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23 VERIZON CALIFORNIA INC.  
24 VERIZON TRADEMARK SERVICES LLC  
25 VERIZON LICENSING COMPANY

26 UNITED STATES DISTRICT COURT  
27 CENTRAL DISTRICT OF CALIFORNIA  
28 WESTERN DIVISION

VERIZON CALIFORNIA INC.;  
VERIZON TRADEMARK  
SERVICES LLC; AND VERIZON  
LICENSING COMPANY,

Plaintiffs/  
Counterclaim-Defendants,

vs.

NAVIGATION CATALYST  
SYSTEMS, INC.; AND BASIC  
FUSION, INC.,

Defendants/  
Counterclaim-Plaintiffs.

and related Counterclaims.

Case No. CV08-02463 ABC (Ex)

**ANSWER TO COUNTERCLAIMS  
OF DEFENDANTS NAVIGATION  
CATALYST SYSTEMS, INC. AND  
BASIC FUSION, INC.**

**DEMAND FOR TRIAL BY JURY**

**Judge Audrey B. Collins**

1 Plaintiffs/Counterclaim-Defendants Verizon California Inc.; Verizon  
2 Trademark Services LLC; and Verizon Licensing Company (“Counterclaim-  
3 Defendants” or “Verizon”), by and through their undersigned counsel, hereby  
4 submit their Answer and Affirmative Defenses to the Counterclaims filed by  
5 Defendants/Counterclaim-Plaintiffs Navigation Catalyst Systems, Inc.  
6 (“Navigation”) and Basic Fusion, Inc. (“Basic Fusion, Inc.”) (collectively  
7 “Counterclaim-Plaintiffs”).

8  
9 **RESPONSES**

10 1. Navigation, owns or licenses a portfolio of trademarks from its  
11 corporate parents, Firstlook and Connexus.

12 Answering Paragraph 1 of the Counterclaim, Verizon is without sufficient  
13 knowledge or information to form a belief as to the truth of the allegations  
14 contained in this paragraph, and on that basis denies each and every allegation  
15 contained in paragraph 1 of the Counterclaim.

16 2. Verizon engages in a practice known as DNS Wildcarding, whereby,  
17 when customers to its Internet Service type typographical errors of domain names  
18 into their web browsers, they are redirected to a website hosted by Verizon.  
19 Verizon monetizes the traffic from these domain names with contextually  
20 relevant advertising.

21 Answering Paragraph 2 of the Counterclaim, Verizon admits it operates a  
22 service known as Advanced Search Service and sometimes referred to as a DNS  
23 wildcarding system. Except as so admitted, Verizon denies each and every  
24 allegation in paragraph 2 of the Counterclaim.

25 3. When Verizon monetizes the traffic from the domain names typed in  
26 error by its customers it “traffics in” or “uses” the domain names in bad faith,  
27 within the meaning of 15 U.S.C. §1125(d).

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1           Answering Paragraph 3 of the Counterclaim, Verizon denies each and  
2 every allegation in paragraph 3 of the Counterclaim.

3           4.     Upon information and belief, Verizon traffics in domain names  
4 consisting of the intellectual property rights of Navigation, its corporate parents,  
5 Firstlook and Connexus Corporation, and its affiliates. Navigation brings this  
6 counterclaim for Cybersquatting under 15 U.S.C. § 1125(d) to stop Verizon from  
7 trafficking on Navigation’s intellectual property rights.

8           Answering Paragraph 4 of the Counterclaim, Verizon denies each and  
9 every allegation in paragraph 4 of the Counterclaim.

10          5.     Navigation seeks injunctive relief, in the nature of an order to keep  
11 Verizon from engaging in the practice of DNS Wildcarding, for statutory  
12 damages, attorneys fees and such further relief as the Court deems just and  
13 proper.

14          Answering Paragraph 5 of the Counterclaim, Verizon states that  
15 paragraph 5 is a request for relief to which no response is required. In the event  
16 that a response is required, Verizon denies the allegations in paragraph 5 of the  
17 Counterclaim.

18          6.     Counterclaim Plaintiff Navigation is a corporation organized under  
19 the laws of Delaware with a principal place of business at 2101 Rosecrans Ave.,  
20 El Segundo California, 90245.

21          Answering Paragraph 6 of the Counterclaim, Verizon is without sufficient  
22 knowledge or information to form a belief as to the truth of the allegations  
23 contained in this paragraph, and on that basis denies each and every allegation  
24 contained in paragraph 6 of the Counterclaim.

