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

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------|
| Proceeding | 92047013 |
| Party | Plaintiff NeTrack, Inc. |
| Correspondence Address | Carl Oppedahl Oppedahl Patent Law Firm LLC P.O. Box 4850 Frisco, CO 80443-4850 UNITED STATES |
| Submission | Motion to Strike |
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| Date | 09/19/2007 |
| Attachments | motion-to-strike-01.pdf (16 pages)(78068 bytes) |

**UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD**

In re Registration Number: 3,064,820

Mark: NETTRAK

Registered: March 7, 2006

NeTrack, Inc.)
)
v.)
)
Internet FX, Inc.)
_____)

Cancellation No. 92047013

Commissioner for Trademarks
PO Box 1451
Alexandria, Virginia 22313-1451

MOTION TO STRIKE

Petitioner, NeTrack, Inc. (“Petitioner”) moves to strike the portions of Registrant, Internet FX, Inc.’s. (“Registrant”) “Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declarations of Laura M. France and Christine Klenk” (“Registrant’s Motion”) as indicated in Appendix A.

Registrant’s Motion introduced a significant amount of confidential settlement information into the record.

Registrant’s Motion and its supporting declarations memorialized evidence of conduct and statements made during compromise negotiations that occurred between the parties in order to resolve this trademark controversy. The inclusion of the confidential settlement information within Registrant’s Motion is a violation of Federal Rules of Evidence 401 and 403, and is

against the public policy behind Federal Rule of Evidence 408. The record is now tainted with confidential information that goes toward the validity of the cancellation proceeding and relief sought therefrom.

Registrant filed its motion to have discovery reopened after Registrant intentionally failed to initiate or conduct any discovery during the six-month discovery period.

Reopening a discovery period requires a showing of “excusable neglect”. The factors used to determine whether there is “excusable neglect” are set forth by the Supreme Court in *Pioneer Investment Services Company v. Brunswick Associates Ltd. Partnership*, 507 U.S. 380 (1993), adopted by the Board in *Pumpkin Ltd. v. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997).

Those factors include: (1) the danger of prejudice to the nonmovant; (2) the length of the delay and its potential impact on judicial proceedings; (3) the reason for the delay, including whether it was within the reasonable control of the movant; and (4) whether the movant acted in good faith. (TTAB Manual §509.01(b)).

The only factor in Registrant’s motion that Registrant attempts to support with the confidential settlement information is factor 3, which is the reason for the delay, including whether it was within the reasonable control of the movant. The reasons Registrant gives for the delay is (1) Registrant believed the case would settle and (2) Petitioner did not explicitly inform Registrant that it was going to serve discovery requests prior to doing so near the end of the discovery period.

Confidential Settlement Information presented by Registrant's Motion violates Federal Rule of Evidence 401.

Federal Rule of Evidence 401 is:

Definition of "Relevant Evidence": "Relevant evidence" means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence.

None of the confidential settlement information included in Registrant's Motion made the existence of any fact more probable or less probable than it would have been without the evidence.

Registrant appears to have provided the confidential settlement information to support Registrant's belief the case would settle. Unfortunately until an actual signed document exists, or at the very least oral statements from both parties are made stating that they completely agree to all terms within a document (without any additions), one would be foolish to ignore important dates such as the end of a discovery period because of a hunch that settlement was eminent. Nowhere in the confidential settlement information included in the Registrant's brief is there any evidence to support the existence of a signed settlement agreement or that there was a true "meeting of the minds" where both parties orally agreed to all terms within a document without any additions. At best, the only value that the confidential settlement information could possibly have had, was to show that settlement discussions were going on throughout the discovery period. However, it is absurd to believe that an entire record of confidential settlement negotiations would need to be introduced to show that settlement discussions were going on

during the discovery period. Of course settlement discussions were going on. It is a matter of professional responsibility for attorneys to constantly have settlement discussions going on.

