

1 **NEWMAN & NEWMAN, ATTORNEYS AT LAW, LLP**  
Derek A. Newman (190467)  
2 S. Christopher Winter (190474)  
Venkat Balasubramani (189192)  
3 505 Fifth Avenue South, Suite 610  
Seattle, WA 98104  
4 Telephone: (206) 274-2800  
Facsimile: (206) 274-2801

5 Attorneys for Plaintiffs  
6  
7

8 **UNITED STATES DISTRICT COURT**  
9 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

10  
11 **REGISTERSITE.COM, an Assumed**  
Name of **ABR PRODUCTS INC., a**  
12 **New York Corporation, et al.,**

13 Plaintiffs,

14 v.

15 **INTERNET CORPORATION FOR**  
**ASSIGNED NAMES AND**  
16 **NUMBERS, a California corporation,**  
*et al.,*

17 Defendants.  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Case No. CV 04-1368 ABC (CWx)

Hon. Audrey B. Collins

**PLAINTIFFS' OPPOSITION TO**  
**DEFENDANT VERISIGN'S**  
**MOTION TO DISMISS**  
**PLAINTIFFS' ELEVENTH CLAIM**  
**FOR RELIEF FOR IMPROPER**  
**VENUE**

DATE: July 12, 2004  
TIME: 10:00 a.m.  
COURTROOM: Room 680 –  
Roybal Bldg.

1 **TABLE OF AUTHORITIES**

2 **SUPREME COURT CASES**

3 Carnival Cruise Lines, Inc. v. Shute,  
4 499 U.S. 585, 111 S.Ct. 1522, 113 L.Ed.2d 622 (1991) ..... 15  
5 United Mine Workers of America v. Gibbs,  
6 383 U.S. 715, 86 S.Ct. 1130, 16 L.Ed.2d 218 (1966) ..... 10, 12-14

7 **NINTH CIRCUIT CASES**

8 Argueta v. Banco Mexicano, S.A.,  
9 87 F.3d 320 (9<sup>th</sup> Cir. 1996) ..... 9  
10 Bonner Mall Partnership  
11 2 F.3d 899 (9<sup>th</sup> Cir. 1993) ..... 13  
12 Murphy v. Schneider Nat'l, Inc.,  
13 362 F.3d 1133 (9<sup>th</sup> Cir. 2003) ..... 16  
14 Sequoia Insurance Co. v. Royal Insurance Co. of America,  
15 971 F.2d 1385 (9<sup>th</sup> Cir. 1992) ..... 13

16 **CENTRAL DISTRICT OF CALIFORNIA CASES**

17 Lopez v. Martin Luther King Jr. Hospital,  
18 97 F.R.D. 24 (C.D.Cal. 1983) ..... 13, 14  
19 Tokio Marine & Fire Ins. Co. v. Nippon Express U.S.A. (Illinois), Inc.,  
20 118 F.Supp.2d 997 (C.D.Cal. 2000) ..... 14

21 **OTHER FEDERAL CASES**

22 Ciolino v. Ryan,  
23 2003 U.S. Dist. LEXIS 11639, \*19 (N.D.Cal. 2003) ..... 14  
24 Federal Savings & Loan Insurance Corp. v. Geldermann, Inc.,  
25 1989 U.S. Dist. LEXIS 16395, \*7 (W.D.Okla. 1989) ..... 10, 11  
26 Lundy v. Morgan Stanley & Co.,  
27 1991 U.S. Dist. LEXIS 18207 (N.D.Cal. 1991) ..... 14  
28 Pacer Global Logistics, Inc. v. Nat'l Passenger Railroad Corp.,  
29 272 F.Supp.2d 784 (E.D.Wisc. 2003) ..... 15  
30 Serpico v. Laborers' Int'l Union of North America,  
31 1995 U.S. Dist. LEXIS 11237, \*14-15 (N.D.Ill. 1995) ..... 10  
32 Vogt-Nem, Inc. v. M/V Tramper,  
33 263 F.Supp.2d 1226 (N.D.Cal. 2002) ..... 14

1 **STATE CASES**

2  
3 Ex parte Leasecomm Corp.,  
2003 Ala. Lexis 356, \*12 (Ala. 2003) ..... 9, 10  
4 Personalized Marketing Service, Inc. v. Stotler & Co.,  
447 N.W.2d 447 (Minn.Ct.App. 1989) ..... 11  
5

