Appeal No. 03-16946

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

PHILIP R. MCNEIL,

Plaintiff-Appellant,

v.

VERISIGN, INC., INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS and THE STANLEY WORKS,

Defendant-Appellees.

Appeal From The United States District Court
For The Northern District of California
Case No. CV02-04534
Honorable Marilyn Hall Patel

ANSWERING BRIEF OF APPELLEE INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

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TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF AUTHORITIES

Page

CASES

TABLE OF AUTHORITIES
(continued)

Page

TABLE OF AUTHORITIES
(continued)

Page

STATUTES

OTHER AUTHORITIES

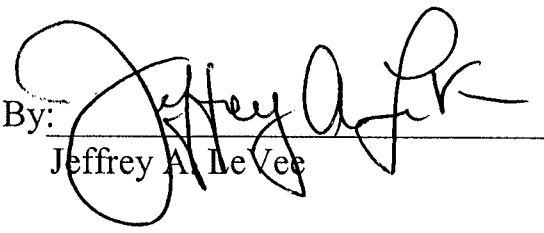
CORPORATE DISCLOSURE STATEMENT

The undersigned counsel for Appellee Internet Corporation For Assigned Names And Numbers ("ICANN") states that ICANN is a California not-for-profit corporation, with no parent or subsidiary, and that no publicly-held company owns 10% or more of ICANN's stock.

Dated: January 9, 2004

Respectfully submitted,

JONES DAY



By: _____
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Attorney for Appellee Internet Corporation
For Assigned Names And Numbers

STATEMENT OF JURISDICTION

This action commenced in the United States District Court for the Northern District of California, where defendant Internet Corporation for Assigned Names and Numbers ("ICANN") argued, in part, that the trial court lacked subject matter jurisdiction over plaintiff Philip R. McNeil's ("McNeil") claims against ICANN. The District Court entered final judgment in favor of ICANN on August 27, 2003. (Excerpts of Record ("ER") 155-69.) McNeil filed his Notice of Appeal on September 29, 2003. (ER 170-75.) This Court has jurisdiction pursuant to 28 U.S.C. § 1291.

STATEMENT OF RELATED CASES

Pursuant to Ninth Circuit Rule 28-2.6, Appellee Internet Corporation For Assigned Names and Numbers states that it is not aware of any related cases currently pending in this Court.

STATEMENT OF ISSUES PRESENTED FOR REVIEW

I. Whether the District Court correctly granted ICANN's motion to dismiss McNeil's Complaint against ICANN for lack of subject matter jurisdiction and for failure to state a claim.

II. Whether the District Court correctly granted ICANN's motion to dismiss without leave to amend.

III. Whether any error by the District Court was harmless and thus presents no basis for reversal of the District Court's Order.

STATEMENT OF THE CASE

Philip R. McNeil filed a Complaint *pro se* against The Stanley Works ("Stanley"), VeriSign, Inc. ("VeriSign"), and ICANN on September 18, 2002 alleging that "ICANN's" substantive and procedural rules regarding the transfer of several Internet domain names from McNeil to Stanley wrongfully deprived McNeil of those domain names and abridged his First Amendment right to free speech and his constitutional right to due process. (ER 1-28.) The transfer of certain Stanley-related domain names had already been the subject of an identical suit by McNeil against Stanley, which the District Court dismissed on *forum non conveniens* grounds. *McNeil v. Stanley Works (McNeil I)*, No. 00-16557, 2002 WL 535790 (9th Cir. Apr. 10, 2002).

On October 10, 2002, Stanley filed a motion to dismiss based on the doctrine of collateral estoppel. On October 11, 2002, VeriSign filed its motion to dismiss based on lack of subject matter jurisdiction and for failure to state a claim, noting that there was no actual or threatened injury to McNeil as a result of VeriSign's

actions as pled. On November 5, 2002, Stanley filed a motion for Rule 11 sanctions against both McNeil and his *de facto* counsel, James E. Starnes. On January 21, 2003, McNeil filed a *pro se* verified response to Stanley's and VeriSign's motions to dismiss. (ER 96-134.)

