS while a Licensee of Respondent inure to Respondent by virtue of its confusing similarity to NY-EXOTICS.COM and similar markets.

C. Evidence in the Moving Papers is Fatally Deficient

1. No Breach or Termination is in Evidence

The sole evidence of Exotics.com's "uncured breach" — linchpin of Petitioner's argument for owning the Mark— are two "lawyers letters" (Exh. 7 and 8) in late 2001 from Petitioner's counsel Mitchell S. Shapiro. No evidence is offered that Mr. Shapiro had first hand knowledge of such events, of whether or not they were cured, or of whether the Parties in fact terminated the License Agreement. Note that the (presumably) same Mitchell S. Shapiro is signatory to the instant Motion.

Such "evidence" compels denial of the Motion: the trademark transfer claimed by Petitioner requires an antecedent breach and termination of the License. With no breach in evidence, the central argument of the Motion fails.

2. Key Documents and Provisions Are Not In Evidence

Petitioner's papers are replete with errors, including the following:

a. **No Reversion Is In Evidence:** Exhibit 3, ¶16 (cited in Petitioner's Par. 3.5, pg. 5, as evidence of trademark transfer) has no language about rights reverting or transferring

to Licensee upon Licensor's uncured breach, contrary to Petitioner's claim of "undisputed" facthood. Likely Petitioner meant Par. 28(g), Exhibit 6. Even if so, Respondent would not and does not in any way concede that the 2001-Documents or any of its new language is a valid, authentic, authorized or in any way effective Amendment.

b. No Reversion Is in Evidence: Exhibit 4, ¶28(g), cited in Petitioner's Motion paragraph 5.3 (and the heart of Petitioner's claim) as an "undisputed fact" is non-existent. As in the previous item, Petitioner may have meant Exhibit 6, not 4.

c. No Foundation for Exhibit 4: Exhibit 4 is wholly without foundation, being unmentioned, for example, in Mr. London's declaration or otherwise authenticated.

d. No Foundation for Exhibit 3: Exhibit 3, while mentioned in Mr. London's declaration, is nowhere authenticated as a "true and correct copy."

e. Incorrect References: Petitioner's references (Motion, p. 5-6, Paragraphs 4.1-4.3) to numberless Paragraphs 5 and 6 of Mr. London's declaration (Exh. 9) vis a vis authenticating Exhibits 7 and 8 are incorrect.

f. No Foundation for Exhibits 7 and 8: Scott London was neither sender nor receiver of the letters constituting these Exhibits and so is incompetent to authenticate them.

Although a generous spirit might normally grant "some slack" for typographic errors such as the five above, the draconian nature of summary judgment demands punctiliousness by the moving Party, which has many months to strategize and prepare its papers.

Respondent therefore urges that the Motion be denied summarily based on inherent defects in evidence proffered in Petitioner's papers.

D. Respondent's Evidence of Disputed Facts Suffices to Overcome the Motion

1. The Evidence Implies the 2001-Documents Is Not Authentic

The 2001-Documents raises doubts of authenticity on its face. In addition to Respondent's evidence that the 2001-documents was never authorized or known to the Exotics Directors (Declarations of Gary Thomas and Barry Dugan (Exh. G and H respectively), the evidence *per se* and Petitioner's evidence shows reason to doubt the genuineness of the

document. In particular:

(1) the 2001-Document recites "Exotics USA" as a party, although all assets had been transferred to Exotics.com-DE more than 18 months earlier.

(2) Also telling as the inconsistent references is the absence of customary, lawyer-like specific citations to "chapter and verse" e.g., "Pursuant to Section 28, paragraph g, ..." This absence suggests strongly that Mr. Shapiro had no access to the Amendment, the 2001-Document, when he wrote but, perhaps, relied on verbal representations by Mr. London.

(3) The choice of date - March 5, 2001 barely antedates the March 8, 1999 date when St. George Capital made a large investment/loan to Exotics.com-DE (Exh. I, final sentence of par. 2).

(4) Using the term "reverts" instead of assignment language raises questions of whether it was actually drafted in the normal course by counsel.

E. Petitioner's Trademark Usage Claims Are Unsupported By The Evidence and No Legal Basis for Cancellation

1. Evidentiary Deficiencies

Petitioner admits to being a Licensee of Respondent until at least the claimed "termination" on October 9, 2001. In claiming that "it is axiomatic that trademark ownership inures to the legal entity who is in fact using the mark as a symbol of origin," Petitioner overlooks the superseding fact that usage by a licensee inures to the benefit of the Licensor.

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

15 U.S.C. §1055.

Accordingly, all use of the Mark at least through October 9, 2001 inures to Respondent. Moreover, since petitioner admits that the mark NY-Exotics is confusingly similar to Respondent's Mark which it licensed, that too became Respondent's property.

2. Use after October 9, 2001 is not in evidence.

As to use after October 9, 2001, Petitioner offers no evidence thereof. Likewise, with respect to, Petitioner offers no evidence as to the post October 9 use of NY-EXOTICS, its application for registration (Exh. 2) being dated prior to October 9, 2001.

Thus the only basis for Petitioner having rights in either mark is the transfer provision of the 2001-Document. Since this is in dispute (see above), Petitioner's claims to rights in either mark is likewise disputed.

VI. CONCLUSION

Summary judgment should be denied because the validity of the License Amendment, especially the collusive document masquerading as the March 5, 2001 amendment, is hotly disputed by Respondent Exotics, Inc. This is included in a much large dispute that is the subject of two other pending lawsuits. There are numerous issues of fact relating to the wrongful conduct of London that preclude the entry of summary judgment. Moreover, NY Exotics has offered no competent evidence that Exotics.com breached this alleged agreement, and any such contention of breach is hotly disputed by Exotics.com. All of these issues require substantial factual discovery, including the deposition of not only Mr. London himself, but his counsel Mitchell S. Shapiro who purports to have knowledge of the facts set forth in his declaration. Accordingly,

Respondent and Registrant Exotics.com respectfully requests that summary judgment be denied, or, in the alternative, that the motion be stayed pending Rule 56(f) discovery.

