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

Proceeding	92049926
Party	Defendant Cloudstreet, Inc. dba Roxbury Entertainment
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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PENTHOUSE DIGITAL MEDIA PRODUCTIONS, INC., Petitioner, v. CLOUDSTREET, INC. DBA ROXBURY ENTERTAINMENT, Registrant.	Cancellation No. 92049926 Registration Nos. 3189543; 3194255; 3291736 Mark: ROUTE 66 Issued: December 26, 2006; January 2, 2007; September 11, 2007

REGISTRANT'S REPLY IN SUPPORT OF ITS MOTION
TO DISMISS AMENDED CONSOLIDATED PETITION TO CANCEL

Registrant Cloudstreet, Inc. dba Roxbury Entertainment ("Registrant") submits this Reply in support of its Motion to Dismiss Petitioner Penthouse Digital Media Productions, Inc.'s ("Petitioner") Amended Consolidated Petition to Cancel.

In its Opposition to Registrant's Motion to Dismiss, Petitioner does not deny that its Original Petition alleged Registrant first used its Route 66 Mark on DVD's in 2005, prior to its filing of the Statement of Use in 2006. Nor does Petitioner deny that the Specimen of Use which Registrant submitted to the PTO, and which Petitioner attached to its Original Petition, ***clearly and unambiguously shows, as Petitioner previously alleged, that Registrant was distributing DVD's bearing its Mark "Route 66" as early as 2005.***

Rather than acknowledging its prior admission and correcting the "mistake" Petitioner obviously made when it amended its Petition to allege a date of first use in 2007, Petitioner disingenuously argues that it should be allowed to change its factual allegations from one pleading to the next. Yet such bad faith and self-contradictory allegations are nothing more than a transparent effort by Petitioner and its counsel to play fast and loose with this Board and its pleading requirements, and under the doctrine of judicial estoppel, Petitioner's frivolous and facially defective "fraud" claim must be dismissed. *See New Hampshire v. Maine* (2001) 532 U.S. 742, 749, 121 S. Ct. 1808, 1814: "[A]bsent any good explanation, a party should not be allowed to gain an advantage in litigation on one theory, and then seek an advantage by pursuing an inconsistent theory…The doctrine [of judicial estoppel] is intended to protect the integrity of the judicial process and to prevent parties from playing fast and loose with the courts." *New Hampshire, supra* at 749.

As further proof of the bad faith exercised by Petitioner and its counsel in contradicting its earlier admission as to the Date of First Use, Petitioner in its Opposition makes no effort whatsoever to explain away the Specimen of Use which ***Petitioner itself*** attached to its Original Petition and cited as ***proof*** that Registrant was selling DVD's bearing its Route 66 Mark in 2005. (*See* Exhibit 1 to Original Petition to Cancel, p. 12 of 36.) This Specimen of Use, which Petitioner attached to its Petition, is a photocopy of the cover of Registrant's DVD of the "Best of Route 66," a product self-distributed by Roxbury (two years prior

to licensing its product to Infinity) beginning in September of 2005, a Specimen which explicitly lists Roxbury as distributor ***in 2005.***

Under these circumstances, where Petitioner itself has attached a document to its Petition (Registrant's Specimen of Use), and such document unequivocally disproves a material allegation of Petitioner's current fraud claim, the Board must dismiss the fraud claim pursuant to F.R.C.P. 12(b)(6). *See Paulemon v. Tobin* (2nd Cir. 1994) 30 F.3d 307, 308-9; *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.* (9th Cir. 1990) 896 F.2d 1542, 1555, cited in the Rutter Group on Federal Civil Procedure Before Trial, 9:212: "Material properly submitted with the complaint (*i.e.* exhibits under FRCP 10(c)) may be considered as part of the complaint for purposes of a Rule 12(b)(6) motion to dismiss." Rutter Group, 9:212, also citing *In re Colonial Mortg. Bankers Corp.* (1st Cir. 2003) 324 F.3d 12, 15; *Dorsey v. Portfolio Equities, Inc.* (5th Cir. 2008) 540 F.3d 333, 338).