25          7.     Upon information and belief, the Verizon entities are corporations  
26 organized under California laws and doing business in California.

27          Answering Paragraph 7 of the Counterclaim, Verizon admits that  
28 Plaintiffs/Counterclaim-Defendant Verizon California Inc. is a California

1 corporation with its principal place of business in Thousand Oaks, California.  
2 Except as expressly so admitted, Verizon denies the allegations in paragraph 7 of  
3 the Counterclaim.

4 8. This Court has jurisdiction over the subject matter of this action  
5 pursuant to Section 39 of the Trademark Act of 1946 (the “Lanham Act”), 15  
6 U.S.C. §1121, and under Sections 1331, 1338(a) and 1338(b) of the Judicial  
7 Code, 28 U.S.C. §§ 1331, 1338(a) and 1338(b).

8 Answering Paragraph 8 of the Counterclaim, Verizon admits this Court has  
9 jurisdiction over the subject matter of this action.

10 9. This Court has personal jurisdiction over Verizon because Verizon  
11 continuously and systematically conducts, transacts and solicits business in this  
12 district and Verizon entities have a principal place of business and are otherwise  
13 located in this district.

14 Answering Paragraph 9 of the Counterclaim, Verizon admits that this Court  
15 has personal jurisdiction over Verizon as Plaintiffs/Counterclaim-Defendant  
16 Verizon California Inc. is a California corporation with its principal place of  
17 business in Thousand Oaks, California. Except as expressly so admitted, Verizon  
18 denies the allegations in paragraph 9 of the Counterclaim.

19 10. Venue is proper in this district pursuant to Sections 1391 (b) and (c)  
20 of the Judicial Code, 28 U.S.C. § 1391 (b) and (c), because Verizon resides in this  
21 district, because Verizon is subject to personal jurisdiction in this district and  
22 because a substantial portion of the events at issue have arisen and will arise in  
23 this judicial district. Verizon has also consented to this Court’s jurisdiction by  
24 filing the Complaint at issue in this action.

25 Answering Paragraph 10 of the Counterclaim, Verizon admits that venue is  
26 proper in this Judicial District because Verizon is subject to personal jurisdiction  
27 in this district and Verizon consented to this Court’s jurisdiction by filing the  
28 Complaint at issue in this action.

11. Navigation and its affiliated companies own or license numerous trademarks, which are valid, and listed on the publicly-available database maintained by the United States Patent and Trademark Office (“USPTO”) at its www.uspto.gov website. Navigation’s marks include the following, without limitation, (the “Navigation Marks”):

<b>Word Mark</b>	<b>Serial Number</b>	<b>Reg. Number</b>	<b>Registrant</b>
<b>ACROPHOBIA</b>	75/561,096	2,948,164	FLIPSIDE, INC.
<b>ACROPHOBIA</b>	75/262,393	2,209,677	FLIPSIDE, INC.
<b>BACKSTAGE PASS</b>	76/001,112	2,610,334	FLIPSIDE, INC.
<b>BLINK</b>	75/783,011	3,307,658	BLINK.COM, INC.
<b>BLOWOUT BINGO</b>	75/736,261	2,496,867	FLIPSIDE, INC.
<b>CONNEXUS</b>	77/161,390		CONNEXUS CORPORATION
<b>COSMIC CONSENSUS</b>	75/703,895	2,500,776	FLIPSIDE, INC.
<b>DOT TRAVEL</b>	76/574,487	2,924,877	NEW.NET, INC.
<b>FLIPSIDE</b>	75/872,664	2,559,730	FLIPSIDE, INC.
<b>IMGAMES</b>	75/857,858	2,493,448	BERKELEY SYSTEMS, INC.
<b>NEW.NET</b>	76/225,820	2,755,007	NEW.NET, INC.
<b>NEW.NET</b>	76/225,634	2,802,891	NEW.NET, INC.
<b>NEW.NET</b>	76/976,490	2,846,296	NEW.NET, INC.
<b>NEW.NET</b>	78/019,419	3,194,831	NEW.NET, INC.
<b>TRAFFICMARKETPLACE</b>	78/530,163	3,067,753	Trafficmarketplace.com, Inc.
<b>UPROAR</b>	76/075,745	2,482,118	FLIPSIDE, INC.
<b>UPROAR</b>	75/370,335	2,280,473	FLIPSIDE, INC.
<b>VENDARE MEDIA</b>	78/703,938	3,126,763	CONNEXUS CORPORATION
<b>VENDARE MEDIA</b>	78/703,935	3,126,762	CONNEXUS CORPORATION
<b>VIRTUAL LAS VEGAS</b>	75/509,370	2,596,493	FLIPSIDE, INC.

