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

Proceeding	91173802
Party	Plaintiff NMT Medical, Inc. NMT Medical, Inc. ,
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THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application:
Serial No.: 78/699,870
Filed: August 24, 2005
Applicant: Edwards Lifesciences AG
Mark: LIFESTENT FLEXSTAR
Published in the Official Gazette of May 9, 2006

NMT Medical, Inc.,	)	
Opposer,	)	
v.	)	Opposition No. 91173802
Edwards Lifesciences AG,	)	
Applicant.	)	

OPPOSER'S OPPOSITION TO APPLICANT'S MOTION TO REOPEN DISCOVERY

Opposer NMT Medical, Inc. ("NMT") hereby opposes the Motion to Reopen Discovery (the "Motion") filed by Applicant Edwards Lifesciences AG ("Edwards"). Edwards' Motion should be denied because Edwards has not shown that its failure to act was the result of excusable neglect. It is not excusable neglect to choose not to take discovery on the belief that the case might ultimately settle, even if Edwards believed that settlement discussions were ongoing (which NMT contends is an unreasonable belief). Edwards knew when discovery was set to close, yet it did not ask either the Board or NMT for an extension or a suspension prior to the deadline. Intentionally allowing the discovery period to close does not constitute excusable neglect.

I. BACKGROUND

NMT is the owner of the inherently distinctive trademark STARFLEX for and in connection with certain medical devices, more specifically, septal occluders. NMT has registered its STARFLEX trademark with the United States Patent and Trademark Office, Registration No. 2,613,300.

On August 24, 2005, Edwards filed the subject application for the mark LIFESTENT FLEXSTAR in connection with "medical devices, namely stents," Serial No. 78/699,870. Such application subsequently published on May 9, 2006.

On May 15, 2006, NMT filed an Extension of Time to Oppose Serial No. 78/699,870, and on May 26, 2006, NMT sent a letter to Edwards requesting that Edwards cease use of its LIFESTENT FLEXSTAR mark and withdraw its pending applications for such mark. (The letter stated that although NMT hoped to resolve the matter amicably, it would protect and defend its rights if Edwards' response was unsatisfactory.)

Subsequently, as demonstrated by the Exhibits submitted with the Declaration of Richard C. Gilmore In Support of Edwards' Motion to Reopen Discovery, the parties exchanged limited correspondence with respect to settlement of the opposition.[1] On August 14, 2006, almost three months after NMT's initial cease and desist letter, Edwards sent a reply to NMT stating in sum that it disagreed with NMT's contentions and requests. Therefore, on September 14, 2006, NMT sent another letter with a proposal for co-existence, which contained certain limitations on Edwards use of the LIFESTENT

[1] NMT submits that the reliance on the settlement correspondence between the parties may be improper where it is used as evidence of "admissions" or the validity of a claim asserted in such correspondence. Such correspondence is an offer of compromise under Rule 408 of the Federal Rules of Evidence. NMT acknowledges that use of the correspondence may be proper evidence insofar as it is used to establish a timeline of the correspondence, that Edwards' settlement proposal never really changed throughout the so-called "negotiations," or that Edwards belief that negotiations were ongoing after its letter of January 4, 2007 was unreasonable.

FLEXSTAR mark. Having not received a satisfactory response to this offer, NMT filed the present opposition with the Board on November 6, 2006.

On November 7, 2006, the Board issued a Scheduling Order that set the discovery period to close on May 26, 2007.

Finally, on January 4, 2007, almost four months after NMT's proposal for co-existence, Edwards sent a letter to NMT purporting to contain a "counter-proposal," which in essence suggested that the current status of co-existence between the parties be maintained. It did not include any limitations on Edwards' use of its LIFESTENT FLEXSTAR mark. Thus, between August 14, 2006 and January 4, 2007, Edwards did not change its position on the circumstances under which the parties could co-exist, which was in direct conflict with NMT's position. The status quo obviously was unacceptable to NMT, or it would not have filed the Opposition in the first place. Therefore it was unreasonable to believe that negotiations were ongoing when Edwards had not offered any concessions or limitations so that the parties could co-exist.