The confidential settlement information did not make the existence of the fact that settlement was being discussed any more probable or less probable than it would have been without providing the confidential information. Therefore, it was irrelevant under Federal Evidence Rule 401 and should be stricken from the record. In addition the confidential settlement evidence should be stricken because it did not provide any fact of consequence indicating that settlement was eminent.

Registrant appears to have provided confidential settlement information to support the fact that Petitioner did not explicitly inform Registrant that it was going to serve discovery requests prior to doing so near the end of the discovery period. This fact has no relevance whatsoever because it is not a fact of consequence under Federal Rule of Evidence 401. There is no duty under the rules of discovery to provide the other party notice regarding whether or not you plan to serve discovery requests. The requests simply need to be served within the time period for conducting discovery. Hypothetically, in a case where one party allegedly promised another party during settlement discussions that it would not serve discovery requests and then did so anyway, there might possibly be a justifiable reason to bring that single statement in to the record. However, even that scenario would not justify disclosing the entirety of the confidential settlement discussions.

In the present controversy, at no time during settlement discussions did Petitioner tell Registrant that Petitioner would not conduct discovery. Therefore the confidential settlement information should not be allowed to come into the record for purposes of supporting the fact that Petitioner did not inform Registrant of any plans it may have had to conduct discovery.

Confidential Settlement Information presented by Registrant's Motion violates Federal Rule of Evidence 403.

Federal Rule of Evidence 403 is:

Exclusion of Relevant Evidence on Grounds of Prejudice, Confusion, or Waste of Time: Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

Even if the confidential settlement information disclosed by Registrant's Motion was "relevant" under Federal Rule of Evidence 401, it should be excluded under Federal Rule of Evidence 403.

The danger of unfair prejudice toward Petitioner due to the tainting of the record with confidential settlement information substantially outweighs any probative value that Registrant would gain in using the confidential documents in support of its Motion. Allowing the confidential settlement information to remain on the record will harm Petitioner in not only this controversy but in future controversies or enforcement activities Petitioner may be involved in by having private settlement information made public in the record of this cancellation proceeding.

It was not necessary to utilize the confidential settlement information to show that settlement

discussions were going on throughout the discovery period. Registrant could simply have stated that fact without introducing the information that would taint the record. If Registrant believed that further support was needed, Petitioner would have been more than willing to stipulate to the fact that settlement discussions were indeed occurring during the discovery period. Instead of requesting a stipulation, Registrant opted to unnecessarily taint the record with confidential settlement information. Petitioner would also have been willing to stipulate to the fact that Petitioner served discovery requests on Registrant without first warning Registrant of its intent to do so, had Registrant troubled to ask.

It is difficult to conceive of any legitimate motive for taking the drastic step of prejudicing the record with confidential settlement information when the only useful factual support provided by the information was that settlement discussions took place during the discovery period and that one party failed to inform the other prior to serving discovery requests.¹ As the probative value of the evidence provided in the confidential settlement information is strongly outweighed by the danger of unfair prejudice, it should be stricken from the record.

Confidential Settlement Information presented by Registrant's Motion is against the public policy behind Federal Rule of Evidence 408.

Federal Rule of Evidence 408 is:

¹It appears to the undersigned that Registrant's counsel's conduct of introducing confidential settlement discussions into the record may be considered to be conduct that is prejudicial to the administration of justice and is in violation of the Patent and Trademark Office Code of Professional Responsibility under 37 CFR §10.23(b)(5). Indeed the undersigned explicitly warned Registrant's counsel not to do this. However, that is a matter for a different tribunal.

Compromise and Offers to Compromise:

(a) Prohibited uses.—Evidence of the following is not admissible on behalf of any party, when offered to prove liability for, invalidity of, or amount of a claim that was disputed as to validity or amount, or to impeach through a prior inconsistent statement or contradiction: (1) furnishing or offering or promising to furnish or accepting or offering or promising to accept a valuable consideration in compromising or attempting to compromise the claim ; and (2) conduct or statements made in compromise negotiations regarding the claim, except when offered in a criminal case and the negotiations related to a claim by a public office or agency in the exercise of regulatory, investigative, or enforcement authority. Permitted uses. This rule does not require exclusion if the evidence is offered for purposes not prohibited by subdivision (a). Examples of permissible purposes include proving a witness's bias or prejudice ; negating a contention of undue delay; and proving an effort to obstruct a criminal investigation or prosecution.

