ESTTA Tracking number: **ESTTA178865**
Filing date: **12/05/2007**

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

Proceeding	91179940
Party	Plaintiff MedAvante, Inc.
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Attachments	MEDAVANTE-ProxyMed-Opposition-Suspension-NNPNMEDAVANT-120507.pdf (10 pages)(447065 bytes)

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

MEDAVANTE, INC.,	)	
	)	Opposition Proc. No. 91-179,940
Opposer,	)	
v.	)	Appl. Ser. No. 78/958,913
	)	
PROXYMED, INC.,	)	for "NPPN NATIONAL PREFERRED PROVIDER NETWORK A MEDA-VANT NETWORK" & Design
Applicant	)	

OPPOSITION TO APPLICANT'S MOTION TO SUSPEND, ETC.

Opposer, MedAvante, Inc. ("MedAvante"), by its counsel, Stevens & Lee, P.C., hereby lodges its opposition to the motion of the Applicant, ProxyMed, Inc. ("ProxyMed") to suspend the referenced opposition proceeding pending the outcome of certain litigation between the parties.

While the Applicant makes reference to certain "existing Federal Court" litigation in the U.S. District Court for the District of New Jersey (06-03248; the "Litigation") involving Applicant's infringement of Opposer's U.S. Registered Trademark No. 2830753 for "MEDAVANTE" by its use of "MEDAVANT" (alone or in combination with other elements), Applicant failed to report the following:

A. The Litigation was settled on February 13, 2007, with the Applicant receiving, inter alia, a license to use the "MEDAVANT" marks; and

B. The Litigation was dismissed on February 16, 2007; and

C. The Opposer subsequently moved to enforce the settlement; and

D. On June 14, 2007, U.S. Magistrate Judge John J. Hughes filed a Report and Recommendation that the settlement be enforced and holding that the license

granted to Applicant did not include the right to register the "MEDAVANT" marks (copy of Report and Recommendation attached as Exhibit A); and

E. On June 28, 2007, the Applicant has appealed the decision of Magistrate Judge Hughes.

Based upon the foregoing, the Opposer believes that it will be prejudiced by any further delay in prosecuting its Opposition. The Applicant has entered into a settlement of the Litigation but has refused to abide by its terms. The Opposer has been forced to move to compel the Applicant to abide by those terms but this is not litigation bearing upon the issue of infringement and, therefore, the Opposition should go forward.

The Opposer requests that the Trademark Trial and Appeal Board deny Applicant's motion to suspend these proceedings.

Respectfully submitted,

Dated: 5 December 2007

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CERTIFICATE OF SERVICE

This is to certify that a copy of the within document was served upon the following by U.S. Mail, postage prepaid:

Michael J. Brown, Esq.
Curtis, Mallet-Provost, Colt & Mosle LLP
101 Park Avenue
New York, NY 10178

Dated: 5 December 2007

EXHIBIT A

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

MEDAVANTE, INC.,	:	**Civ. No. 06-3248(MLC)**
Plaintiff,	:	
v.	:	**REPORT AND RECOMMENDATION**
PROXYMED, INC., et al.,	:	
Defendants.	:	

HUGHES, U.S.M.J.

Presently before the Court is the Motion of Plaintiff MedAvante, Inc. ("Plaintiff") to reopen the case or to enforce settlement [Docket Entry # 65], returnable May 21, 2007. A Settlement Conference was held on February 13, 2007, the matter was settled, the terms were placed on the record, and the case was closed as reported settled. However, the parties have since had a dispute over whether the settlement included a *license* agreement or a *consent* agreement. As a result, Plaintiff filed the present motion to reopen the case or enforce settlement. In a letter dated June 7, 2007, Plaintiff withdrew its alternative request to reopen the case and stated that it now seeks only enforcement of the settlement. This matter was referred here for a Report and Recommendation pursuant to 28 U.S.C. § 636(b)(1). The Court conducted a hearing in open court on June 12, 2007 and heard the testimony of Defendant's principal, John Lettko.

I. BACKGROUND AND PROCEDURAL HISTORY

MedAvante, Inc. ("Plaintiff"), a Delaware corporation with its principal place of business in New Jersey, is in the business of (1) reducing the number of failed clinical drug trials and

related medical research and (2) reducing the time it takes to bring such drugs to market and to facilitate the evaluation of such drugs by hospitals and other medical institutions. (Pl.'s Compl. at ¶ 9). Beginning in 2002, Plaintiff developed proprietary products and services and adopted the trademark "MedAvante." Id. at ¶ 10. Plaintiff's products and services include "MedAvante Centralized Rating Services™" and "MedAvante Rater Training Services™." Id.