ICANN was not served with the summons and complaint in this matter until January 28, 2003. On February 18, 2003, ICANN filed its own motion to dismiss for lack of subject matter jurisdiction and for failure to state a claim. ICANN argued, in essence, that McNeil had failed to allege any facts connecting ICANN to the wrongs of which McNeil complained. (Supplemental Excerpts of Record ("SER") 34-44.) On May 9, 2003, McNeil filed a *pro se* response to ICANN's motion to dismiss. (ER 135-54.)

On August 27, 2003, the District Court granted all three of defendants' motions to dismiss. (ER 155-69.) McNeil's claims against ICANN were dismissed for lack of standing and for failure to state a claim. (ER 159-62.) McNeil's claims against VeriSign were also dismissed for failure to state a claim. (ER 157-59.) All claims against Stanley were dismissed on grounds of collateral estoppel. (ER 162-64.) In its order dismissing McNeil's Complaint, the District Court further ordered McNeil to show cause as to why he and his attorney should not be subject to sanctions under Rule 11. (ER 164.) Briefing on the order to show cause

Internet "domain names," such as "icann.org" or "cand.uscourts.gov," available to consumers. (*Id.*) ICANN enters into Registrar Accreditation Agreements with these registrars. (*Id.*, SER 50–67.) Registrars, in turn, contract with individuals, such as McNeil, who wish to register domain names. (SER 46, ¶ 3.) The contract between a registrar and its customer is called a Registration Agreement. (*Id.*)

The UDRP

The domain names in controversy were registered by McNeil with Registrar.com, which was subsequently purchased by VeriSign. (ER 5, ¶ 24.) The Uniform Domain Name Dispute Resolution Policy ("the UDRP") is incorporated by reference into McNeil's Registration Agreement with VeriSign. (ER 9, ¶ 47.) All ICANN-accredited registrars incorporate the UDRP into their agreements with their customers. (SER 46, ¶ 3; SER 69 n.2.)

Pursuant to the UDRP, disputes alleged to arise from abusive registrations of domain names (for example, cybersquatting) may be addressed by expedited, non-binding administrative proceedings that a domain name challenger initiates by filing a complaint with a dispute-resolution service provider. (SER 46, ¶ 3; SER 70, ¶ 4a.) Although parties registering domain names agree to participate in UDRP proceedings, they are free to sue competing parties in court, either before or after a UDRP proceeding. (SER 46; SER 72-73, ¶ 4k.) ICANN has designated a number of entities to serve as dispute resolution providers, but ICANN has no

ownership, or any other interest in these providers. (SER 46, ¶ 4.) The UDRP specifically states that the registrar will not participate "in the administration or conduct of any proceeding before an Administrative Panel." (SER 46, ¶ 3; SER 72, ¶ 4h.) ICANN does not participate in these proceedings either. (SER 46, ¶ 4; SER 73, ¶ 6.)

The UDRP and Rules for UDRP contain what McNeil terms "forum-selection provisions." (SER 46, ¶ 3; SER 72-73, ¶ 4k; SER 81, § 3(b)(xiii).) Under these forum-selection provisions, a domain name challenger agrees, in presenting its complaint invoking the UDRP, to submit to the jurisdiction of at least one court in the event the domain name holder chooses to challenge a UDRP decision in court. That court is — at the trademark holder's option — either at the location of the domain name holder's residence or at the location of his registrar, and is known as the "Mutual Jurisdiction." (SER 47, ¶ 6; SER 81, § 3(b)(xiii).) This Mutual Jurisdiction is in addition to alternatives that the domain name holder may otherwise have. (*Id.*) If the domain name holder loses the administrative proceeding and then seeks *de novo* review of the arbitrator's (in this case, the National Arbitration Forum ("NAF")) decision by filing a lawsuit in the "Mutual Jurisdiction" within ten days, the filing of the lawsuit will automatically stay enforcement of the administrative decision pending the outcome of the case. (*Id.*) The domain name holder can, of course, always file

a lawsuit in any court, at any time, to seek the re-transfer of any domain name registration lost through the non-binding UDRP administrative proceeding. (*Id.*)