Answering Paragraph 11 of the Counterclaim, Verizon is without sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on that basis denies each and every allegation contained in paragraph 11 of the Counterclaim.

1           12. Verizon engages in a practice known as DNS Wildcarding, whereby  
2 Verizon Internet Service Customers type domain names into their web browsers,  
3 and, when they type a domain name not presently registered with a Registry, are  
4 redirected by Verizon, to its own web pages with paid advertising links (the  
5 “Wildcard Names”).

6           Answering Paragraph 12 of the Counterclaim, Verizon admits it operates a  
7 system known as Advanced Search Service. Except as so admitted, Verizon  
8 denies each and every allegation in paragraph 12 of the Counterclaim.

9           13. Verizon monetizes the traffic through these links, including, without  
10 limitation, on Navigation’s trademarks, as well as the trademarks of others.

11           Answering Paragraph 13 of the Counterclaim, Verizon denies each and  
12 every allegation in paragraph 13 of the Counterclaim.

13           14. Verizon’s practice has been criticized by its customers, watchdog  
14 agencies, academics and others. Verizon’s practice has also been the subject of  
15 several litigations, which, upon information and belief, settled.

16           Answering Paragraph 14 of the Counterclaim, Verizon is without sufficient  
17 knowledge or information to form a belief as to the truth of the allegations  
18 contained in this paragraph, and on that basis denies each and every allegation  
19 contained in paragraph 14 of the Counterclaim.

20           15. Navigation realleges the above paragraphs as if set forth fully herein.

21           Answering Paragraph 15 of the Counterclaim, Verizon repeats its responses  
22 contained in paragraphs 1 through 15 of this Answer and incorporates them by  
23 reference as though fully and completely set forth herein.

24           16. Verizon has *trafficked in* and/or *used*, or caused to be trafficked in  
25 and/or used, domain names consisting of confusingly similar names to the  
26 Navigation Marks, with full knowledge of Navigation’s rights and a bad faith  
27 intent to profit from Navigation’s Marks, in violation of the Anticybersquatting

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1 Consumer Protection Act of 1999, as amended at 15 U.S.C. § 1125(d). [Emphasis  
2 in original.]

3 Answering Paragraph 16 of the Counterclaim, Verizon denies each and  
4 every allegation in paragraph 16 of the Counterclaim.

5 17. Verizon is not authorized to use any of the Navigation Marks as part  
6 of a domain name.

7 Answering Paragraph 17 of the Counterclaim, Verizon admits that  
8 Navigation has not authorized Verizon to use any valid and enforceable  
9 trademark owned by Navigation as part of a domain name. Except as so admitted,  
10 Verizon denies each and every allegation in paragraph 17 of the Counterclaim.

11 18. Verizon's trafficking or use of the Wildcard Names has caused and  
12 will continue to cause irreparable harm to Navigation unless the Court orders  
13 Verizon to stop its practice of DNS Wildcarding. Navigation has no adequate  
14 remedy at law. WHEREFORE, Navigation respectfully demands judgment as  
15 follows:

16 Answering Paragraph 18 of the Counterclaim, Verizon denies each and  
17 every allegation in paragraph 18 of the Counterclaim. As to the last sentence of  
18 paragraph 18, Verizon states that paragraph 18 is a demand for judgment to which  
19 no response is required. In the event that a response is required, Verizon denies  
20 each and every allegation in paragraph 18 of the Counterclaim.

21 19. That a permanent injunction be issued enjoining Verizon, and any of  
22 its respective officers, agents, privies, shareholders, principals, directors,  
23 licensees, attorneys, servants, employees, affiliates, subsidiaries, successors and  
24 assigns, and all those persons in concert or participation with any of them, and  
25 any entity owned or controlled in whole or in part by Verizon, from:

26 a. Using the Navigation Marks or any other unauthorized mark in its  
27 domain name monetization scheme.