On May 25, 2007, prior to the close of the discovery period, NMT served discovery requests on Edwards along with a letter reiterating NMT's offer for settlement of September 14, 2006, and reminding Edwards that NMT required some limitation on Edwards LIFESTENT FLEXSTAR mark if the parties were to co-exist.

The discovery period closed on May 26, 2007, without Edwards conducting any discovery, and without Edwards filing any motion to extend or suspend the discovery deadline.

Almost one month later, and as admitted by Edwards in its Motion more than three weeks after receipt of NMT's discovery requests, counsel for Edwards reestablished communications with counsel for NMT, seeking to negotiate settlement, just days before Edwards' responses to discovery were due. In fact, Edwards waited until the day its discovery responses were due, and one month after the discovery period had closed, to file its Motion.

Based on the foregoing, it was unreasonable for Edwards to believe that settlement negotiations were "ongoing." Moreover, even if such belief were considered reasonable, because Edwards had not received a reply to its last communication in over four months, and the parties had not reached any settlement, it was unreasonable to allow the discovery period to close without any attempt to contact NMT or to extend or suspend the deadline. Such facts do not support a case of excusable neglect.

II. THE DISCOVERY PERIOD SHOULD NOT BE REOPENED.

Since Edwards' Motion was not filed until after the close of discovery, Edwards must show that its failure to act during the time allowed was the result of excusable neglect. See Fed. R. Civ. P. 6(b); TBMP § 509.01. In determining whether the facts of a particular case meet the excusable neglect standard, it is appropriate to take into account all relevant circumstances surrounding the party's omission or delay, including (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. See TBMP § 509.01 citing Pioneer Investment Services Company v. Brunswick Associates Ltd. Partnership, 507 U.S. 380, 395 (1993) and Pumpkin Ltd. v. The Seed Corps, 43 U.S.P.Q.2d 1582, 1587

(TTAB 1997). The third Pioneer factor – "the reason for the delay, including whether it was within the reasonable control of the movant" – has been deemed to be the most important of the Pioneer factors. See TBMP § 509.01 and cases cited therein. Application of the above standard to the facts of the present case show that Edwards has not demonstrated that its failure to take action during the prescribed period meets the excusable neglect standard.

A. NMT Will Be Prejudiced If Edwards' Motion to Reopen Discovery Is Granted.

There is danger of prejudice to NMT should the Board reopen the discovery period. NMT first expressed its objection to Edwards use and registration of the mark LIFESTENT FLEXSTAR in May 2006, over one year ago. Then, as no progress was being made in settlement negotiations, NMT filed the instant Opposition in November 2006. It is likely that given the time of these proceedings already, information or evidence that would have previously been available will no longer be available to NMT. Moreover, if NMT has to wait for discovery to be reopened and take place before it can take testimony, it is even more likely that information or materials will become unavailable, thus prejudicing NMT in the Opposition.

In addition, over the last year, not only has Edwards continued to develop and market its products under the LIFESTENT FLEXSTAR mark, but it has also filed an additional application with the U.S. Patent and Trademark Office for LIFESTENT FLEXSTAR with an even broader description of goods, namely (Serial No. 78/934,749). Such application will be published for opposition on August 21, 2007. Therefore the delay of these proceedings has already increased the harm to NMT's STARFLEX mark not only in the marketplace, but on the Federal Trademark Register, as well. The continued delay resulting from Edwards present Motion, and the additional time and

expense of conducing discovery, were the Board to grant Edwards' Motion, prejudices NMT's rights in its registered mark STARFLEX.

B. The Length Of The Delay And Its Potential Impact On Judicial Proceedings Is Significant.

Edwards did not take any discovery during the discovery period. Then, it waited a month after discovery closed to file its Motion. Now, the case is being delayed further while the parties brief the Motion and while the Board decides the Motion. If the Motion is granted, it will likely delay resolution of this Opposition several more months. As noted in Pumpkin, 43 U.S.P.Q.2d 1582, the Board's steadily growing docket of active cases and increasing motion practice is straining its resources. The Board has an interest in minimizing the impact and delay on its administrative proceedings, as well as encouraging adherence to the time frames set.