McNeil's Lawsuit

According to McNeil's Complaint, his lawsuit "involves primarily McNeil's use of several U.S. domains," all of which contain the word "stanley." (ER 10, ¶ 53.) Each of these names has been the subject of a UDRP administrative proceeding which McNeil lost, and two of the names were the subject of a prior McNeil lawsuit, which the District Court dismissed on *forum non conveniens* grounds in a decision affirmed by this Court. (ER 6-8.) In *McNeil I*, the district court dismissed McNeil's claims under the doctrines of abstention and *forum non conveniens*, holding that the claims could fully and more appropriately be addressed in the parties' litigation that was, and is, ongoing in Canada. *McNeil v. Stanley Works*, C 00-1509, slip op. at 3-4 (N.D. Cal. July 24, 2001) (Patel, J.). (Appellee the Stanley Works' Motion for Summary Affirmance, Exhibit B.) On appeal, this Court affirmed the district court's decision on the basis of *forum non conveniens*. *McNeil I*, 2002 WC 535790 (9th Cir. Apr. 10, 2002).

The present lawsuit is virtually identical to *McNeil I*, except for the fact that McNeil has also named VeriSign and ICANN as defendants. The Complaint seeks only declaratory and injunctive relief with respect to McNeil's use of the domain names he registered as well as the legality of the forum-selection provision of the

UDRP. (ER 18-21.) Neither of these requested remedies involves ICANN. ICANN has no role in the adjudication of domain name disputes. (SER 46-47, ¶¶ 4, 5.) Further, although ICANN facilitated the Internet community's development of the UDRP, the UDRP is made applicable to McNeil via his contract with his registrar. ICANN does not implement or enforce the UDRP, is not a party to UDRP proceedings, and was not involved in any way in determining the outcome of the dispute between McNeil and Stanley. (*Id.*)

Due to the lack of legal controversy between ICANN and McNeil, ICANN filed a motion to dismiss on February 18, 2003 pursuant to Rule 12(b)(1) of the Federal Rules of Civil Procedure for lack of subject matter jurisdiction and pursuant to Rule 12(b)(6) for failure to state a claim. (SER 34-44.) The District Court took the motion under submission and, on August 27, 2003, granted ICANN's motion with prejudice. (ER 155-69.)

In its Order, the District Court found that McNeil had failed to state a single valid cause of action against ICANN. Specifically, the District Court held that "ICANN did not participate in the arbitration in which McNeil lost the domain names at issue. The arbitration proceeding was conducted between Stanley and McNeil pursuant to the contract between McNeil and VeriSign. [And] ICANN's role in establishing the procedures and standards set forth in the UDRP does not implicate [ICANN] in every single dispute over a domain name." (ER 160.) The

District Court explained that "McNeil fails to indicate how the UDRP ***in any way*** restricts his ability to appeal the arbitrator's decision to the courts, and therefore fails to state a claim against ICANN for violating his due process rights via its role in promulgating the UDRP." (ER 161 (emphasis added).)

With regard to McNeil's claim that the UDRP provisions violate McNeil's First Amendment right to free speech, the District Court stated that the "actions of the defendants in this case do not constitute governmental action" and thus do "not invoke First Amendment protections." (ER 160.) Moreover, McNeil "has no standing to assert First Amendment claims" because he "resides in Canada" and not the United States. (*Id.*) In addition, the District Court held that "ICANN is not a proper defendant" in "challeng[ing] the results of the arbitration in this particular case as a violation of [McNeil's] right to fair use of Stanley's trademarks." (*Id.*) Because McNeil "failed to state any claim against ICANN, plaintiff therefore has no cause of action upon which to request declaratory or injunctive relief." (ER 162.)

In addition to granting ICANN's motion to dismiss, the District Court also granted Stanley's and VeriSign's motions to dismiss. (ER 164.) The District Court further ordered McNeil to show cause as to why he and his attorney should not be subject to Rule 11 sanctions for bringing an "identical action" back to the District

Court after it had already been dismissed on *forum non conveniens* grounds.[1] (ER 164.)

SUMMARY OF THE ARGUMENT

As Appellant's Opening Brief demonstrates -- at length -- this appeal simply represents yet another attempt by McNeil to prolong this Court's, and ICANN's, unnecessary involvement in McNeil's domain name dispute. That dispute is properly being litigated elsewhere, and in recognition of that fact and the fact that McNeil has no viable claims against VeriSign or ICANN, this case was properly dismissed by the District Court.