6 **STATUTES AND RULES**

7 15 U.S.C. § 41 ..... 7  
8 15 U.S.C. §1 ..... 7  
9 CAL. BUS. & PROF. §17200 ..... 6  
10 CAL. CIV. CODE § 1750 ..... 6  
11 CAL. CIV. CODE § 1770 ..... 6  
12 FED. R. CIV. P. 12(b)(3) ..... 4, 15  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TABLE OF CONTENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- I. INTRODUCTION ..... 1**
- II. FACTS ..... 2**
  - A. The Contracts Between the Parties Require Claims Relating to ICANN to Be Brought in Los Angeles ..... 2
    - 1. ICANN’s Contracts with Verisign Require California Venue for Lawsuits Concerning the WLS. .... 2
    - 2. ICANN’s Contracts with Plaintiffs Require California Venue. .... 3
    - 3. Verisign’s Breach of Contract and its Forum Selection Clause ..... 4
  - B. Verisign must Litigate the Three Claims Against Both it and ICANN in this Forum ..... 4
  - C. The Remaining Causes of Action Require the Same Factual Determination as the Claim Verisign Seeks to Transfer ..... 6
    - 1. The Eleventh Cause of Action Relates to Verisign’s Right to Ignore Plaintiffs’ Requests to Delete Domain Names ..... 6
    - 2. All Other Claims Against Verisign Similarly Relate to Verisign’s Right to Ignore Plaintiffs’ Requests to Delete Domain Names ..... 6
- III. ARGUMENT ..... 8**
  - A. Public Policy Strongly Favors California Venue for All Claims. .... 9
    - 1. In Order to Maintain a Single Venue for Related Claims, Courts Regularly Decline to Enforce Forum Selection Clauses ..... 9
    - 2. The Supreme Court, Ninth Circuit, and Central District of California Encourage a Single Forum for a Single Controversy to Promote Judicial Economy ..... 12
    - 3. The Claims in this Case Should Be Considered a Single Cause of Action for Venue Purposes ..... 15
  - B. All Factual Disputes Must Be Resolved in Plaintiffs’ Favor. .... 15
- IV. CONCLUSION ..... 16**

1 Plaintiffs respectfully submit this joint memorandum in opposition to  
2 Verisign's Motion to Dismiss Plaintiffs' Eleventh Claim for Relief for Improper  
3 Venue.

#### 4 I. INTRODUCTION

5 All parties to this action, including Verisign, agreed in separate contracts with  
6 defendant Internet Corporation for Assigned Names and Numbers ("ICANN") that  
7 "[i]n all litigation involving ICANN concerning [those agreements] . . . jurisdiction  
8 and exclusive venue for such litigation shall be in a court located in Los Angeles,  
9 California". However, Verisign moves to dismiss one of ten causes of action  
10 against it based upon a forum selection clause in another contract providing for  
11 Virginia venue in cases to interpret Verisign's contract with registrars. This Court is  
12 now asked to resolve these conflicting venue clauses.

13 All claims alleged in this case, including the single cause of action Verisign  
14 seeks to have dismissed or transferred to Virginia, involve ICANN. This lawsuit  
15 arises out of defendants' implementation of the Wait Listing Service ("WLS"),  
16 which Verisign oversees and ICANN approved. Ironically, Verisign argues that to  
17 conserve judicial resources and promote efficiency, this Court should require  
18 Plaintiffs to bring claims for the same acts in two different federal courts.  
19 Consequently, under Verisign's theory of judicial economy, there would be two  
20 lawsuits arising out of the same nucleus of operative facts, dependent upon the same  
21 factual findings, with the same witnesses and the same parties.

22 This case involves technical and complex issues pertaining to expired domain  
23 names, the role of an Internet registry, and the rights of Internet registrars. A  
24 finding on the single claim Verisign moves to dismiss or transfer would impact this  
25 Court's findings on the unfair competition claims that must remain here. Likewise,  
26 this Court's factual findings will involve the same analysis as a Virginia court's  
27 review of the single claim Verisign would like transferred.