Proxymed, Inc. ("Defendant"), a Florida corporation that conducts business in New Jersey, has provided various products and services to physicians, laboratories and other medical professionals since 1989. Id. at ¶ 17. In 2005, Defendant, who retained Schwartz Communications, Inc. and Truebrand, LLC to assist in the development and adoption of trade names and trademarks, selected the following names: "MedAvant", "MedAvant (and design)" and "MedAvant Healthcare Solutions." Id. at ¶ 21. The United States Patent and Trademark Office has not yet approved Defendant's applications for the marks. Id. at ¶ 26. However, Defendant began using the marks in late 2005 or early 2006. Id.

Plaintiff filed a Complaint against Defendants in July 2006 alleging the following counts: Count One - infringement of federally-registered trademark; Count Two - infringement of common law rights in trademarks and trade name; Count Three - infringement of federally-registered trademark pursuant to 15 U.S.C. § 1114; Count Four - false designation of origin under 15 U.S.C. § 1125(A); Count Five - unfair competition; and Count Six - unfair trade practices. (See Pl.'s Compl.).

The present motions arise out of a settlement conference held on February 13, 2007. At the conclusion of the settlement conference, the parties reached an agreement to settle the claims at issue in the case. (See Mitchell Cert. at ¶ 6). The general terms of settlement were read into

the record. Id. at ¶ 7. The following is an excerpt from the transcript of February 13, 2007:

> MR. MITCHELL: Your Honor, this is Brad Mitchell for the Plaintiff. We have agreed to accept payment of a dollar amount, which we advised Your Honor about in Chambers, to resolve the matter at issue in this case. In addition, there are a few other additional terms.
>
> The Defendant agreed that it will not get into the clinical trials business using the name Medavante or any of its derivations. The parties have agreed that following today they will enter into a formal settlement agreement memorializing the terms herein and also **including a proper license agreement in connection with the mark at issue**.
>
> . . . .
>
> MR. KOBUS: That's my understanding of the agreement, your Honor.
>
> THE COURT: Okay. And I have Plaintiff clients here, and I assume by their silence they are agreeing with what their counsel just said as to the terms of the agreement. **They both nod their head "yes," and I'm of the old school there's nothing like a nodding of the head or a handshake to cement a deal**. I also want you, Mr. Kobus, to indicate that your client himself was here and that the carriers are here. And I assume that their silence indicates that their agreement with the terms of the settlement is indicated by counsel. And they all three nod their heads. And you represent that your client's aware of these and he is bound by this, too?
>
> MR. KOBUS: Right, Mr. Letko has left to catch a plane, but I have spoken to General Counsel for Proxymed and confirmed that they are agreeable to the terms of the settlement.

(See Feb. 13, 2007 Tr. at 2-4).

Following the settlement conference, the Court entered an Order & Judgment on February 16, 2007, dismissing the case without costs and "without prejudice to reopen the action on good cause shown within 60 days if the settlement is not consummated." (See Dkt. no. 06-3248, entry no. 64). Plaintiff filed the present motion on April 17, 2007, following the parties' dispute as to whether the terms of settlement included a *license* or a *consent agreement*. (See Dkt. no. 06-3248, entry no. 65).

Plaintiff argues that the parties agreed to enter into a *license* by which Plaintiff would

permit Defendant "to continue its use of the Infringing Marks which are variants of the trademark that is the subject of the MedAvante Registration." (Mitchell Cert. at ¶ 11). Defendant objected to the motion to reopen or enforce settlement and submitted a Cross-Motion to enforce settlement in a letter brief dated May 1, 2007. (See Def.'s Ltr. Br. dated May 1, 2007). Defendant concedes that the "parties agreed to have a formal Settlement Agreement memorializing the terms of the settlement that would include a *proper* license agreement." Id. at ¶ 8. However, Defendant contends that "what the parties in fact intended . . . was in fact a consent agreement." Id.

On June 7, 2007, Plaintiff advised the Court by letter that it was withdrawing "its alternative request to reopen the action that was included in its motion to enforce settlement." (Pl.'s Ltr. dated June 7, 2007). Therefore, the motions presently before the Court include Plaintiff's Motion to enforce settlement to include a license agreement and Defendant's Cross-Motion to enforce settlement to include a consent agreement.