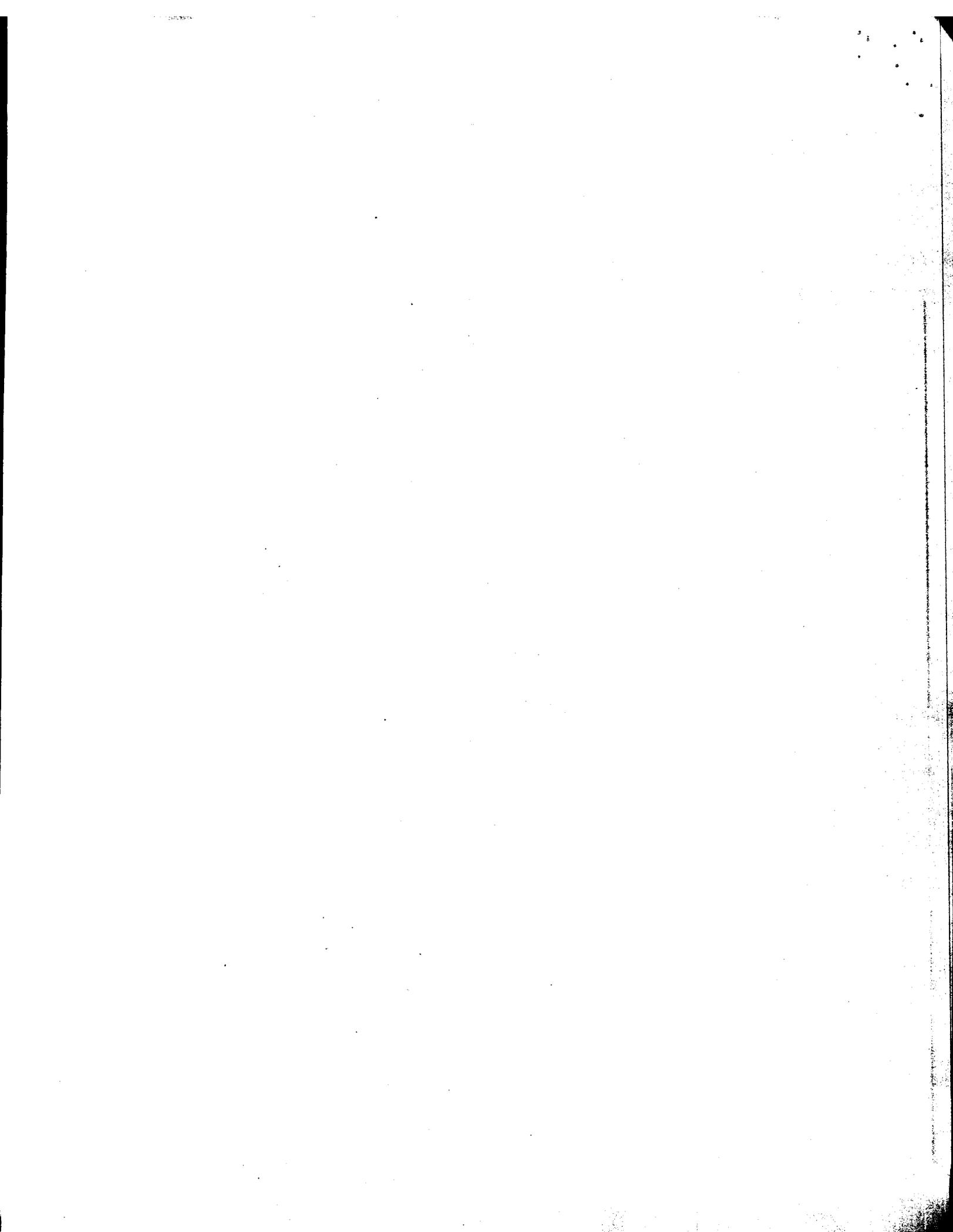
Dated: December 4, 2003

Respectfully submitted,

Michael M. Kreiger

Attorneys for Respondent/Registrant
EXOTICS.COM, INC., a Nevada Corp.
EXOTICS.COM, INC., a Delaware Corp.

92/040976
EXHIBIT 2



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

NY-EXOTICS, INC.)	Cancellation No. 92/040976
)	
Petitioner,)	Registration No. 2,576,808
)	
vs.)	Mark: NY-EXOTICS.COM
)	
EXOTICS.COM, INC.,)	RESPONDENT'S OPPOSITION TO
)	MOTION FOR SUMMARY JUDGEMENT
Respondent/Registrant.)	AND BRIEF IN SUPPORT THEREOF:
)	MOTION TO EXTEND TIME UNDER
)	RULE 56(f); EXHIBIT LIST AND
_____)	EXHIBITS

Certificate of Mailing By Express Mail

I hereby certify that the foregoing **Respondent's Opposition to Motion for Summary Judgment and Brief in Support Thereof; Motion to Extend Time Under Rule 56(f); Exhibit List and Exhibits** is being deposited with the U.S. Postal Service as "Express Mail Post Office to Addressee" mail under 37 CFR 1.10, postage prepaid, in an envelope addressed to:

Commissioner for Trademarks
Box Responses - No Fee
2900 Crystal Dr.
Arlington, VA 22202-3514

on January ____, 2004 U.S. Express Mail label: E _____ US

By: _____
Michael M. Krieger

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Respondent and Registrant Exotics.com, Inc. respectfully submits that summary judgment should be denied because there are numerous factual disputes regarding Petitioner's claim to ownership of the Mark belonging to Exotics.com, pre-eminent among which is the iniquitous fraud being perpetrated by Petitioner and its principal, Scott London on Respondent and this Board. Exotics.com owns the "exotics" trademarks for numerous cities (such as "NY-Exotics," "Las Vegas-Exotics," and many others). One of its licensees, Petitioner NY-Exotics, Inc., is trying to steal the Mark and associated corporate assets and rights, in order to avoid paying contractually mandated license fees. Petitioner's claim of ownership of the Mark is based solely on the contrived breach of an illegitimate "Amendment" to the License allegedly executed in 2001, which purported to give Petitioner, for no consideration whatsoever, the "reversionary" right to the Mark. This fraudulent claim, based on a sham document, is the subject of intense factual dispute, not only in this proceeding but also in related legal proceedings now pending in Los Angeles County Superior Court.