Having attached the Specimen of Use to its Petition, unequivocally proving that the Date of First Use was in 2005, not 2007, the Board must accept that Specimen of Use as part of the Petition, and by its own allegations, Petitioner has pled a facially defective claim: "Plaintiffs may plead themselves out of court by attaching exhibits inconsistent with their claims." Rutter Group on Civil Procedure Before Trial, 9:212, *citing Thompson v. Illinois Dept. of Prof. Reg* (7th Cir. 2002) 300 F.3d 750, 754; *United States ex re riley v. St. Luke's Episcopal Hosp*. (5th Cir. 2004) 355 F.3d 370, 377. "[W]here the documents [attached to a complaint] do not support plaintiff's claim, the complaint may be dismissed for

failure to state a claim." Rutter Group, 9:212:1b, *citing Branch v. Tunnell, supra,* 14 F.3d at 454; *Venture Assocs. Corp. v. Zenith Data Systems Corp.* (7th Cir. 1993) 987 F.2d 429, 431. The application of the doctrine of judicial estoppel to Petitioner's self-contradictory allegations is particularly appropriate here given the rigid pleading and proof requirements for fraud claims imposed by *In re Bose Corp.,* 580 F.3d 1240, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009) (any doubt must be resolved against the party making a claim of fraud, and fraud claims must be plead and proven "to the hilt."). *Id*. at 1939.

If Petitioner is somehow alleging that the Specimen of Use submitted by Registrant and attached by Petitioner is "unacceptable" as a specimen of use, that allegation simply does not support a claim of fraud. Allegations that registrant submitted unacceptable specimens is not a basis for cancelling a registration; the acceptability of specimens is exclusively an ex parte matter. *Hurley International LLC v. Volta,* 82 USPQ2d 1339, 1346 (TTAB 2007).

Moreover, Petitioner's contention that the doctrine of judicial estoppel does not apply here, since Petitioner discovered "new evidence" that proved the actual date of first use was not until 2007, is both specious and asserted in bad faith. ***By its own admission in the Federal Court proceedings between these same two parties, Petitioner knew when it filed its Amended Petition that the only evidence on the Date of First Use proved that Roxbury was self-distributing its "Route 66" DVD's beginning in September of 2005***. In its Opposition to Roxbury's Motion for Summary Judgment in the Federal Court litigation, Petitioner asserted: "According to the testimony of Plaintiff's president,

Kirk Hallam, who Plaintiff produced on this subject pursuant to Fed. R. Civ. P). 30(b)(6), Plaintiff believes that it released a "Best of Route 66" DVD on September 15, 2005, at the Route 66 Rendezvous." Petitioner's Opposition, p. 8, lines 9-12. Petitioner then offered no evidence to the contrary in its Opposition ***because none exists and Petitioner's counsel knows it.***

Petitioner's frivolous reference to testimony that Registrant's subsequent distributor, Infinity, did not distribute Route 66 DVD's until 2007, is facially irrelevant and asserted in bad faith, since as Petitioner originally alleged, and as the Specimen of Use attached to the Petition unequivocally demonstrates, Roxbury was self-distributing "Route 66" DVD's in 2005, long before it licensed DVD distribution to third-party distributor Infinity in 2007. And this belated and disingenuous effort by Petitioner and its counsel to claim otherwise serves only to justify Rule 11 sanctions against them, not as a basis for denying this Motion to Dismiss. *See* Rutter Group, Federal Rules of Civil Procedure Before Trial, §8:630: "Rule 11 requires that the attorney [and law firm]... have evidence to support a factual allegation…If factual allegations are necessarily inconsistent, it would be unlikely that an attorney could satisfy this requirement as to both allegations. [citing FRCP 11(b)(3)].

In sum, neither Petitioner nor its lawyers have asserted any viable explanation for the grotesque inconsistency between the Date of First Use asserted in Petitioner's Original Petition (and indisputably established as 2005 by Registrant's Specimen of Use) and its subsequent assertion of 2007 as the Date of First Use in its Amended Petition. Under such circumstances, Petitioner's

Amended claim for cancellation of Registrant's DVD registration must be dismissed with prejudice, and Petitioner and its counsel should be required to answer why Rule 11 sanctions should not be issued against them including ordering the termination of these proceedings.

Respectfully submitted,

/s/

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Dated: September 19, 2010

CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing **REGISTRANT'S REPLY IN SUPPORT OF MOTION TO DISMISS AMENDED CONSOLIDATED PETITION TO CANCEL** was served by first class mail, postage prepaid, on this 19th day of September 2010, upon counsel for Petitioner:

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