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1           Answering Paragraph 19 and 19a of the Counterclaim, Verizon states that  
2 paragraphs 19 and 19a are a demand for judgment to which no response is  
3 required. In the event that a response is required, Verizon denies each and every  
4 allegation in paragraphs 19 and 19a of the Counterclaim.

5           20. Directing that Verizon file with the Court and serve upon  
6 Navigation's counsel within thirty (30) days after entry of judgment a report in  
7 writing under oath, setting forth in detail the manner and form in which they have  
8 complied with the above.

9           Answering Paragraph 20 of the Counterclaim, Verizon states that  
10 paragraph 20 is a demand for judgment to which no response is required. In the  
11 event that a response is required, Verizon denies each and every allegation in  
12 paragraph 20 of the Counterclaim.

13           21. Awarding Navigation, statutory damages in the amount of \$100,000  
14 per domain name pursuant to 15 U.S.C. 1117(d).

15           Answering Paragraph 21 of the Counterclaim, Verizon states that  
16 paragraph 21 is a demand for judgment to which no response is required. In the  
17 event that a response is required, Verizon denies each and every allegation in  
18 paragraph 21 of the Counterclaim.

19           22. Awarding Navigation exemplary and punitive damages to deter any  
20 further willful infringement as the Court finds appropriate.

21           Answering Paragraph 22 of the Counterclaim, Verizon states that  
22 paragraph 22 is a demand for judgment to which no response is required. In the  
23 event that a response is required, Verizon denies each and every allegation in  
24 paragraph 22 of the Counterclaim.

25           23. Awarding Navigation its costs and disbursements incurred in this  
26 action, including reasonable attorneys' fees pursuant to 15 U.S.C. § 1117(a).

27           Answering Paragraph 23 of the Counterclaim, Verizon states that  
28 paragraph 23 is a demand for judgment to which no response is required. In the



1 event that a response is required, Verizon denies each and every allegation in  
2 paragraph 23 of the Counterclaim.

3 24. Awarding Navigation interest, including pre-judgment interest on the  
4 foregoing sums.

5 Answering Paragraph 24 of the Counterclaim, Verizon states that  
6 paragraph 24 is a demand for judgment to which no response is required. In the  
7 event that a response is required, Verizon denies each and every allegation in  
8 paragraph 24 of the Counterclaim.

9 25. Awarding Navigation such other and further relief as the Court may  
10 deem just and proper.

11 Answering Paragraph 25 of the Counterclaim, Verizon states that  
12 paragraph 25 is a demand for judgment to which no response is required. In the  
13 event that a response is required, Verizon denies each and every allegation in  
14 paragraph 25 of the Counterclaim.

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16 **AFFIRMATIVE DEFENSES**

17 By alleging the Affirmative Defenses set forth below, Verizon does not  
18 agree or concede that it bears the burden of proof or the burden of persuasion on  
19 any of those issues, whether in whole or in part. Verizon hereby asserts the  
20 following Affirmative Defenses to the claims in the Counterclaims.

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22 **FIRST AFFIRMATIVE DEFENSE**

23 The Counterclaims, and each purported cause of action therein, fails to  
24 state a claim upon which relief can be granted.

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26 **SECOND AFFIRMATIVE DEFENSE**

27 The Counterclaims, and each purported cause of action therein, are barred,  
28 in whole or in part, by the equitable doctrine of unclean hands.

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THIRD AFFIRMATIVE DEFENSE

The Counterclaims are barred to the extent the claims are within the scope of the Communication Decency Act of 1996.

FOURTH AFFIRMATIVE DEFENSE

Counterclaim-Plaintiffs have suffered no injury or damage as a result of any act or conduct of Verizon.

FIFTH AFFIRMATIVE DEFENSE

The Counterclaim-Plaintiffs' request for injunctive relief is barred because Counterclaim-Defendants have an adequate remedy at law for any damages resulting from the actions alleged in the Counterclaims.

SIXTH AFFIRMATIVE DEFENSE

The Counterclaims, and each purported cause of action therein, are barred by the First Amendment to the United States Constitution and the doctrine of nominative fair use because there is nothing false or materially misleading on the Advanced Search Service that is the subject of the Counterclaim.

SEVENTH AFFIRMATIVE DEFENSE

The damages, if any, that were allegedly sustained by Counterclaim-Plaintiffs as a result of the acts contained in the Counterclaims were caused in whole or in part or were contributed to by reason of the acts, omissions, negligence, and/or intentional misconduct of third parties over which Verizon had no control.

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