First, the 2001 Amendment is a sham and a fraud, because it was executed by Scott London, who was simultaneously an officer and director of Exotics.com and an officer, director and shareholder of NY-Exotics. London violated his fiduciary duties to Exotics.com, by purporting to hand over to his own company, NY-Exotics, the reversionary rights to the Mark owned by Exotics.com. The Board of Exotics.com never approved or ratified London's miscreant acts or the purloining of corporate assets. The 2001 Amendment is therefore ultra vires, void, and unenforceable.

Second, even if the Amendment were valid, the documents proffered by Petitioner in support of the alleged breach consist of two letters by the very same counsel who signed the Petitioner's motion papers. These letters do not constitute summary judgment evidence. These two letters by counsel are bereft of any evidentiary value, and are just argument and opinion, which are vigorously disputed by Respondent. Therefore, there is no evidence of breach.

Third, in order to be successful on its summary judgment motion, Petitioner must disprove all of the affirmative defenses raised by Respondent Exotics.com. These defenses

include fraud and unclean hands. Petitioner failed to disprove these defenses, and in fact failed to address them entirely in its motion. But even if it had addressed them, Petitioner could never overcome the numerous factual disputes raised by these defenses, particularly the issues surrounding the unclean hands of Scott London and his company, NY-Exotics. Therefore, the Board can and should deny summary judgment.

Finally, if for any reason the Board were inclined to give any credence whatsoever to the disputed factual contentions raised by Petitioner, then Respondent Exotics.com respectfully moves, pursuant to Rule 56(f), for a continuance and leave to conduct all the discovery necessary to examine the documents and testimony raised by Petitioner, including the deposition of Mr. London and Mr. Shapiro.

For these reasons, which are delineated more fully below, Respondent respectfully asks that summary judgment be denied.

II. FACTUAL BACKGROUND

A. Ownership Of The Mark By Exotics.com.

Exotics.com is the rightful holder of all interest in the Mark. Petitioner NY-Exotics had no role in the initial creation or licensing of the Mark, and never owned the Mark.

In brief, the “exotics” business was formed in 1997 by Gary Thomas, Andrew Maltin, and Lea Hastings to license website format and URLs for upscale adult lifestyle advertisers. The initial company, Exotics USA, LLC, created and trademarked URLs consisting of a city name and the word “exotics.” NY-Exotics is one such example. The name and mark were then licensed to operators in the various cities who would provide local advertising content. (Thomas Decl ¶ 2, Exhibit G.)

In June 1999, Exotics USA was acquired by and its assets transferred to Exotics.com, Inc., a Delaware corporation. As seen in Exhibit A, in 1999 all stock and rights of Exotics USA were acquired by the new Delaware Corporation, Exotics.com, Inc. (Exotics-DE).

On March 8, 2001, as part of a reverse merger, Exotics.com (Delaware) became a wholly owned subsidiary of Exotics.com, Inc., a Nevada corporation (Thomas Decl ¶ 2, Exhibit G.) Thus, the rights to the “NY-Exotics” Mark belongs to and are controlled by Exotics.com, and not by Petitioner.

B. NY-Exotics’ License Of The Mark And Acknowledgment Of The Rights And Ownership Of The Licensor.

As one of a number of licensees, NY-Exotics executed a License Agreement dated as of October 15, 1997. (Petitioner’s Motion for Summary Judgment, Exhibit 3.) Significantly, Scott London executed this original License Agreement as President of NY-Exotics. In the License Agreement, Petitioner and Mr. London acknowledged that:

Licensor [Exotics USA, LLC] is the owner of all right, title and interest in and to the URL NY-Exotics.com.

(Petitioner’s Motion for Summary Judgment, Exhibit 3.)

On November 5, 1998, NY-Exotics Exotics – again represented by Scott London as its President – executed an Amendment Agreement, which specifically confirmed that all intellectual property rights relating to the URL belonged to the Licensor:

Licensee [NY-Exotics] acknowledges and agrees that all copyright, trademark and other intellectual property rights in the Website and all of its contents are owned and controlled wholly, exclusively, in perpetuity, in any and all media, and throughout the world by Licensor [Exotics USA, LLC].

(Petitioner’s Motion for Summary Judgment, Exhibit 4.)

C. Scott London’s Attempt To Take Control Of Exotics.Com.

Not content with being president, director and shareholder of NY-Exotics, Scott London and his affiliated company, Red Rock, attempted to take over control of Exotics.com itself. By making various promises of large-scale financing – which never materialized – London inveigled his way into a seat on the Board of Directors, and in fact insisted that he become President of Exotics.com.

Thus, on June 25, 1999, Scott London was appointed as a Director of

Exotics.com, Inc. (a Delaware Corporation). (See Exhibit. B). Significantly, London remained as an officer and director until January 8, 2002, when he resigned. (See Exhibit F.)

During this same period of time, London also continued to serve as a shareholder, director and president of NY-Exotics, creating an inexorable conflict of interest which was manifested in the fraudulent 2001 Amendment.

D. Execution Of The Alleged 2001 Amendment By Scott London While He Was Director And Acting CEO Of Exotics.com And Director, Shareholder And President Of NY-Exotics.