28 Splitting this litigation between two courts would jeopardize the policy

1 favoring judicial economy, uniformity, and consistency. Verisign cannot cite to a  
2 case where a court divided a litigation between two venues based upon conflicting  
3 forum selection clauses. Rather, whenever possible, courts apply (or reject) forum  
4 selection clauses to consolidate the claims in a single venue. In this case, Verisign  
5 will have to litigate in California regardless of the outcome of the current motion  
6 because of the Los Angeles forum selection to which it agreed in a contract with  
7 ICANN. Two separate courts should not have to absorb all these facts and then  
8 issue separate rulings on claims involving nearly identical issues. Accordingly,  
9 judicial economy and consistency favor keeping the single claim Verisign seeks to  
10 transfer in this action.

## 11 II. FACTS

### 12 A. THE CONTRACTS BETWEEN THE PARTIES REQUIRE CLAIMS RELATING TO 13 ICANN TO BE BROUGHT IN LOS ANGELES

14 This case involves three sets of contracts – between (i) Verisign and ICANN,  
15 (ii) ICANN and Plaintiffs, and (iii) Verisign and Plaintiffs. The agreements between  
16 each party and ICANN require venue exclusively in Los Angeles. The Los Angeles  
17 venue clauses apply to all parties.

#### 18 1. ICANN's Contracts with Verisign Require California Venue 19 for Lawsuits Concerning the WLS.

20 Plaintiffs are Internet registrars. Verisign, the moving party, provides the  
21 Internet registry for <.com> and <.net> domain names. ICANN is responsible for  
22 accrediting plaintiffs as registrars, and for empowering Verisign to operate the  
23 registry.

24 This case involves several technical and contractual issues relating to  
25 defendants' WLS, which "purports to give consumers, for an annual fee, the right to  
26 be 'first in line' on the 'waiting list' for currently-registered <.com> and <.net>

1 domain names.<sup>1</sup>” (First Amended Complaint (hereinafter referred to as  
2 “FAC”) ¶ 1.1.) Verisign offers the WLS to consumers only because defendant  
3 ICANN granted Verisign the authority to do so. ICANN approved Verisign’s WLS  
4 pursuant to two Registry Agreements dated May 25, 2001 (together, the “ICANN-  
5 Verisign Agreements”). On March 6, 2004, ICANN’s Board of Directors approved  
6 amendments to the ICANN-Verisign Agreements necessary for Verisign to offer the  
7 WLS.<sup>2</sup>

8 The ICANN-Verisign Agreements provide Los Angeles as the exclusive  
9 forum for any litigation involving ICANN:

10 In all litigation involving ICANN concerning this  
11 Agreement . . . jurisdiction and exclusive venue for such litigation shall  
be in a court located in Los Angeles, California

12 This language appears in ¶15 of the Registry Agreement for <.com> and ¶ 5.9  
13 of the Registry Agreement for <.net>.<sup>3</sup> The ICANN-Verisign Agreements also  
14 require ICANN to indemnify Verisign concerning all claims arising out of  
15 Verisign’s compliance with ICANN policies.<sup>4</sup>

16 **2. ICANN’s Contracts with Plaintiffs Require California Venue.**

17 Each Plaintiff also executed an agreement with ICANN, called the Registrar  
18 Accreditation Agreement (the “ICANN-Registrar Agreement”). It includes the  
19 identical forum selection clause as the ICANN-Verisign Agreements:

20 In all litigation involving ICANN concerning this Agreement...  
21 jurisdiction and exclusive venue for such litigation shall be in a court  
located in Los Angeles, California, USA...” (FAC Ex. B, ¶ 5.6)

---

23 <sup>1</sup> Domain names are surrounded by caret symbols (*i.e.*, “<””) herein for the purpose of  
24 distinguishing them. However, the caret symbols are not a part of the domain name itself.

25 <sup>2</sup> Resolutions Adopted at Rome ICANN Board Meeting (March 6, 2004)  
26 <<http://www.icann.org/minutes/rome-resolutions-06mar04.htm>>.

27 <sup>3</sup> Defendants Network Solutions, Inc. and eNom, Inc. have also agreed to exclusive venue in Los  
28 Angeles. (FAC ¶ 3.3)

<sup>4</sup> Registry Agreement for <.com>, ¶6; Registry Agreement for <.net>, ¶4.6.

1           **3. Verisign’s Breach of Contract and its Forum Selection Clause**

2           Verisign required each plaintiff to execute its standard non-negotiable  
3 Registry-Registrar Agreement (the “Verisign-Registrar Agreement”) in order to  
4 become a registrar. A copy of the standard Verisign-Registrar Agreement is  
5 attached as Exhibit A to Plaintiffs’ FAC. Plaintiffs’ Eleventh cause of action seeks  
6 to hold Verisign liable for breaching the Verisign-Registrar Agreement. This is the  
7 only claim under the Verisign-Registrar Agreement.