The public policy behind Federal Rule of Evidence 408 is to encourage settlement discussions by taking away the fear that statements made during those discussions will later be disclosed publically or to the decision maker in a way that would influence the outcome of a case. Indeed, often times the final signed settlement agreement is kept confidential as well. One reason for the fear is that settlement, more often than not, occurs because the parties do not want to incur the tremendous cost of litigation even though a particular party may have the law behind it and could ultimately win.

As a result of Registrant publicly disclosing what, for all practical purposes, was the entirety of the parties' confidential settlement discussions, there is no longer any chance that either party will speak frankly in this case for fear that, should the case go forward, the decision maker will be privy to the private settlement discussions.

For the public policy reasons behind Federal Rule of Evidence 408 of encouraging settlement

discussions, the confidential settlement information disclosed in Registrant's motion should be stricken from the record.

Conclusion

The decision to disclose confidential settlement information should not be taken lightly. In order to serve a client's best interest by maintaining an environment as conducive to settlement discussions as possible, disclosing or even threatening to disclose confidential settlement information should only be done after all other means of introducing relevant facts to the record have been exhausted.

In this particular controversy, Respondent improperly disclosed confidential settlement information into the record in violation of Federal Rule of Evidence 401 as it was irrelevant and did not make the existence of any fact of consequence more probable or less probable than it would have been without the confidential information being disclosed. The disclosure of the confidential settlement information was also in violation of Federal Rule of Evidence 403 as its probative value was substantially outweighed by the danger of unfair prejudice to Petitioner. Finally, the disclosure violated the public policy to encourage settlement discussions behind Federal Rule of Evidence 408.

For these reasons, Petitioner respectfully requests that the Board grant this motion to strike the portions of Registrant's "Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declarations of Laura M. France and Christine Klenk" as indicated in

Appendix A.

Respectfully submitted,

Oppedahl Patent Law Firm, LLC

Date: September 19, 2007 By: _____/s/_____

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Appendix A

Confidential Settlement Information to be Stricken

Petitioner, NeTrack, Inc. respectfully requests the Board to strike the following from Registrant Internet FX, Inc.'s Motion to Reopen Discovery Period and Reset Testimony and Trial Periods:

Page 1, Paragraph 2, Lines 3-5, starting with "Specifically..." and ending with "...trade and..."

Page 2, Paragraph 1, Lines 1-2, starting with "...customers." and ending with "...agreement."

Page 2, Paragraph 2, Lines 1-5, starting with "However, ..." and ending with "...new issue, ..."

Page 3, Paragraph 2, Lines 2-8, starting with "...in which..." and ending with "...Ex. A."

Page 3, Paragraph 3, Lines 1-2, starting with "...when he..." and ending with "...Decl. ¶ 7."

Page 3, Paragraph 4, Lines 2-3, starting with "...inquiring as..." and ending with "...of Motion..."

Page 3, Paragraph 5, Lines 3-6, starting with "...and confirming..." and ending with "...in Mr. ..."

Page 4, Paragraph 1, Lines 1-3, starting with "...Oppedahl's..." and ending with "...resolution."

Page 4, Paragraph 2, Lines 1-6, starting with "In a response..." and ending with "...Petitioner. *Id.*"

Page 4, Paragraph 4, Lines 2-3, starting with "...given the..." and ending with "...agreement."

Page 4, Paragraph 5, Lines 2-3, starting with "...based on..." and ending with "...Ex. E."

Page 5, Paragraph 1, Lines 2-6, starting with "Specifically, ..." and ending with "...prejudiced."

Page 5, Paragraph 2, Lines 1-3, starting with "However, ..." and ending with "...agreement, ..."

