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 NAVIGATION CATALYST SYSTEMS, INC.  
 27 BASIC FUSION, INC.

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1 UNITED STATES DISTRICT COURT  
2 CENTRAL DISTRICT OF CALIFORNIA  
3 WESTERN DIVISION

4 VERIZON CALIFORNIA INC.;  
5 VERIZON TRADEMARK SERVICES  
6 LLC; AND VERIZON LICENSING  
7 COMPANY,

8 Plaintiffs/  
9 Counterclaim-Defendants,

10 vs.

11 NAVIGATION CATALYST  
12 SYSTEMS, INC.; AND BASIC  
13 FUSION, INC.,

14 Defendants/  
15 Counterclaim-Plaintiffs.

16 AND RELATED COUNTERCLAIMS.

Case No. CV08-02463 ABC (Ex)

**JOINT SCHEDULING  
CONFERENCE REPORT  
PURSUANT TO RULE 26(f)**

**DATE: September 8, 2008  
TIME: 10:00 a.m.  
CTRM: 680**

**Hon. Audrey B. Collins**

17 Pursuant to Rule 26(f) of the Federal Rules of Civil Procedure, Local Rule  
18 26-1 and the Court's Order dated June 19, 2008,

19 Plaintiffs VERIZON CALIFORNIA INC., VERIZON TRADEMARK  
20 SERVICES LLC, and VERIZON LICENSING COMPANY ("Plaintiffs") and  
21 Defendants NAVIGATION CATALYST SYSTEMS, INC. and BASIC FUSION,  
22 INC. ("Defendants") submit the following Joint Scheduling Conference Report.

23 On August 18, 2008, David J. Steele and Howard A. Kroll of Christie,  
24 Parker & Hale, LLP, on behalf of Plaintiffs, and Brett E. Lewis of Lewis & Hand,  
25 LLP, on behalf of Defendants, conferred regarding this scheduling report and  
26 have jointly agreed to the following:

**(a) Short Statement Of Claims/Counterclaims & Affirmative  
Defenses**

27 Plaintiffs' Statement: Plaintiffs are owners or licensees of the famous trade  
28 names and trademarks VERIZON and VERIZON WIRELESS (the "VERIZON

1 Marks”), FIOS and VERIZON FIOS (the “VERIZON FIOS Marks”), and the  
2 distinctive trade names and trademarks VZ, VZACCESS, VZEMAIL,  
3 VZGLOBAL, VZVOICE, VZW (the “VZ Marks”), (collectively “Plaintiffs’  
4 Marks”). Defendants Navigation Catalyst Systems, Inc. and Basic Fusion, Inc.  
5 (“Defendants”) are cybersquatters, registering, in just a few months, hundreds of  
6 thousands of domain names that are confusingly similar to famous trademarks  
7 and service marks. Defendants have improperly registered at least one thousand  
8 three hundred ninety-two (1,392) confusingly similar domain names to the  
9 Plaintiffs’ Marks.

10 Plaintiffs’ claims against Defendants are for Cybersquatting under 15  
11 U.S.C. § 1125(d), Trademark Infringement under 15 U.S.C. § 1114(1), False  
12 Designation of Origin under 15 U.S.C. § 1125(a), Dilution under 15 U.S.C. §  
13 1125(c) and Unfair Competition under California Business & Professions Code §  
14 14320 and California Common Law. Plaintiffs moved for a preliminary  
15 injunction based on the Anticybersquatting Consumer Protection Act (“ACPA”)  
16 15 U.S.C. § 1125(d). On June 30, 2008, the Court granted Plaintiffs’ Motion for  
17 Preliminary Injunction enjoining Defendants from registering or using any  
18 domain name that is identical or confusingly similar to Plaintiffs’ marks and from  
19 assisting, aiding, or abetting any other person or business entity in registering or  
20 using any domain name that is identical or confusingly similar to these same  
21 marks.

22 Defendants answered Plaintiffs’ complaint and asserted a counterclaim for  
23 cybersquatting. Plaintiffs answered Defendant’s Counterclaim, asserting several  
24 affirmative defenses. However, Defendants intend on dismissing the  
25 Counterclaim with prejudice.

26 Defendants’ Statement:

27 Defendants have voluntarily dismissed their counterclaim with prejudice.

28 Defendants have asserted several key affirmative defenses, which bear both

1 on liability and damages:

- 2 • Not all domains were owned by Defendants.
- 3 • Not all identified domains are confusingly similar to Plaintiff's
- 4 trademarks.
- 5 • Navigation's cooperation in this and other matters should be a
- 6 mitigating factor on any damages calculation. Prior to the filing of
- 7 this action, Defendants did not receive a request or demand from
- 8 Plaintiffs regarding any of the domain names complained of by
- 9 Plaintiffs. Upon Plaintiff's filing of this action, Navigation promptly
- 10 transferred all such domains to Plaintiffs, without cost.
- 11 • Navigation made no use in commerce of the domain names and,
- 12 accordingly, no trademark use. There can be no likelihood of
- 13 confusion or dilution of a mark without a use in commerce.
- 14 • Some or all of Plaintiffs' claims and/or remedies are barred by
- 15 unclean hands or estoppel.
  - 16 ○ The assertion by a trademark holder of its trademark rights to
  - 17 gain a competitive advantage in an unrelated field, for a
  - 18 wrongful purpose, gives rise to a defense of unclean hands.
  - 19 ○ Plaintiffs engage in substantially similar *monetization of*
  - 20 *domain name typos*; the same conduct which, Plaintiffs allege
  - 21 constitutes trademark infringement.
  - 22 ○ Awareness of an alleged Lanham Act violation and failure to
  - 23 act over a period of years estoppes that party from seeking
  - 24 damages under that Act.