8           Specifically, the Verisign-Registrar Agreement guarantees Plaintiffs the right  
9 to delete domain names from the registry. The WLS scheme at issue, however,  
10 cannot operate unless Verisign refuses Plaintiffs’ requests to delete certain domain  
11 names from the registry. Accordingly, Verisign’s unilateral rescission of the  
12 Plaintiffs’ rights under the Verisign-Registrar Agreement is fundamental to the  
13 operation of the WLS scheme underlying this lawsuit.

14           The forum selection clause in ¶ 6.7 of each Verisign-Registrar Agreement  
15 provides for a Virginia forum in “[a]ny legal action or other legal proceeding  
16 relating to this Agreement or the enforcement of any provision of this Agreement.”  
17 The Verisign-Registrar Agreement contradicts both the ICANN-Verisign  
18 Agreements and the ICANN-Registrar Agreement. Indeed, this lawsuit would not  
19 exist but for Verisign’s actions under the ICANN-Verisign Agreements, and  
20 Plaintiffs’ rights under the ICANN-Registrar Agreement. Those agreements with  
21 ICANN require this controversy to be resolved in Los Angeles.

22           **B. VERISIGN MUST LITIGATE THE THREE CLAIMS AGAINST BOTH IT AND**  
23           **ICANN IN THIS FORUM**

24           Plaintiffs must litigate in Los Angeles their First, Fifth, and Seventh Causes of  
25 Action against both Verisign and ICANN. Indeed, Verisign has admitted as much  
26 by not requesting to dismiss those causes of action under FED. R. CIV. P. 12(b)(3).  
27 The forum selection clause in the ICANN-Verisign Agreements prevents Verisign  
28 from litigating them outside of this forum.

1 The First Cause of Action alleges the WLS is an illegal lottery for which  
2 Verisign and ICANN are responsible. (FAC ¶¶ 5.1 - 5.20.) Pursuant to the  
3 ICANN-Verisign Agreements, ICANN authorized Verisign to sell rights to purchase  
4 a chance to a win domain name. (FAC ¶¶ 1.5 and 4.65.) Verisign can only offer  
5 these chances by refusing Plaintiffs' requests to delete the "prize" domain names  
6 from the registry.

7 Plaintiffs' Fifth Cause of Action alleges that Verisign and ICANN have  
8 engaged in deceptive sales practices by offering the WLS. (FAC ¶¶ 9.1 - 9.10.)  
9 These deceptive practices stem from Verisign's failure to inform consumers that  
10 domain names subject to WLS subscriptions not on "pending delete" status may not  
11 be available for registration within the subscription period. ICANN approved the  
12 WLS pursuant to the ICANN-Verisign Agreements (which provide for a Los  
13 Angeles venue) without requiring Verisign to make such disclosures. (FAC ¶ 9.6.)

14 The Seventh Cause of Action concerns Verisign's misleading offer to sell  
15 consumers property rights Verisign does not own. (FAC ¶¶ 11.1 - 11.12.) In  
16 reliance upon the Verisign-Registrar Agreement, this claim alleges Verisign "has no  
17 authority to refuse to delete any expired domain name from the registry". (FAC  
18 ¶ 11.9.) ICANN approved of this scheme pursuant to the ICANN-Verisign  
19 Agreements, which require a Los Angeles venue. ICANN is liable under this cause  
20 of action because it did not have the authority to grant Verisign such right.  
21 (FAC ¶ 11.10.) Plaintiffs must sue ICANN in Los Angeles for this violation  
22 consistent with the ICANN-Registrar Agreement.

23 These three claims cannot be transferred to the Eastern District of Virginia  
24 because both ICANN Agreements require any litigation "involving ICANN  
25 concerning" those agreements to be brought in Los Angeles, California. Both  
26 Verisign and Plaintiffs have agreed to be bound by ICANN's forum selection  
27 clause. Moreover, Verisign and ICANN may raise cross-claims against one  
28 another. The agreements between those defendants provide for indemnification

1 which must be litigated in Los Angeles. ICANN may sue Verisign for its liability  
2 arising out of the WLS; and Verisign may sue ICANN for damages it suffered by  
3 complying with ICANN policies. ICANN and Verisign may only bring those claims  
4 in this forum pursuant to their agreement, but those claims relate directly to the  
5 claim Verisign would like transferred to Virginia.