Page 7, Paragraph 3, Lines 3-4, starting with "Based..." and ending with "...for review."

Page 7, Paragraph 3, Lines 4-8, starting with "Though..." and ending with "...agreement."

Page 8, Paragraph 1, Lines 1-3, starting with "Thus, ..." and ending with "...discovery."

Petitioner, NeTrack, Inc. respectfully requests the Board to strike the following from Registrant Internet FX, Inc.'s Declaration of Laura M. Franco in Support of Motion to Reopen Discovery, ("Declaration of LMF"):

Page 1, Numbered Paragraph 4, Lines 3-7, starting with "She also..." and ending with "...this matter."

Page 1, Numbered Paragraph 5, Lines 1-5, starting with "Accordingly, ..." and ending with "...Exhibit A."

Page 2, Numbered Paragraph 6, Lines 1-2, starting with "On May..." and ending with "...me back."

Page 2, Numbered Paragraph 7, Lines 2-4, starting with "In that..." and ending with "...review."

Page 2, Numbered Paragraph 7, Lines 4-7, starting with "...stating..." and ending with "...Exhibit B."

Page 2, Numbered Paragraph 8, Lines 2-3, starting with "...inquiring..." and ending with "...agreement."

Page 2, Numbered Paragraph 9, Lines 1-2, starting with "...regarding..." and ending with "...agreement, ..."

Page 2, Numbered Paragraph 9, Line 4, starting with "...regarding..." and ending with "...agreement."

Page 2, Numbered Paragraph 9, Lines 6-7, starting with "...with the..." and ending with "...Klenk.)"

Page 2, Numbered Paragraph 10, Lines 1-2, starting with "...comment..." and ending with "...agreement, ..."

Page 3, Numbered Paragraph 12, Lines 3-10, starting with "Mr. Oppedahl..." and ending with "...Exhibit C."

Page 3, Numbered Paragraph 13, Lines 1-5, starting with "...I explained..." and ending with "...own logo."

Page 3, Numbered Paragraph 13, Lines 6-7, starting with "A true..." and ending with "...Exhibit D."

Page 3, Numbered Paragraph 15, Line 2, starting with "...given..." and ending with "...parties'..."

Page 4, Numbered Paragraph 15, Line 1, starting with "...agreement..." and ending with "...agreement, ..."

Page 4, Numbered Paragraph 16, Lines 2-4, starting with "...based on..." and ending with "Exhibit E."

Page 4, Numbered Paragraph 17, Lines 1-3, starting with "In that..." and ending with "...to me."

Page 4, Numbered Paragraph 17, Lines 4-5, starting with "... (particularly..." and ending with "...agreement"), ..."

Page 4, Numbered Paragraph 18, Lines 4-5, starting with "True..." and ending with "...Exhibit F."

Page 4, Numbered Paragraph 19, Lines 5-6, starting with "A true..." and ending with "...Exhibit G."

Petitioner, NeTrack, Inc. respectfully requests the Board to strike the following Exhibits to Registrant Internet FX, Inc.'s Motion to Reopen Discovery Period and Reset Testimony and Trial Periods:

Exhibit A

Exhibit B

Exhibit C

Exhibit D

Exhibit E

Exhibit F

Exhibit G

Exhibit H

Petitioner, NeTrack, Inc. respectfully requests the Board to strike the following from Registrant Internet FX, Inc.'s Declaration of Christine Klenk in Support of Motion to Reopen Discovery, ("Declaration of CK"):

Page 1, Numbered Paragraph 2, Lines 2-3, starting with "...regarding..." and ending with "...2007."

Page 1, Numbered Paragraph 3, Line 2, starting with "...regarding..." and ending with "...agreement."

Page 1, Numbered Paragraph 3, Line 4, starting with "...with the..." and ending with "...before then."

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Petitioner's Motion to Strike was served this 19th day of September, 2007 by first class mail, upon the attorneys for Registrant:

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