On March 5, 2001 – just days before the March 8 merger between Exotics (Delaware) and Exotics (Nevada) – Exotics USA and NY-Exotics allegedly executed the Amendment which is the core of the dispute in this case. (Petitioner’s Motion for Summary Judgment, Exhibit 4.) This bizarre document purported to grant the entire reversionary interest in all intellectual property rights back to NY-Exotics upon any unspecified breach by Licensor. Significantly, the document recites no new consideration whatsoever to Licensor in exchange for this extraordinary benefit to the Licensee, NY-Exotics.

Moreover, neither the Due Diligence Letter of March 8, 2001, which was prepared for the merger, nor its July supplement, mentioned any such recent Amendment. (Exhibit M.) If such an Amendment, which risked the loss of the NY-Exotics Mark and all affiliated rights, had then existed and had been disclosed to and approved by the Board, it certainly would have been reflected in the due diligence analysis upon which the merger was based. The fact that it was entirely unknown and unmentioned is silent confirmation that the Board never knew of or approved such a giveaway of corporate assets.

In fact, the highly unusual timing of the Amendment and the fact that it was concealed from the Board suggests either that London knew of the impending merger and was trying to gain an advantage before the Nevada Board took control of the company, or that he deliberately back-dated the Amendment so that it would appear to have been created just before the merger.

Simply put, the 2001 Amendment is the product of fraud and conflict of interest. Scott London used his position as President and Director of Exotics.com to cause it to enter into an Amendment which provided no benefit to itself, but purported to grant a windfall to his own company, NY-Exotics. In so doing, London conspired with Andrew Maltin, who allegedly received a handsome payment in exchange for signing on behalf of Exotics.com. (Exhibit K, ¶¶ 25-26.)

Significantly, Gary Thomas, a founder of Exotics USA, LLA and Exotics.com, and a Director of Exotics.com, had no knowledge whatsoever of this fraudulent 2001 Amendment. (Thomas Decl ¶ 7, Exhibit G.)

E. Pending Civil Proceedings In Los Angeles Superior Court.

Not surprisingly, based on Andrew Maltin's complicity in this fraud, a lawsuit was filed against Maltin and others by Exotics.com and by Gary Thomas, one of the original founders of Exotics USA and Exotics.com. These actions are presently pending in Los Angeles Superior Court. (Exhibits J and K.) The validity of the Amendment and other issues will be decided in those proceedings. It is the intention of the Plaintiffs in those actions to name Scott London and his affiliates, including NY-Exotics, as additional Defendants in these Superior Court actions.¹

III. ARGUMENT

A. Petitioner Cannot Meet The Standard For Summary Judgment.

Petitioner cannot meet the standard for summary judgment because there are numerous disputed factual issues, which Petitioner has not even addressed. As moving party, Petitioner has the burden of demonstrating the complete absence of any genuine issue of material fact:

A party moving for summary judgment has the burden of

¹Because of the complex and long-running series of fraudulent maneuvers by Maltin, London and others are the subject of such proceedings, Respondent believes the Board may wish to defer any decision about the contract issues until further rulings in the Superior Court actions.

demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law.

...
In deciding a motion for summary judgment, the Board may not resolve an issue of fact; it may only determine whether a genuine issue of material fact exists.

...
The nonmoving party must be given the benefit of all reasonable doubt as to whether genuine issues of material facts exist; and the evidentiary record on summary judgment, and all inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party.

TBMP Section 528.01.

Specifically, it is well established that summary judgment may not be entered where the validity of an agreement is subject to factual dispute. See Brass Construction v. Muller, 2000 U.S. Dist. LEXIS 8535 (S.D.N.Y. 2000) (denial of summary judgment in trademark case because genuine factual issue remained regarding validity of agreement). For these reasons, summary judgement is disfavored in the trademark area, particularly where the central issues of ownership of the mark are disputed.

Because of the intensely factual nature of trademark disputes, summary judgment is generally disfavored in the trademark arena.

Interstellar Starship Serv. v. Epix, Inc., 184 F.3d 1107, 1109 (9th Cir. 1999) (emphasis added).

Furthermore, in order to prevail on summary judgment, the moving party has the burden to overcome each affirmative defense offered by defendant or opposing party. See Cromeens, Holloman, Sibert, Inc. v. AB Volvo, 2003 U.S. App. LEXIS 22859, * 52-53 (7th Cir. 2003) (“Whether it is an element of the claim or an affirmative defense, if the [moving party is] unable to demonstrate a genuine issue of material fact on that point, their claim cannot survive summary judgment”).

As set forth below, Petitioner has not even attempted to address and resolve the factual issues implicated by its motion and the affirmative defenses raised by Respondent, and cannot remotely meet the standard for summary judgment.

B. The 2001 Amendment Is Void And Unenforceable.

The 2001 Amendment (Petitioner Exh. 6), on which the Motion depends, is a legal nullity. It is product of fraud, conspiracy and breach of fiduciary duty by Scott London, the President of Exotics.com, and it violates the statutory rule that interested directors and officers cannot approve or ratify transfers of corporate property for their own benefit.

1. The "Amendment" Is "Ultra Vires" And Void Because It Is The Product Of Fraud And Conflict Of Interest.

Scott London, the signatory of the "Amendment" on behalf of Petitioner, was at the very same time a Board and Acting CEO of Respondent Exotics.com, having been appointed by the Board on June 25, 1999 and remaining in those positions through January 8, 2002 (Penultimate Sentence, Exhibit. B; Letter from Scott London, Exhibit F.) Since these dates bracket the March 5, 2001 alleged date of the "Amendment," his execution of the Amendment is blatant self-dealing in violation of London's fiduciary obligations to Exotics.com.

