

**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451**

Baxley

Mailed: October 15, 2010

Cancellation No. 92049926

Penthouse Digital Media
Productions Inc.

v.

Cloudstreet, Inc. d/b/a
Roxbury Entertainment

Before Hairston, Cataldo, and Bergsman,
Administrative Trademark Judges

By the Board:

This case now comes up for consideration of respondent's motion (filed August 14, 2010) to dismiss the amended petition to cancel under Fed. R. Civ. P. 12(b)(6) "on the basis that [p]etitioner by reference to its own judicial admission in this proceeding cannot allege or prove the elements of fraudulent procurement." The motion has been fully briefed.

Petitioner originally filed a petition to cancel three registrations: Registration Nos. 3189543¹ and 3194255² for

¹ Such registration is for "pre-recorded DVD's and videocassettes featuring drama, action and adventure" in International Class 9. The registration issued on December 26, 2006 and alleges February 28, 1995 as the date of first use anywhere and the date of first use in commerce.

² Such registration is for "entertainment services, namely, entertainment in the nature of an on-going television program in

Cancellation No. 92049926

the mark ROUTE 66 in standard character form on grounds of fraud and abandonment and Registration No. 3291736³ for the mark ROUTE 66 in standard character form on the ground of fraud.⁴

Petitioner, on June 14, 2010, filed an amended petition to cancel. Respondent, in lieu of an answer, filed its motion to dismiss. However, respondent seeks dismissal of only the fraud claim with regard to Registration No. 3189543. Accordingly, we will treat respondent's motion as seeking only dismissal of that fraud claim.

In support of the motion to dismiss, respondent contends that petitioner "admitted" in the original petition to cancel that respondent had commenced use of the ROUTE 66 mark on DVDs in 2005, but "falsely and fraudulently" alleged, in direct contravention of petitioner's earlier judicial admission, that respondent's first use of the mark on

the field of drama, action and adventure; television production services" in International Class 41. The registration issued on January 2, 2007 and alleges September 30, 1960 as the date of first use anywhere and the date of first use in commerce.

³ Such registration is for a "motion picture film series featuring drama, action and adventure" in International Class 9. The registration issued on September 11, 2007 and alleges May 7, 2007 as the date of first use anywhere and the date of first use in commerce.

⁴ The fraud claims set forth in the original petition to cancel regarding Registrations Nos. 3189543 and 3194255 are based on alleged false dates of use; the fraud claim set forth in the original petition to cancel regarding Registration No. 3291736 is based on alleged failure to use the mark in commerce prior to the filing of the statement of use in support of the application for that registration.

Cancellation No. 92049926

DVD's did not commence until 2007." In the amended fraud claim, petitioner alleges that respondent falsely averred in the amendment to allege use filed on July 14, 2006 that the ROUTE 66 mark was in use on "pre-recorded DVD's and videocassettes featuring drama, action and adventure," when the mark was not used on DVDs until 2007, with the intent of obtaining a registration to which it was not entitled. Respondent contends that, because petitioner's earlier "judicial admission" correctly stated that respondent's mark was first used in 2005, petitioner cannot prevail on its fraud claim with respect to Registration No. 3189543. Accordingly, respondent asks that the Board dismiss such fraud claim with prejudice.

In response, petitioner contends that the amended petition to cancel supersedes the original petition and that petitioner has a right to amend its pleading to conform to the facts as they develop. Petitioner further contends that it amended the factual basis for the fraud claim with respect to Registration No. 3189543 after obtaining discovery in a civil action in which the parties are involved⁵ and that, because the amended petition is complete in itself and does not adopt or refer to the original

⁵ The parties are involved in a civil action styled *Roxbury Entertainment v. Penthouse Media Group, Inc.*, Case No. CV08-03872 FMC (JWJx), filed in the United States District Court for the Central District of California. That civil action is suspended pending final determination of the above-captioned proceeding.

Cancellation No. 92049926

petition, the amended petition supersedes the original petition and renders moot the allegations in the original petition. Accordingly, petitioner asks that the Board deny respondent's motion to dismiss.

In reply,⁶ respondent contends that the specimen of use that respondent submitted to the USPTO with the amendment to allege use in the application that matured into Registration No. 3189543, and which petitioner included as an exhibit to the original petition to cancel, clearly and unambiguously shows, as petitioner originally alleged, that respondent was using the involved ROUTE 66 mark on DVDs as early as 2005; and that petitioner's efforts to amend the factual basis for its fraud claim with regard to Registration No. 3189543 are in bad faith and barred by judicial estoppel. Respondent further contends that, in opposition to a motion for summary judgment that respondent (as plaintiff) filed in the civil action, petitioner (as defendant) asserted that respondent's president testified that respondent believes that it first

⁶ To the extent that respondent's reply brief incorporates a motion for sanctions under Federal Rule of Civil Procedure 11(c), such motion was not filed separately and in compliance with the safe harbor provision of Fed. R. Civ. P. 11(c)(2). See TBMP Section 527.02 (2d ed. rev. 2004). Accordingly, that motion for Rule 11(c) sanctions is not properly before the Board and will receive no consideration.