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26 **(b) Brief Description Of Key Legal Issues**

27 Plaintiff's Statement: The key legal issues are:

- 28 1. Whether Defendants' actions constitute Cybersquatting under 15

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- U.S.C § 1125(d);
- 2. Whether Defendants' actions constitute an infringement of Plaintiffs' Marks under 15 U.S.C. § 1114(1);
- 3. Whether Defendants' actions constitute False Designation of Origin under 15 U.S.C. § 1125(a);
- 4. Whether Defendants' actions have resulted in dilution of Plaintiffs' Marks under 15 U.S.C. § 1125(c);
- 5. Whether Defendants' actions constitute Unfair Competition under California Business & Professions Code § 14320 and California Common Law;
- 6. How much Plaintiffs have been damaged by Defendants' actions;
- 7. What remedies, in equity and at law, Plaintiffs are entitled to, including whether the Court's June 30, 2008 Preliminary Injunction Order should be a permanent injunction; and

Defendants' Statement:

- 1. Whether certain of the domain names in dispute are confusingly similar with Plaintiffs' trademarks.
- 2. Whether a party that proactively deletes trademarked domain names within five days of adding them is a bad faith actor?
- 3. Whether a party which is aware of an alleged Lanham Act violation and fails to act over a period of years is estopped from seeking damages under that Act.
- 4. Whether the adding of a domain name for less than five days constitutes registration within the meaning of the AntiCybersquatting Consumer Protection Act?
- 5. Even if liability is found to exist, whether so-called taster domain names are subject to the same damages under the ACPA and the

1 same culpability as domain names registered long term.

2 6. Whether the assertion by a trademark holder of its trademark rights  
3 to gain a competitive advantage in an unrelated field, for a wrongful  
4 purpose, gives rise to a defense of unclean hands.

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6 **(c) Discussion Of Likelihood Of Motions Seeking To Add Other**  
7 **Parties, Claims, Amended Pleadings, Or Transfer Venue**

8 At this time, neither party anticipates motions seeking to add other parties,  
9 amending pleadings or transferring venue. However, Plaintiffs may seek leave to  
10 amend their complaint to allege additional instances of cybersquatting by  
11 Defendants should additional facts supporting such an amendment come to light  
12 during discovery. Additionally, Plaintiffs may seek leave to amend their  
13 complaint to name additional parties and additional causes of action against those  
14 parties should additional facts supporting such an amendment come to light  
15 during discovery.

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17 **(d) Discussion Of Discovery And Experts Pursuant To Rule 26(f)**

18 The parties anticipate the need for the discovery schedule listed in section  
19 (h) below based on the claims made by each party in this case. Further, the parties  
20 anticipate that each party will designate expert witnesses. The parties' agreed  
21 upon discovery schedule is outlined in table format under section (h) below as  
22 requested by the Court.

23 In addition, the parties believe a stipulated protective order regarding  
24 confidentiality will be necessary and will attempt to reach agreement on the  
25 details of such order for submission to the Court.

26  
27 **(e) Description Of Any Issues Which May Be Resolved By Motions**  
28 **For Summary Judgment**

1 All parties anticipate filing motions for summary judgment or partial  
2 summary adjudication after adequate discovery has been completed.

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4 **(f) Brief Description Of Settlement Discussions To Date And**  
5 **Settlement Selection Pursuant To Local Rule 16**

6 The parties have actively discussed resolving the case and have agreed to  
7 mediate the case within the next 60 days.

8 The parties agree to Settlement Procedure No. 3 (participate in a non-  
9 judicial dispute resolution proceeding) as set forth in Local Rule 16-15.4 as an  
10 appropriate mandatory settlement procedure.

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12 **(g) Estimate For Trial And Whether By Jury Or Court**

13 The parties preliminarily estimate that 7 to 10 days will be required for trial  
14 by jury.

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16 **(h) Proposed Dates**

17 The following portion of the pretrial schedule was agreed to by the parties:

18 Fact Discovery to Close	March 1, 2009
19 Disclosure of Experts	March 15, 2009
20 Disclosure of Rebuttal Expert Testimony	April 2, 2009
21 Expert Discovery to Close	June 12, 2009
22 Motion Filing Cut-off	July 20, 2009
23 Motion Hearing Cut Off	August 3, 2009
24 Pretrial Conference	September 14, 2009
25 Trial	October 13, 2009

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27 **(i) Other Matters Affecting Status Of Case**

28 No other matters affecting the status of the case are known to the parties at

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this time.

**(j) ERISA cases**

Not applicable.

**(k) Patent cases**

Not applicable.

**(l) Consent To Magistrate Judge**

At this time the parties do not consent to a Magistrate Judge presiding over this case.

Finally, per L.R. 26-1, the parties state that they do not believe this is a complex case.

DATED: August 29, 2008

Respectfully submitted,

By



David J. Steele  
Howard A. Kroll  
CHRISTIE, PARKER & HALE, LLP

Attorneys for Plaintiffs/  
Counterclaim-Defendants  
VERIZON CALIFORNIA, INC.  
VERIZON TRADEMARK SERVICES INC.  
VERIZON LICENSING COMPANY

DATED: August 29, 2008

By



Brett E. Lewis  
LEWIS & HAND, LLP

Attorneys for Defendants/  
Counterclaim-Plaintiffs  
NAVIGATION CATALYST  
SYSTEMS, INC.  
BASIC FUSION, INC.

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