As a matter of law, as President of Exotics.com, London owed a fiduciary duty to that corporation. With the March "amendment" -- to the extent it might actually affect trademarks and other intellectual property -- he risked Exotics losing its most valuable asset without any consideration for so doing. As an interested director, London failed in his duty to disclose to and seek approval from the non-interested directors of Exotics. California law, which governs the enforcement of the License Agreement, clearly prohibits a director from benefitting himself at the expense of the corporation:

It is a cardinal principle of corporate law that a director cannot, at the expense of the corporation, make an unfair profit from his position. He is precluded from receiving any personal advantage without fullest disclosure to and consent of *all* those affected. The law zealously regards contracts between corporations with interlocking directorates, will carefully scrutinize all such transactions.

Remillard Brick Co. v. Remillard-Dandini Co., 109 Cal. App. 2d 405, 419, 241 P.2d 66 (1952) (emphasis added).

In fact, 2001 Amendment violates California Corporations Section 5234(a),

which exempts from being void or voidable only those transactions which are fully disclosed to and approved by the Board.

No contract or other transaction between a corporation and any domestic or foreign corporation, firm or association of which one or more of its directors are directors is either void or voidable because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, **if:**

(1) The material facts as to the transaction and as to such director's other directorship **are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director or directors;** or

(2) As to contracts or transactions not approved as provided in paragraph (1) of this subdivision, the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified. (b) This section does not apply to transactions covered by Section 5233.

California Corporations Code § 5234(a) (emphasis added).²

Here, London was an interested director, making the "Amendment" void or voidable by the Corporation absent compliance with the statute, i.e., full disclosure and approval. There was no disclosure to -- much less approval by -- the Board of Directors of Exotics.com. (Thomas Decl. ¶ 7, Exhibit G.) In fact, Mr. Thomas, a Director of Exotics.com, has stated unequivocally under oath that he never knew of or approved any such Amendment.

The Corporate Minutes of Exotics, Inc. (whether USA, Delaware or Nevada) show no record of authorizing the execution of an "Amendment" by either Maltin or London

² Delaware likewise provides in Code Section 144 that: "(a) No contract or transaction between a corporation and 1 or more of its directors or officers, or between a corporation and any other corporation, partnership, association, or other organization in which 1 or more of its directors or officers, are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, . . . **if: (1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum**" or (2) the material facts are disclosed or are known to the shareholders and approved in good faith by vote of the shareholders; or (3) the "contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee or the shareholders."

(Thomas Decl. ¶ 7, Exhibit G.) Since the New York assets (domain name, trademark, etc.), were among the most valuable to Exotics - potentially 30-50% of its revenues-- (Duggan Decl. ¶3, Exhibit. H), a Board resolution would be required to put such assets at risk.

Accordingly it is a reasonable inference, and Respondent believes, that Maltin and London conspired to create the 2001 Amendment in a last-ditch attempt to gain rights held by Exotics.com, which was being strengthened by St. George Capital's investment and management.³ Therefore, the Amendment is void, or, at the very least, voidable at the option of Exotics.com.

2. The 2001 Amendment Is Unenforceable For Lack Of Consideration.

There is no legal consideration for Exotics.com to have given up its rights in the Mark. As a putative Amendment to the Agreement, the 2001 document imposes on Exotics.com critical new burdens, among them certain provisions for automatic transfer of intellectual property to NY-Exotics on termination for uncured breach by Exotics.com. In particular, Exhibit 6 purports to add the following:

In the event of breach by Licensor, Licensor agrees to transfer the URL's to the name of the Licensee. Licensor will act in a reasonable fashion to expedite this transfer so the Website will not incur any downtime.

³ The 2001-Documents raises doubts of authenticity on its face. In addition to Respondent's evidence that the 2001-document was never authorized or known to the Exotics Directors (Declarations of Gary Thomas and Barry Duggan (Exhibits. G and H respectively), the evidence *per se* and Petitioner's evidence shows reason to doubt the genuineness of the document. In particular:

(1) the 2001-Documents recites "Exotics USA" as a party, although all rights had been transferred to Exotics.com-DE more than 18 months earlier.

(2) Despite the alleged two transfer provisions being from the same document, Shapiro's December 6, 2001 letter of "termination" (Petitioner's Motion for Summary Judgment, Exhibit 8), counsel refers to transfer of the URL "pursuant to the Amendment," but references the transfer of copyrights, trademarks etc. "as more fully set forth in the Agreement."

(3) Equally telling as the inconsistent references is the absence of customary, lawyer-like specific citations to "chapter and verse" e.g., "Pursuant to Section 28, paragraph g, ..." This absence suggests strongly that Mr. Shapiro had no access to the Amendment, the 2001-Documents, when he wrote but, perhaps, relied on verbal representations by Mr. London.

(4) The choice of date - March 5, 2001 barely antedates the March 8, 2001 date where Exotics.com-DE merged into Exotics.com-NY (Thomas Decl. ¶ 2, Exhibit G).

(5) Using the term "reverts" instead of assignment language raises questions of whether it was actually drafted in the normal course by counsel.

(Petitioner's Motion for Summary Judgment, Exhibit 7, §16 (last sentence).)

Similarly, the document purports to cause the Mark to "revert" to Licensee.

Upon the termination due to breach of this Agreement by Licensor, as described in Paragraph 16, all of the trademark, copyrights, URL's, and other intellectual property rights licensed by Licensor to Licensee under this Agreement shall revert wholly and automatically to Licensee, and Licensor shall make no further use of such rights for any purpose whatsoever.

(Petitioner's Motion for Summary Judgment, Exhibit 7, § 28(g) (last sentence).)

Similarly, the document purports to create certain other immediate benefits to NY-Exotics (e.g., relief from escrow obligations in the existing Agreement). These and some benefits to Licensee are all that is left after stripping away the cloud cover of provisions which repeat what already existed in the underlying Agreement.

The 2001 Amendment recites no consideration to Exotics.com in exchange for the enormous risk and downside it assumed, namely the transfer of its most important assets including the trademark to NY-Exotics should Exotics.com breach any aspect of the License Agreement.