II. DISCUSSION

Plaintiff seeks enforcement of the settlement terms which were placed on the record of February 13, 2007 and include an intention of the parties to "include a *proper* license agreement." However, Defendant argues that a consent agreement, rather than a license, was intended by the parties. It appears to the Court that Defendant's attempt to *register* the names has precipitated the present disagreement. In a license agreement, "the licensee is engaging in acts which would infringe the licensor's mark but for the permission granted in the license." J. McCarthy, McCarthy on Trademarks and Unfair Competition, § 18:79 (2007); see also Brennan's Inc. v. Dickie Brennan & Co., Inc., 376 F.3d 356, 364 (5th Cir. 2004) ("A license

gives one party the right to use another party's mark (i.e., to engage in otherwise infringing activity), generally in exchange for a royalty or other payment.").

With a license agreement, "[a] licensee's use inures to the benefit of the licensor-owner of the mark and the licensee acquires no ownership rights in the mark itself." McCarthy § 18:52; see also In re Wilson Jones Company, 337 F.2d 670, 672 (C.C.P.A. 1964) (noting that the "license agreement did not constitute a consent to register"). Although a license involves the granting of a limited right to use a mark and the obligation to maintain quality standards, a license agreement does not have to include terms regarding royalties, formal quality control mechanisms, or a definite term to be valid. Bunn-O-Matic Corp. v. Bunn Coffee Service, Inc., 88 F. Supp. 2d 914, 921 (C.D. Ill. 2000) ("The Agreement is the grant of a right to use another's trademark, an interest appurtenant to its business operations; therefore, it is a license.").

In contrast, a consent agreement is not a license. McCarthy § 18:79. In a consent agreement, "the consentee is permitted to engage in defined actions which do not infringe the consentor's mark, and the agreement implicitly or explicitly recognizes that." Id. A consent agreement "'is not an attempt to transfer or license the use of a trademark . . . but fixes and defines the existing trademark of each . . . [so] that confusion and infringement may be prevented.'" Brennan's Inc., 376 F.3d at 364 (quoting Exxon Corp. v. Oxxford Clothes, Inc., 109 F.3d 1070, 1076 (5th Cir. 1997)).

III. ANALYSIS

In the present matter, the parties' settlement on February 13, 2007 included a license agreement. First, Counsel for Plaintiff, stated at the settlement conference that the parties' settlement agreement would include "a proper license agreement in connection with the mark at

issue." (See Feb. 13, 2007 Tr. at 2). Defendant's Counsel stated on the record "[t]hat's [his] understanding of the agreement." Id. at 3. Plaintiff and Defendant also nodded their agreement with this arrangement and made no objection to any terms, including the license agreement.

Second, the record is clear that under the terms of the settlement between the parties, Plaintiffs would allow Defendant to use certain URLs, but not register the names itself. Therefore, similar to the license agreement described in Brennan's, the agreement here allowed Defendant's use of otherwise infringing marks. Mr. Mitchell, Counsel for Plaintiff, stated on the record that "the Plaintiff has agreed to allow the Defendant to continue its present use of the MedavanteHealth.com URL and the MyMedavante.com URL, and the Defendant has agreed that it will not, now and in the future, use the URL's Medavante.com . . . or Medavante.net." Id. Again, all parties expressed their agreement to this arrangement.

Therefore, Defendant agreed to a license agreement which would allow it to use certain of Plaintiff's names and not others. Although Plaintiff allowed Defendant's use of its names, at no time did Plaintiff indicate that Defendant was permitted to *register* the names for itself. Similarly, at no time did any party object to the wording of the agreement put on the record or the use of the term "license agreement." Therefore, there was a meeting of the minds between the parties on settlement day and an agreement was reached which included a license, not a consent, agreement. Defendant will not be permitted to alter the terms of settlement after the fact simply because it has since changed its mind and wishes to seek more advantageous terms.

IV. CONCLUSION

In view of the foregoing, it is respectfully recommended that Plaintiff's Motion to enforce settlement and Defendant's Cross-Motion to enforce settlement be granted in part and denied in

part. Simply put, and as clearly supported by the record of February 13, 2007, the Court should enter judgment (1) requiring Defendant to pay $1.2 million forthwith and (2) granting a license to Defendant to use the mark MedAvant in any way except in the clinical trials market. The parties shall submit a proposed joint license agreement to Judge Cooper **within ten (10) days** after judgment is entered.

Local Civil Rule 72.1(c)(2) permits objections to this Report and Recommendation within 10 days after being served with a copy thereof. The Clerk of the Court is directed to serve a copy of this Report and Recommendation on Counsel for Plaintiff and Counsel for Defendant by **regular and certified mail**.

Dated: June 13, 2007

Respectfully submitted,

/s/ John J. Hughes
JOHN J. HUGHES
UNITED STATES MAGISTRATE JUDGE