6 **C. THE REMAINING CAUSES OF ACTION REQUIRE THE SAME FACTUAL**  
7 **DETERMINATION AS THE CLAIM VERISIGN SEEKS TO TRANSFER**

8 **1. The Eleventh Cause of Action Relates to Verisign's Right to**  
9 **Ignore Plaintiffs' Requests to Delete Domain Names**

10 Verisign asks this Court to transfer the Eleventh Cause of Action because  
11 only that claim may fall within the scope of the Verisign-Registrar Agreement's  
12 forum selection clause. However, the remaining eleven claims turn on the same  
13 factual questions as the one Verisign would like to dismiss or transfer. The  
14 Eleventh cause of action requests a declaratory judgment that Verisign's  
15 implementation of the WLS breaches the Verisign-Registrar Agreement. The  
16 principal cause of the breach is Verisign's refusal to allow the deletion of domain  
17 names as required under the both the ICANN-Verisign Agreement and the Verisign-  
18 Registrar Agreement. (FAC ¶¶ 15.1 - 15.16.) All of Plaintiffs' claims require the  
19 Court to determine whether the defendants violate Plaintiffs' rights by refusing to  
20 delete domain names.

21 **2. All Other Claims Against Verisign Similarly Relate to**  
22 **Verisign's Right to Ignore Plaintiffs' Requests to Delete**  
23 **Domain Names**

24 Plaintiffs assert their Second Cause of Action under California's Unfair Trade  
25 Practices Act, CAL. BUS. & PROF. §17200 *et seq.*, which prohibits business  
26 practices that are forbidden by law. (FAC ¶¶ 6.1 - 6.11.) Plaintiffs allege that  
27 Verisign has engaged in unfair trade practices by violating California's Consumers  
28 Legal Redress Act ("CLRA"), CAL. CIV. CODE § 1750 *et seq.* The CLRA, at CAL.  
CIV. CODE § 1770, prohibits any representation to consumers that they will receive  
an economic benefit whose earning is "contingent on an event to occur subsequent

1 to the consummation of the transaction.” Plaintiffs further allege Verisign has  
2 assisted in advertising a contingent future benefit (*i.e.*, WLS subscriptions) in a  
3 manner unfair to consumers. Under the CLRA, it is unfair to sell consumers the  
4 right to purchase a domain name that is not on “pending delete” status, because only  
5 a “pending delete” status guarantees that a party other than the current owner will  
6 be able to register the name.

7 Plaintiffs’ Fourth and Sixth Causes of Action<sup>5</sup> allege Verisign engaged in  
8 deceptive advertising and false representations to consumers. (FAC ¶¶ 8.1 - 8.17  
9 and 10.1 - 10.14.) These deceptive practices all originate with Verisign’s failure to  
10 inform consumers that domain names subject to WLS subscriptions that are not on  
11 “pending delete” status may not be available for registration within the subscription  
12 period.

13 The Eighth Cause of Action alleges a violation of the Federal Trade  
14 Commission Act, 15 U.S.C. § 41 *et seq.*, based on Verisign’s failure to disclose the  
15 likelihood that a WLS subscription will be successful. (FAC ¶¶ 12.1 - 12.10.) As  
16 discussed above in reference to the Fourth through Sixth Causes of Action,  
17 Verisign’s deception of consumers stems largely from its offers to sell domain  
18 names that are not subject to “pending delete” status.

19 The Ninth Cause of Action falls under the Sherman Act, 15 U.S.C. §1 *et seq.*,  
20 and involves Verisign’s unreasonable tying agreement between WLS subscriptions  
21 and domain name registrations. (FAC ¶¶ 13.1 - 13.22.) The tying agreement  
22 depends on Verisign’s refusal to delete expired domain names and its consequent  
23 assertion of property rights in those names, which allows Verisign to dominate the  
24 market for registration of the domain names it refuses to delete.

25 The Tenth Cause of Action involves Verisign’s interference with Plaintiffs’  
26 prospective economic advantage by making false and defamatory statements about  
27

---

28 <sup>5</sup> The Third Cause of Action is not asserted against Verisign.