Therefore, under California law, the 2001 Amendment is unenforceable as to the pre-existing License Agreement. See Motown Record Corp. v. Brockert, 160 Cal. App. 3d 123, 133 (1984) ("[A]n executory written modification must meet the requirements of a valid contract . . . Specifically, the court has held the modification must be supported by new consideration."); Harvey v. DeGarmo, 129 Cal. App. 487, 492-93 (1933) ("An executory contract may .. be altered or modified . . . [b]ut the variation of a contract . . . requires a consideration."); Main St. A. P. R. Co. v. Los Angeles Traction Co., 129 Cal. 301, 305 (1900) ("[T]he variation of a contract is as much a matter of contract as the original agreement . . . And a contract for such variation . . . requires a consideration.").

3. The Language of "Reversion" Is Legally Meaningless.

Even if the document were generally enforceable, the specific language of "reversion" is legally meaningless. Paragraph 28(g) of the 2001 Amendment says that on termination the IP "reverts" to Licensee. That inherently assumes the Licensee initially held rights in the Mark. But by its own admission throughout the moving papers Petitioner was a

Licensee so its use of the Mark inured to Respondent Licensor and it therefore had no rights upon which a reversion can be based. In the absence of the proper assignment language, this provision is by definition a nullity.

4. **Exotics USA, LLC Had No Right To Transfer The Trademark In Any Event.**

Finally, it is legally significant that Exotics USA, LLC had no right to transfer the Mark as of March 5, 2001, the date of the 2001 Amendment, because all rights and control of Exotics USA, LLC had long since been transferred to Exotics.com-DE. (Exhibit A, pg. 3; Thomas Decl. ¶ 7, Exhibit G.) Thus Petitioner's claim of trademark rights under the 2001 Agreement is simply vacuous: since June 1999, the putative transferor, Exotics USA, had owned no intellectual property or other assets to transfer, when Exotics.com-DE acquired them as part of its formation, at the behest of Petitioner's own President, Scott London, and his investment group. (Thomas Decl. ¶ 3, Exhibit G.)

C. **There Is No Competent Evidence Of Any Breach Of The 2001 Amendment.**

Even assuming arguendo – and bearing in mind that on summary judgment, all inferences are in favor of the non-moving party – that the 2001 Agreement had any validity, it still was not breached by Exotics.com, and there is no competent evidence of any alleged breach. Therefore NY-Exotics acquired no rights to the Mark.

Petitioner offers no competent evidence whatsoever to support its claim of breach. The sole “evidence” of Exotics.com's alleged “uncured breach” consists of two “lawyers letters” (Petitioner's Motion for Summary Judgment, Exhibits 7 and 8) sent by Petitioner's counsel Mitchell S. Shapiro – the same lawyer who filed the pending motion. No evidence is offered that Mr. Shapiro had first hand knowledge of such events, of whether or not they were cured, or of whether the Parties in fact terminated the License Agreement.

Moreover, even the breaches alleged in Shapiro's October 9, 2001 letter all raise factual disputes. For example, Shapiro's assertions as to whether Exotics engaged in

“illegal conduct”; whether Exotics failed to provide services; whether Exotics sold unapproved advertising; and whether Exotics encroached into New York’s territory – all raise factual issues.

Moreover, Respondent Exotics.com vigorously disputes each and every factual contention of breach. (Duggan Decl. ¶ 4, Exhibit H)

Resolution of these disputed factual contentions would manifestly require factual determinations beyond the face of the letters and documents presently before the Board. Generally, summary judgment is improper where the issue is which of several documents or agreements express the contract terms. See Minnesota Mut. Life Ins. Co. v. Ensley, 174 F.3d 977 (9th Cir. 1999).⁴

Such “evidence” compels denial of the motion. The trademark transfer claimed by Petitioner requires an antecedent breach and termination of the License. Sincere there is no evidence of breach, and since the issue of breach is a disputed issue of fact, the central argument of the motion fails.

D. Petitioner Entirely Failed To Address, Let Alone Disprove, The Affirmative Defenses Asserted By Respondent Exotics.com.

Petitioner failed to address and overcome the affirmative defenses raised in Respondent’s Answer. In particular, Petitioner has not addressed the Third Affirmative Defense, Unclean Hands, which arises because Scott London breached his fiduciary duties and engaged in double-dealing while President and Director of Exotics.com.

Similarly, Petitioner failed to address Fourth Affirmative Defense, Estoppel, which arises because of Petitioner’s obligations as a Licensee to not challenge

⁴Petitioner cites to Vaughn Russell Candy Co. v. Cookies in Bloom, Inc., 47 U.S.P.Q.2d 1635 (TTAB 1998) for the proposition that this Board is entitled to enforce agreements to cease use of a mark. In that case however, the applicant was specifically precluded from use of the mark by a settlement agreement where the applicant specifically agreed to discontinue use. This case is distinguishable in that the agreement to cease use was not in dispute. Rather, it is whether the material breach itself, the condition precedent to the transfer of the mark, has been satisfied.

Respondent/Licensors' rights in the Mark, not only by this Cancellation Action but by its filing of a trademark application (Petitioner's Motion for Summary Judgment, Exhibit 2) while still a Licensee by its own admission.

Likewise, the Fifth Affirmative Defense, Acquiescence, applies because Petitioner's president Scott London was a director of Respondent for almost two years after the filing of the application in February 2000 (Petitioner's Motion for Summary Judgment, Exhibit 1) for the Mark and raised no objection thereto.

Moreover, Exotics.com specifically raised in the Sixth Affirmative Defense the issue of Fraud and Lack of Authorization. Petitioner entirely fails to respond to Respondent's defense that the very document upon which this motion is based is the product of fraud and was never properly authorized by Exotics.com.