The District Court correctly found that McNeil's "constitutional" claims against ICANN, even if true, were not proper because McNeil is a Canadian citizen without the necessary ties to the United States that would afford him such protection. Additionally, even if McNeil did possess such ties, the District Court properly found that ICANN is not a government actor and thus incapable of committing any of the alleged constitutional infringements. The District Court's rulings are well-supported by the relevant case law.

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[1] The District Court also noted that it was disturbed by the evidence indicating that McNeil, a *pro se* plaintiff, was "receiving significant unreported legal counsel from James Starnes," including ghostwriting of briefs and sending letters to Defendants explicitly requesting that Defendants "'not again attempt to communicate with [his] client.'" (ER 165 n.4 (citation omitted).) In Plaintiff's Response to Show Cause Order, McNeil and James Starnes both admit that "Mr. Starnes assisted Mr. McNeil in researching and writing briefs in this case." (SER 150.)

Dismissal of McNeil's remaining claims against ICANN was also proper because McNeil failed to allege ***any*** facts connecting ICANN to his alleged harm. McNeil's causes of action center on the NAF administrative rulings, which resulted in McNeil's domain names being transferred to Stanley, and the operation of the UDRP forum-selection provision. ICANN did not issue the non-binding administrative decisions, and McNeil is not required -- either by the UDRP or by ICANN -- to litigate his claims against Stanley in a specific forum. Moreover, the UDRP is only applicable to McNeil because it is a policy incorporated by reference into the contract McNeil entered into with his registrar, VeriSign. ICANN was not a party to that contract and is not a proper defendant.

McNeil's Opening Brief fails to state any legitimate reason why the District Court's Order was in error. Instead, McNeil simply reiterates the conclusory allegations of his initial Complaint, and fails to cite ***any*** legal authority supporting the viability of his claims. Oddly, McNeil also devotes substantial attention to refashioning his argument in terms of a 15 U.S.C. § 1125 case. Yet this statute, to which McNeil has paid little attention until now, does not support his claims. The statute does not grant a right of action to domain name holders, and there is no precedent or legislative history that even hints at such a right. And, even if domain name holders had such a right, McNeil fails to demonstrate how ICANN could possibly be a proper defendant to such a claim.

McNeil's claim that the District Court erred in denying McNeil leave to amend suffers the same fate. McNeil waived that argument by not seeking leave to amend against ICANN in the District Court, and even if McNeil could now seek leave to amend, the District Court committed no error where the only potential amendment McNeil has discussed anywhere in the record is a potential amendment of his claims against VeriSign for breach of contract.

The District Court's grant of ICANN's motion to dismiss was proper and any error was, at most, harmless. The District Court's Order should be affirmed.

STANDARD OF REVIEW

A district court order dismissing a complaint for lack of jurisdiction pursuant to Federal Rule of Civil Procedure Section 12(b)(1) is reviewed *de novo*. *King County v. Rasmussen*, 299 F.3d 1077, 1088 (9th Cir. 2002). The Court must accept all uncontroverted factual assertions regarding jurisdiction as true. (*Id.*) However, factual findings underlying the district court's jurisdictional decision are reviewed under the clearly erroneous standard. *Association of Flight Attendants v. Horizon Air Indus., Inc.*, 280 F.3d 901, 904 (9th Cir. 2002); *United States ex rel. Lujan v. Hughes Aircraft Co.*, 162 F.3d 1027, 1030 (9th Cir. 1998).

An order granting a motion to dismiss for failure to state a claim pursuant to Federal Rule of Civil Procedure Section 12(b)(6) is also reviewed *de novo*. *Williamson v. General Dynamics Corp.*, 208 F.3d 1144, 1149 (9th Cir. 2000). All

allegations of material fact are to be taken as true and construed in the light most favorable to the non-moving party. *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1085 (9th Cir. 1998). The Court is not, however, required to accept as true allegations that are contradicted by exhibits attached to the complaint or matters properly subject to judicial notice; nor is the Court required to accept as true allegations that are merely conclusory, unwarranted deductions of fact, or unwarranted inferences. *See Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001), *amended*, 275 F.3d 1187 (9th Cir. 2001).