C. Edwards' Delay Was Unreasonable And Entirely Within Its Control.

The Board and courts have held that the reason for the delay and whether it was within the control of the movant is the most important factor in determining whether excusable neglect ahs been shown. See TBMP § 509.01 and cases cited therein. In its Motion, Edwards never states that it was unaware of the discovery deadline, or that there was anything preventing it from taking discovery, or seeking an extension or suspension of the deadline. In fact, Edwards states repeatedly that it let the deadline pass because it did not want to waste resources on discovery if the case would ultimately settle. Therefore, Edwards decision to let the discovery period close was intentional.

Edwards argues that its failure to take any discovery was because it believed it was engaged in ongoing settlement negotiations with NMT and that it was awaiting NMT's reply to Edwards' "counter-proposal" of January 4, 2007. It is surprising to read that Edwards' believed settlement negotiations were "ongoing," as Edwards' "counter-proposal" of January 4, 2007 was not an offer of compromise, rather it was an offer to maintain the status quo between the parties. NMT had made clear in its previous correspondence that it believed the two companies could co-exist only if some limitations were put on Edwards' use of its trademark. Thus, over four months later, when Edwards still had received no response to its January letter, it is difficult to understand how Edwards could believe that the parties were in "ongoing" settlement discussions.

Even assuming that it was reasonable for Edwards to believe that negotiations were ongoing, and that NMT was considering Edwards' offer, it was entirely unreasonable, four months later, for Edwards to rely on such belief and allow discovery to close without so much as a phone call or letter or email to NMT seeking to extend or suspend the discovery period. Having not received a reply to its correspondence of January 4, 2007 for over four months, it was unreasonable to allow the deadline to pass without any action and to proceed solely on the belief that the parties were going to settle the Opposition (making discovery unnecessary).[2]

[2] The Eitel v. McCool case cited by Edwards in its Motion is inapposite. 782 F.2d 1470 (9th Cir. 1986). In that case, the record showed that the parties were "engaged in earnest settlement negotiations" and had in fact appeared to have reached "final settlement" prior to the deadline. Id. Here, settlement negotiations between the parties were sporadic, and the parties had not made any measurable progress towards a compromise. It had to be clear to Edwards at the time discovery closed that no final settlement had been reached.

It seems that Edwards made a tactical decision not to file any motions and to allow discovery to close in the apparent hope that NMT would not seek to continue the opposition and settle on Edwards' terms. Edwards cannot now contend that its failure to act was reasonable and outside of its control. Edwards' conscious and deliberate intention to allow discovery to close does not excuse its failure to file a timely motion to extend or suspend discovery. See, e.g., Atlanta-Fulton County Zoo Inc. v. De Palma, 45 U.S.P.Q.2d 1858 (TTAB 1998) (failure to timely move to extend testimony period was due to counsel's oversight and mere existence of settlement negotiations did not justify party's inaction or delay); Baron Philippe de Rothschild, S.A. v. Styl-Rite Optical Mfg. Co., 55 U.S.P.Q.2d (applicant demonstrated an overall pattern of delay); CTRL Sys., Inc. v. Ultraphonics of North America, Inc., 52 U.S.P.Q.2d (opposer's failure to maintain a proper level of interest in the case was cause for delay).

D. Edwards Assertions Regarding Good Faith Do Not Excuse Its Failure To File A Timely Motion to Extend Discovery.

Edwards contends that it acted in good faith in not taking discovery prior to the close of discovery because doing so could have caused unnecessary expense and burden to both parties. If Edwards' intention was to take discovery only if settlement could not be reached, it could have easily contacted NMT to seek and agreement to extend discovery, or it could have filed a motion with the Board. Edwards took no such action. Rather, it allowed discovery to close, and now that it has been served with discovery, asks to be given a second chance to conduct its own. These circumstances do not satisfy the excusable neglect standard.

E. Conclusion.

Edwards was aware of the discovery deadline and intentionally allowed that date to pass without filing discovery or without filing a motion to extend or suspend proceedings. This deliberate conduct is not excusable neglect. In sum, considering all of the relevant circumstances of the matter, including the Pioneer factors, Edwards has not demonstrated excusable neglect and its Motion should be denied.

Respectfully submitted,

NMT Medical, Inc.

By its attorneys,

Date: July 16, 2007

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of OPPOSER'S OPPOSITION TO APPLICANT'S MOTION TO REOPEN DISCOVERY was served, by United States First Class Mail, postage prepaid, this 16th day of July 2007, upon:

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