Here, Petitioner, as the moving party, has entirely failed to address, let alone rebut, those defenses in its moving papers. For this reason alone, the motion is fatally defective and should be denied. See Cromeens, Holloman, Sibert, Inc. v. AB Volvo, 2003 U.S. App. LEXIS 22859, * 52-53 (the moving party must be able to overcome each affirmative defense offered by defendant or opposing party to prevail on summary judgment).

E. Respondent Moves, Pursuant to Rule 56(f), For Additional Time to Conduct Required Discovery.

Should the Board incline to give any evidentiary weight to the contrived factual contentions of Petitioner, Respondent respectfully requests, pursuant to rule 56(f), that the motion be stayed so that Respondent can conduct discovery focused on the facts and documents asserted by Petitioner.

Specifically, Respondent is required to conduct the deposition of Scott London, who breached his fiduciary duties as President of Respondent Exotics.com, when he executed the 2001 Amendment in favor of his own company, NY-Exotics. Similarly, Exotics.com will need to request and examine the documents relating to London's activities and the documents

relating to the execution of the Amendment, as well as the alleged breaches upon which the present motion is based.

Moreover, Petitioner has taken the unexpected tack of making a witness out of its own counsel, Mitchell S. Shapiro, signatory to the present Motion and to the letters used as sole basis for the claim of "breach." (Petitioner's Motion for Summary Judgment, Exhibits 7, 8). This indicates that Mr. Shapiro evidently has, or claims to have, personal knowledge of the facts relating to the alleged breach and other information central to the Parties' performance of the License Agreement. Accordingly, his deposition will be required in order for Exotics.com to respond to the present motion.

IV. EVIDENCE AND FACTS DISPUTED AND UNDISPUTED

A. Petitioner's *Sine Qua Non* Documents Are Not Evidence of Anything

Although formally disputed in IV. ___ below, we first underscore the broad infirmities of Petitioner's the three documents central to this Petition, namely, Exhibits 6, 7 and 8.

1. Exhibit 6 (March 5, 2001, "Amendment") is disputed, Respondent contending that it was never authorized by Respondent's Board of Directors, is therefor void, transfers nothing (because Exotics USA had no assets) and is unenforceable on it's face (for want of consideration) and is almost certainly an after the fact fabrication by Petitioner. See Declarations of Barry Dugan and Gary Thomas, Exhibits G and H, supporting lack of existance much less authority for the "Amendment" and argument above amplifying on this paragraph.

2. Exhibits 7 and 8 (letters from Petitioner's counsel Mitchell Shapiro) are disputed as being without foundation (Scott London was neither sender nor receiver of the letters constituting these Exhibits and so is incompetent to authenticate them) and there is no showing that Mitchell B. Shapiro was competent to state the facts alleged therein upon which the present Petition hinges.

B. Enumeration of Petitioner's "Facts" Disputed by Respondent

Respondent disputes the following of Petitioner's "Undisputed Facts" (numbering as in Petitioner's Motion). Citations to Respondent's contravening evidence are in brackets [..].

3.1: The License Agreement included no "Amendment" of March 5, 2001. Exhibits G and H show Exhibit 6 to be unauthorized, fraudulent and void.

3.5: The License Agreement never provided that any trademark rights of Respondent Licensor licensed to Petitioner would "revert wholly and automatically to Petitioner" nor does Exhibit 3, §16 cited by Petitioner have any language which so provides.

4.1: Licensor committed no uncured material breach so licensor had no right to terminate therefor and the License Agreement was therefore not terminated on October 9, 2001, rendering any reaffirmation thereof void. NB: Petitioner's Exh. 9, ¶¶ 5-6 say nothing about such termination, only purporting to authenticate Exhibits 5 and 6. [See Exhibits H, Declaration of Barry Dugan]

4.2: Existence of letter undisputed, content disputed. N.B. Petitioner's Exh. 9, ¶5 is an erroneous reference [Exh. H, Declaration of Barry Dugan]

4.3: Existence of letter undisputed, content disputed, Exh. 9, ¶6 is an erroneous reference. [Exh. H, Declaration of Barry Dugan]

5.3: Statement entirely disputed since no such transfer provisions exist in the License Agreement Exhibit 4 has no ¶28(g). Declarant Scott London was neither sender nor receiver of the original letters of October 9 and December 6, 2001 and so is incompetent to authenticate them.

5.4: Petitioner provides no evidence of any use since October 9, 2001. Respondent accordingly disputes the statement.

V. Basis for Opposition: Evidence and Respondent's Undisputed Facts

A. Respondent's Evidence

1. Respondent relies on Petitioner's Exhibits to the extent not otherwise disputed herein.
2. Respondent relies on the attached Exhibits A-M appended to this Memorandum.

B. Respondent's Undisputed Facts

1. Scott London was a member of the board of directors of Exotics.com, Inc. (a

Delaware Corporation) from mid-1999 until the beginning of 2002.

2. Scott London was simultaneously an officer or director of both Petitioner and Respondent during 2001.

3. Exhibit 3, the 2001-Documents, recites no new consideration to Licensor Exotics.com in exchange for the benefits to Licensee NY-Exotics.

4. Exotics USA, Inc. (a Georgia Corporation) held no trademark rights after 1999.

5. All rights arising from Petitioner's use of NY-EXOTICS.COM while a Licensee of Respondent inure to Respondent.

6. All rights arising from Petitioner's use of NY-EXOTICS while a Licensee of Respondent inure to Respondent by virtue of its confusing similarity to NY-EXOTICS.COM and similar markets.

C. Evidence in the Moving Papers is Fatally Deficient

1. No Breach or Termination is in Evidence

The sole evidence of Exotics.com's "uncured breach" — linchpin of Petitioner's argument for owning the Mark— are two "lawyers letters" (Exh. 7 and 8) in late 2001 from Petitioner's counsel Mitchell S. Shapiro. No evidence is offered that Mr. Shapiro had first hand knowledge of such events, of whether or not they were cured, or of whether the Parties in fact terminated the License Agreement. Note that the (presumably) same Mitchell S. Shapiro is signatory to the instant Motion.