ARGUMENT

I. The District Court Correctly Dismissed McNeil's First Amendment Claim.

A. McNeil Lacks Standing To Assert A First Amendment Claim.

The District Court correctly held that "the protections of the rights guaranteed by the Bill of Rights including the First Amendment extend only to citizens of the United States and resident aliens." (ER 160 (citations omitted).) McNeil's Complaint acknowledges that McNeil is a "Canadian citizen" whose only ties to the United States are through his contractual relationship with the United States registrar of his domain names. (ER 2.)

McNeil's sole argument on appeal is that he is entitled to First Amendment protections even though he is a Canadian citizen. The case law McNeil cites in support is, however, misleading. First, McNeil cites to an outdated district court

case that has never been cited for the proposition McNeil asserts. *Times Newspapers Ltd. (of Great Britain) v. McDonnell Douglas Corp.*, 387 F. Supp. 189 (C.D. Cal. 1974). More recent Supreme Court and Ninth Circuit case law clearly hold that First Amendment protection is extended only to U.S. Citizens and aliens present within the territorial jurisdiction. *See, e.g., United States v. Verdugo-Urquidez*, 494 U.S. 259, 270-71 (1990) (upholding its earlier ruling in *Kwong Hai Chew v. Colding*, 344 U.S. 590, 596-98 n.5 (1953) (if alien is a lawful permanent resident of the United States and remains physically present in the United States he is a person within the protections of the First and Fifth Amendments)); *American-Arab Anti-Discrimination Committee v. Reno*, 70 F.3d 1045, 1064-65 (9th Cir. 1995), *vacated on other grounds*, 525 U.S. 471 (1999) (noting that constitutional protection of aliens stems from the alien's presence within the territorial jurisdiction).

McNeil also relies on an inaccurate reading of *Silveira v. Lockyer*, 312 F.3d 1052 (9th Cir. 2002). McNeil bases his argument from *Silveira* on the following language in the case:

> "the 'people' protected by the Fourth Amendment, and by the First and Second Amendments, . . . refers to a class of persons who are part of a national community or who have otherwise developed sufficient connection with this country to be considered part of that community."

Silveira, 312 F. 3d at 1070 (*quoting Verdugo-Urquidez*, 494 U.S. at 265). Arguing from this language, McNeil contends that Internet users, located anywhere in the world, are the "people" afforded this constitutional protection. (Opening Brief at 29.) What McNeil fails to recognize, however, is that *Verdugo-Urquidez*, the case on which *Silveira* relies, clearly states that aliens fit this description only "when they have come [voluntarily] *within the territory of the United States* and developed substantial connections with the country." *Verdugo-Urquidez*, 494 U.S. at 271 (emphasis added). McNeil has never alleged that he has come to the United States and established such ties.

Because McNeil is a Canadian citizen who has never alleged residency in the United States, and because his only stated ties to the United States are through contractual agreements with his registrar, the District Court was correct in determining that McNeil lacks standing to assert a First Amendment violation against ICANN.

B. ICANN Is Not A Government Actor.

In order to state a claim for a violation of the First Amendment right to free speech, a plaintiff must plead that a defendant's conduct constituted action by the government and that the defendant caused the plaintiff to be deprived of his right to free speech. *Single Moms, Inc. v. Montana Power Co.*, 331 F.3d 743, 746-47

(9th Cir. 2003) ("[o]nly when the *government* is responsible for plaintiff's complaints are individual constitutional rights implicated").