In addition, respondent is reminded that a motion for Rule 11(c) sanctions that violates Fed. R. Civ. P. 11(b) may result in entry of Rule 11(c) sanctions against the party that files such a motion. See Patent and Trademark Office Rule 11.18; TBMP Section 527.02.

Cancellation No. 92049926

used the mark on September 15, 2005, but offered no evidence to contradict this assertion.

Respondent's motion is not well-taken. Contrary to respondent's assertion, the statements in the original petition to cancel do not constitute judicial admissions. Rather, the original petition to cancel, i.e., the complaint, consists of "allegation[s]" which set forth a "short and plain statement of the claim[s]." Fed. R. Civ. P. 8(a)(2), 8(b)(2), and 8(b)(4).

Because the amended petition to cancel is complete in itself and does not adopt or refer to the original petition, the amended petition to cancel superseded the original petition. See *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854, 1858 (Fed. Cir. 2000); TBMP Section 507.02. Once petitioner filed the amended petition to cancel, the original petition no longer performs any function herein. See Wright, Miller, and Kane, *Federal Practice and Procedure, Civil 2d*, Section 1476 (1990).

In addition, contrary to respondent's assertion, judicial estoppel is inapplicable herein. Judicial estoppel is an equitable principle that holds a party to a position on which it prevailed, as against later litigation arising from the same facts. See *Boston Chicken Inc. v. Boston Pizza International Inc.*, 53 USPQ2d 1053 (TTAB 1999). Respondent's assertion of judicial estoppel is based on

Cancellation No. 92049926

statements made by petitioner in its brief in opposition to respondent's motion for summary judgment in the civil action. In petitioner's response to a March 25, 2010 order to show cause that the district court issued regarding whether to stay the parties' civil action to allow this proceeding to go forward, a copy of which petitioner submitted as an exhibit to the request to resume proceedings that it filed in this case on April 30, 2010, petitioner indicated that respondent's motion for summary judgment in the civil action is pending. Judicial estoppel does not preclude a party from amending the factual basis of a claim during a pending Board proceeding where, as here, the other litigation regarding the facts at issue remains pending and is suspended pending disposition of the Board proceeding.

Moreover, to the extent that respondent argues the merits of petitioner's fraud claim with regard to Registration No. 3189543, such arguments are premature. That is, respondent's assertion that it was distributing DVDs under the ROUTE 66 mark by itself between 2005 and 2007 is a matter for resolution on the merits after the introduction of competent evidence.⁷ See *Flatley v. Trump*, 11 USPQ2d 1284 (TTAB 1989); Trademark Rule 2.122.

⁷ In any event, we are not persuaded by respondent's assertion that the specimen that it submitted with the amendment to allege use establishes that respondent was using the ROUTE 66 mark on DVDs in 2005. Although the specimen in question includes the wording "ROXBURY ENTERTAINMENT" and the year 2005 in the

Cancellation No. 92049926

Based on the foregoing, respondent's motion to dismiss the fraud claim with regard to Registration No. 3189543 is denied.⁸ Proceedings herein are resumed.⁹ Dates are reset as follows.

Answer to Amended Petition to Cancel Due ¹⁰	11/12/10
Deadline for Discovery Conference	12/12/10
Discovery Opens	12/12/10
Initial Disclosures Due	1/11/11
Expert Disclosures Due	5/11/11
Discovery Closes	6/10/11
Plaintiff's Pretrial Disclosures	7/25/11
Plaintiff's 30-day Trial Period Ends	9/8/11
Defendant's Pretrial Disclosures	9/23/11
Defendant's 30-day Trial Period Ends	11/7/11

copyright notice thereof, that copyright notice, by itself, does not establish use of the mark in commerce because it does not establish that DVDs bearing that mark were being "sold or transported in commerce" and that any such sale or transportation constituted "bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark" at the time the amendment to allege use was executed and filed. Trademark Act Section 45, 15 U.S.C. Section 1127. See also Trademark Rules 2.76(b)(1) and 2.122(b)(2).

⁸ The fraud claims set forth in the amended petition to cancel are legally sufficient. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986).

⁹ In the request to resume proceedings that petitioner filed on April 30, 2010, petitioner also indicated that "it appears that [the parties] agree that ... the discovery period should be closed" herein. If the parties want to modify the discovery and trial schedule herein, they should prepare a stipulation which sets forth their agreed upon discovery and trial schedule. See TBMP Section 509.02. The parties may also consider accelerated case resolution. See <http://www.uspto.gov/trademarks/process/appeal/acrognoticerule.pdf>.

¹⁰ In the request to resume, petitioner indicated that "it appears that [the parties] agree that" respondent's reply to the counterclaim in their civil action should serve as respondent's responsive pleading herein. However, respondent must file a proper answer that responds to the allegations set forth in the amended petition to cancel and which complies with Fed. R. Civ. P. 8(b).

Cancellation No. 92049926

Plaintiff's Rebuttal Disclosures	11/22/11
Plaintiff's 15-day Rebuttal Period Ends	12/22/11

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

If either of the parties or their attorneys should have a change of address, the Board should be so informed promptly.