Such "evidence" compels denial of the Motion: the trademark transfer claimed by Petitioner requires an antecedent breach and termination of the License. With no breach in evidence, the central argument of the Motion fails.

2. Key Documents and Provisions Are Not In Evidence

Petitioner's papers are replete with errors, including the following:

a. **No Reversion Is In Evidence:** Exhibit 3, ¶16 (cited in Petitioner's Par. 3.5, pg. 5, as evidence of trademark transfer) has no language about rights reverting or transferring

to Licensee upon Licensor's uncured breach, contrary to Petitioner's claim of "undisputed" facthood. Likely Petitioner meant Par. 28(g), Exhibit 6. Even if so, Respondent would not and does not in any way concede that the 2001-Documents or any of its new language is a valid, authentic, authorized or in any way effective Amendment.

b. No Reversion Is in Evidence: Exhibit 4, ¶28(g), cited in Petitioner's Motion paragraph 5.3 (and the heart of Petitioner's claim) as an "undisputed fact" is non-existent. As in the previous item, Petitioner may have meant Exhibit 6, not 4.

c. No Foundation for Exhibit 4: Exhibit 4 is wholly without foundation, being unmentioned, for example, in Mr. London's declaration or otherwise authenticated.

d. No Foundation for Exhibit 3: Exhibit 3, while mentioned in Mr. London's declaration, is nowhere authenticated as a "true and correct copy."

e. Incorrect References: Petitioner's references (Motion, p. 5-6, Paragraphs 4.1-4.3) to numberless Paragraphs 5 and 6 of Mr. London's declaration (Exh. 9) *vis a vis* authenticating Exhibits 7 and 8 are incorrect.

f. No Foundation for Exhibits 7 and 8: Scott London was neither sender nor receiver of the letters constituting these Exhibits and so is incompetent to authenticate them.

Although a generous spirit might normally grant "some slack" for typographic errors such as the five above, the draconian nature of summary judgment demands punctiliousness by the moving Party, which has many months to strategize and prepare its papers.

Respondent therefore urges that the Motion be denied summarily based on inherent defects in evidence proffered in Petitioner's papers.

D. Respondent's Evidence of Disputed Facts Suffices to Overcome the Motion

1. The Evidence Implies the 2001-Documents Is Not Authentic

The 2001-Documents raises doubts of authenticity on its face. In addition to Respondent's evidence that the 2001-documents was never authorized or known to the Exotics Directors (Declarations of Gary Thomas and Barry Dugan (Exh. G and H respectively), the evidence *per se* and Petitioner's evidence shows reason to doubt the genuineness of the

document. In particular:

(1) the 2001-Document recites "Exotics USA" as a party, although all assets had been transferred to Exotics.com-DE more than 18 months earlier.

(2) Also telling as the inconsistent references is the absence of customary, lawyer-like specific citations to "chapter and verse" e.g., "Pursuant to Section 28, paragraph g, ..." This absence suggests strongly that Mr. Shapiro had no access to the Amendment, the 2001-Document, when he wrote but, perhaps, relied on verbal representations by Mr. London.

(3) The choice of date - March 5, 2001 barely antedates the March 8, 1999 date when St. George Capital made a large investment/loan to Exotics.com-DE (Exh. I, final sentence of par. 2).

(4) Using the term "reverts" instead of assignment language raises questions of whether it was actually drafted in the normal course by counsel.

E. Petitioner's Trademark Usage Claims Are Unsupported By The Evidence and No Legal Basis for Cancellation

1. Evidentiary Deficiencies

Petitioner admits to being a Licensee of Respondent until at least the claimed "termination" on October 9, 2001. In claiming that "it is axiomatic that trademark ownership inures to the legal entity who is in fact using the mark as a symbol of origin," Petitioner overlooks the superseding fact that usage by a licensee inures to the benefit of the Licensor.

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

15 U.S.C. §1055.

Accordingly, all use of the Mark at least through October 9, 2001 inures to Respondent. Moreover, since petitioner admits that the mark NY-Exotics is confusingly similar to Respondent's Mark which it licensed, that too became Respondent's property.

2. Use after October 9, 2001 is not in evidence.

As to use after October 9, 2001, Petitioner offers no evidence thereof. Likewise, with respect to, Petitioner offers no evidence as to the post October 9 use of NY-EXOTICS, its application for registration (Exh. 2) being dated prior to October 9, 2001.

Thus the only basis for Petitioner having rights in either mark is the transfer provision of the 2001-Document. Since this is in dispute (see above), Petitioner's claims to rights in either mark is likewise disputed.

VI. CONCLUSION

Summary judgment should be denied because the validity of the License Amendment, especially the collusive document masquerading as the March 5, 2001 amendment, is hotly disputed by Respondent Exotics, Inc. This is included in a much large dispute that is the subject of two other pending lawsuits. There are numerous issues of fact relating to the wrongful conduct of London that preclude the entry of summary judgment. Moreover, NY Exotics has offered no competent evidence that Exotics.com breached this alleged agreement, and any such contention of breach is hotly disputed by Exotics.com. All of these issues require substantial factual discovery, including the deposition of not only Mr. London himself, but his counsel Mitchell S. Shapiro who purports to have knowledge of the facts set forth in his declaration. Accordingly,

Respondent and Registrant Exotics.com respectfully requests that summary judgment be denied, or, in the alternative, that the motion be stayed pending Rule 56(f) discovery.

Dated: December 4, 2003

Respectfully submitted,

Michael M. Kreiger

Attorneys for Respondent/Registrant
EXOTICS.COM, INC., a Nevada Corp.
EXOTICS.COM, INC., a Delaware Corp.