McNeil's vague assertions in his Complaint that ICANN violated his First Amendment right cannot be morphed into a valid cause of action because, as a matter of law, ICANN cannot violate this right -- ICANN is not a state actor. (ER 4, 10, 12, 13.) State action is present when the State is sufficiently involved in some activity to "treat that decisive conduct as state action." *National Collegiate Athletic Ass'n v. Tarkanian*, 488 U.S. 179, 192 (1988). McNeil has not alleged in his Complaint that ICANN is a government entity. In fact, McNeil has affirmatively alleged that ICANN is a "non-profit corporation," and several courts, including but not limited to the District Court, have already ruled that ICANN is not a state actor. (ER 5; SER 5-6; *see Register.com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238, 247 (S.D.N.Y. 2000) (ICANN is "not a governmental body.").[2]

All of the cases McNeil cites in his Opening Brief for the proposition that ICANN is a state actor are inapposite. (Opening Brief at 8.) First, the majority of the cited cases are section 1983 cases involving doctors that contract with the government to provide medical care to prison inmates. *West v. Atkins*, 487 U.S. 42

[2] Similarly, McNeil's argument that the promulgation of the UDRP was a "legislative" action by ICANN is entirely unsupported. (ER 150-51.) The UDRP was developed by the Internet community and is implemented by dispute-resolution providers pursuant to contracts between domain name holders and their registrars. (SER 46, ¶4.) This is hardly "legislative" activity.

(1988); *Carswell v. Bay County*, 854 F.2d 454 (11th Cir. 1988); *Ort v. Pinchback*, 786 F.2d 1105 (11th Cir. 1986). In each instance, the court reasoned that state action attached to the doctors only because "the State has a constitutional obligation, under the Eighth Amendment, to provide adequate medical care to those whom it has incarcerated." *West*, 487 U.S. at 54 (*citing Estelle v. Gamble*, 429 U.S. 97, 103 (1976); *Carswell*, 854 F.2d at 456-57 ("the state has a constitutional duty to provide adequate medical care to its prison inmates"); *Ort v. Pinchback*, 786 F.2d at 1107 ("Dr. Pinchback similarly performed 'a function which is traditionally the exclusive prerogative of the state' when he took over the state's responsibility for attending to inmate medical needs.") (*citing Ancata v. Prison Health Services, Inc.*, 769 F.2d 700, 703 (11th Cir. 1985)). There is no similar constitutional requirement or rationale when it comes to Internet domain names.

McNeil also cites *United States v. Classics*, 313 U.S. 299 (1941). (Opening Brief at 8.) However, *Classics* held that election commissioners who conspired to rig ballots during the primary elections were state actors only because the "right of the voters at the primary to have their votes counted is . . . a right or privilege secured by the Constitution" and their performance of duties was a direct result of a state statute. *Classics*, 313 U.S. at 325. Once again, the instant case is obviously

distinguishable. The right to hold or maintain domain names is not guaranteed by the Constitution, nor is it a right granted by a state statute.

The District Court based its ruling on McNeil's First Amendment claim on two independently valid bases -- lack of citizenship and lack of state action. Because McNeil is not a U.S. Citizen or residing in the United States, and because ICANN is not a state actor, the District Court correctly dismissed McNeil's First Amendment claim against ICANN, and this Court should affirm. The District Court correctly found that McNeil's First Amendment claim against ICANN must be dismissed.

II. The District Court Correctly Dismissed McNeil's Due Process Cause Of Action.

The District Court correctly found that McNeil's due process claim against ICANN amounted to no claim at all because McNeil failed to allege ***any*** fact upon which to sustain a cause of action against ICANN. (ER 162.)

A. McNeil's Due Process Claim Fails Because It Is Based On A Violation Of His Non-Existent First Amendment Rights.

The District Court correctly found that McNeil's due process claim centers on a lack of a "forum in which to vindicate his First Amendment rights through an appeal of the [NAF] arbitration" (ER 161) and that, because McNeil does not possess First Amendment rights, *see* Argument § I(A), *supra*, McNeil's claim cannot stand. To the extent McNeil argues that his due process rights were

violated because of ICANN's infringement on his right to free speech (ER 11-13, ¶¶ 58-69), the District Court correctly dismissed McNeil's due process claim.

B. ICANN Is Not A State Actor And Cannot Violate McNeil's Due Process Rights.

ICANN cannot violate any constitutional due process right. For constitutional due process to be implicated, there must be state action. *Davis v. Prudential Securities, Inc.*, 59 F.3d 1186, 1190-91 (11th Cir. 1995) ("it is axiomatic that constitutional due process protections 'do not extend to private conduct abridging individual rights'. . . . [O]nly state action is subject to scrutiny under the Due Process Clause." (*citing National Collegiate Athletic Ass'n*, 488 U.S. at 191)). As demonstrated earlier, ICANN is not a state actor. *See* Argument § I(B), *supra*.

