



WIPO Arbitration and Mediation Center

ADMINISTRATIVE PANEL DECISION

Digital Playground, Inc. v. Network Telephone Services, Inc., Dan Coleman, Frontier Credit Corp., and Harriet Walkup

Case No. D2009-0105

1. The Parties

Complainant is Digital Playground, Inc. of Chatsworth, California, United States of America ("Complainant").

Respondent is Network Telephone Services, Inc., and Dan Coleman of Woodland Hills, California, and Frontier Credit Corp. and Harriett Walkup, of Canoga Park, California, United States (hereinafter referred to jointly and severally as "Respondent.")

2. The Domain Name and Registrar

The domain name at issue, <virtualex.com>, is registered with eNom, Inc.

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on January 27, 2009. On January 28, 2009, the Center transmitted by email to eNom a request for registrar verification in connection with the disputed domain name. On January 28, 2009, eNom transmitted by email to the Center its verification response confirming that Respondent Network Telephone Services, Inc. is listed as the registrant and providing the contact details. The Center verified that the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the "Policy" or "UDRP"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "Supplemental Rules").

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified Respondent of the Complaint, and the proceedings commenced on January 30, 2009. In accordance with the Rules, paragraph 5(a), the due date for Response was February 19, 2009. The Response was filed with the Center on February 19, 2009.

The Center appointed M. Scott Donahey as the sole panelist in this matter on March 9, 2009. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

4. Factual Background

Complainant is the owner of trademarks in the mark VIRTUAL SEX issued by the United States Patent & Trademark Office (the "USPTO"). The earliest of these marks issued on November 15, 2005. The application for the mark was filed on April 12, 2000. Complainant contends (Complaint, p. 6), and the registration as issued shows a first use in commerce in 1994, the year Complainant published its first installment in its "Virtual Sex Series." Complaint, Annex D. The application filed revealed that a representative of the applicant filed a Declaration with the trademark examiner dated April 19, 2001, stating that Complainant had used the mark exclusively and continuously in commerce for five years prior to the date of the Declaration. Response, Annex 2. This declaration was

filed in order to overcome an Office Action by the examiner indicating that the mark was merely descriptive.

Complainant contends that it first coined the term "Virtual Sex" in 1994. Complaint, p.6. Respondent produced many references in publications and Internet screen shots showing that the term was in use as a descriptive term at least as early as January 9, 2001. Response, Annex 3.

Complainant is a leading producer of "adult" films and it currently has more than a 40% market share of the adult DVD market. Complainant contends that it is female owned and operated.

Respondent registered the domain name at issue on August 24, 1995. Complaint, Annex A. At some time thereafter, Respondent set up a web site at which adult content DVDs, strip clubs webcam sites, sex chat rooms, adult dating services, and "adult toys" were offered for sale. Complaint, Annex E. Respondent contends that this web site was established more than 13 years ago. Response, p. 5. Respondent submitted a declaration of its founder, chairman, CEO, and major stockholder that at the time Respondent registered the domain name at issue, Respondent had no knowledge of Complainant or its alleged use of the mark VIRTUAL SEX, and that at the time he caused the domain name at issue to be registered he considered it to be a generic term. Response, Annex 4.

On November 14, 2008, Complainant sent Respondent a cease and desist letter. On November 19, 2008, Respondent replied by a telephone call to Complainant's counsel, disputing Complainant's right to the domain name at issue. Complaint, p. 5.

5. Parties' Contentions

A. Complainant

Complainant contends that the domain name at issue is identical or confusingly similar to the mark VIRTUAL SEX, in which Complainant has rights, that Respondent has no rights or legitimate interests in respect of the domain name at issue, and that the domain name at issue was registered and is being used in bad faith.

B. Respondent

Respondent acknowledges that the domain name at issue is confusingly similar to Complainant's registered trademark, but contends that the trademarked term is a generic and descriptive term, that Respondent has legitimate rights and interests in respect of the domain name, in that it is a generic and descriptive term, and that Respondent has registered and is using the domain name at issue in good faith, in that Respondent was unaware of Complainant, its activities, or its alleged use of the VIRTUAL SEX trademark at the time that it registered the domain name at issue, and that Respondent has used the domain name at issue in its generic and descriptive sense and not to trade off the goodwill, if any, created by Complainant in the mark.

6. Discussion and Findings

Paragraph 15(a) of the Rules instructs the Panel as to the principles the Panel is to use in determining the dispute: "A Panel shall decide a complaint on the basis of the statements and documents submitted in accordance with the Policy, these Rules and any rules and principles of law that it deems applicable."

Paragraph 4(a) of the Policy directs that the complainant must prove each of the following:

- (i) that the domain name registered by the respondent is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and,
- (ii) that the respondent has no legitimate interests in respect of the domain name; and,
- (iii) that the domain name has been registered and is being used in bad faith.

A. Proper Parties Respondent

Complainant named four parties respondent. The Registrar indicated that the registrant of the domain name at issue was Network Telephone Services, Inc. However, when Respondent filed its answer in this matter it did not object to the designation of the parties respondent, and listed their names in the parties represented. Accordingly, the Panel elects to treat the four named respondents, jointly and severally, as "Respondent."

B. Identical or Confusingly Similar

Respondent concedes that the domain name at issue is confusingly similar to Complainant's mark. However, Respondent contends that the mark is invalid as it is either "generic" or "merely descriptive."

The general rule is that "registration of a mark is *prima facie* evidence of validity, which creates a rebuttable [presumption] that the mark is distinctive. Respondent has the burden of refuting this [presumption]." *402 Shoes, Inc. dba Trashy Lingerie v. Jack Weinstock and Whispers Lingerie*, [WIPO Case No. D2000-1223](#) (concurring opinion). The Panel finds that Respondent has not met that burden.

C. Rights or Legitimate Interests

Complainant contends that Respondent lacks rights or legitimate interests in the mark, since Respondent has registered and is using

the domain name at issue in bad faith. Respondent contends that it had the right to use a generic and descriptive term that it registered without knowledge of Complainant's trademark claims. Thus, the determination of this prong of the UDRP will depend upon an analysis of the issue of bad faith.

D. Registered and Used in Bad Faith

Respondent submitted a declaration that it had not heard of Complainant when it registered the domain name at issue and that it understood that "virtual sex" was a descriptive and generic term. Complainant asserted in its Complaint that it had coined the term in 1994 and that by August 1995 Complainant had acquired secondary meaning in the mark VIRTUAL SEX.

However, Complainant produces no evidence of the acquisition of secondary meaning by August 1995. Moreover, the fact that Complainant did not bring this action until 14 years after Respondent had registered the domain name at issue and more than 13 years after Respondent had used the domain name at issue to resolve to a web site at which products competitive to those offered by Complainant, as well as products entirely different from those offered by Complainant, is not explained by Complainant.

Finally the diverse offerings available on the web site to which the domain name at issue resolves suggest that Respondent is trading on the descriptiveness of the term "virtual sex," rather than on the goodwill attached to Complainant's mark.

Accordingly, the Panel finds that Complainant has failed to establish that the domain name at issue was registered and is being used in bad faith.

7. Decision

For all the foregoing reasons, the Complaint is denied.

M. Scott Donahey
Sole Panelist

Dated: March 20, 2009