C. Plaintiff's Complaint Fails To Allege Any Fact Connecting ICANN To A Due Process Claim.

McNeil's Opening Brief makes clear that the alleged due process violations occurred in connection with the NAF administrative proceedings and the application of the UDRP forum-selection provision to McNeil. (Opening Brief at 23-24.) Pursuant to McNeil's contract with his registrar, VeriSign, the UDRP is made applicable to McNeil. Pursuant to the UDRP, NAF proceedings are conducted by an independent dispute-resolution service provider. (SER 46, ¶ 4.) Therefore, as multiple courts, including the Ninth Circuit, have already held,

"ICANN is not an appropriate defendant in a dispute over a domain name." (SER 105, *Jorgensen v. Northwest Airlines*, CV 01-3343-CAS (C.D. Cal. Sept. 17, 2001) (dismissing ICANN as a defendant because plaintiff failed to allege that "ICANN played any role in the dispute between plaintiff and Northwest over the rights to the domain name or in the subsequent administrative proceedings")); *see Seven Words, LLC v. Network Solutions*, 260 F.3d 1089, 1092-93 n.5 (9th Cir. 2001) (noting that the district court correctly held that ICANN was not a proper defendant in an action against a domain name registrar alleging that the refusal to allow the registration of "inappropriate" domain names violated plaintiff's constitutional rights as ICANN's involvement was merely speculative). McNeil's alleged due process violation, which stems from a domain name dispute should not, as a matter of law, include ICANN as a defendant.

D. Plaintiff's Complaint Fails To Allege Any Fact Demonstrating A Due Process Violation.

Even if McNeil could allege facts connecting ICANN to McNeil's due process claim, McNeil's Complaint still fails to allege any facts actually demonstrating a due process violation. First, the NAF proceedings of which McNeil complains are ***non-binding*** and do not interfere with McNeil's right to seek review of his domain name disputes in any appropriate court. (SER 46, ¶ 3; SER 72-73, ¶ 4k); *see also Bord v. Banco De Chile*, 205 F. Supp. 2d 521, 523

(E.D. Va. 2002) (arbitration under the UDRP "is non-binding and permits the registrant to seek a *de novo* review of the dispute in federal court."); (SER 9 n.3).

Second, the UDRP and Rules for UDRP are terms of McNeil's contract with his registrar,[3] and McNeil can state no harm, particularly against ICANN, by complaining of a contract term contained in the Registration Agreement he voluntarily entered into with VeriSign. *See Bord*, 205 F. Supp. 2d at 523-24.

Finally, the very provision about which McNeil complains actually ***protects*** McNeil and other domain name holders like him. The UDRP forum-selection provision ensures that there is at least one forum in which a domain name holder can bring suit against the arbitration complainant in order to halt the transfer of a domain name. (SER 47, ¶ 6; SER 81, § 3(b)(xiii).) This feature was, in fact, incorporated into the UDRP at the request of the advocates for domain name holders. (SER 47, ¶ 6.)

McNeil's Complaint and Opening Brief fail to cite any facts or law which demonstrate, or could demonstrate, a connection between ICANN and any due process violation. Therefore, the District Court correctly dismissed McNeil's due process claim against ICANN, and this Court should affirm.

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[3] In fact, McNeil's Complaint states that the UDRP is part of his Registration Agreement with VeriSign. (ER 9.)

III. McNeil Lacks Standing To Assert A Claim Against ICANN Under 15 U.S.C. § 1125.

McNeil devotes a large portion of his Opening Brief to a misguided argument concerning 15 U.S.C. § 1125 of the Anti-Cybersquatting Consumer Protection Act ("ACPA").[4] McNeil claims that his Complaint requested that he be afforded declaratory relief against ICANN either directly or implicitly under section 1125. (Opening Brief at 8.) McNeil asserts that unless he somehow has standing under 15 U.S.C. § 1125, "the Act is invalid insofar as it denies McNeil equal protection and/or due process of law."[5] (Opening Brief at 8.) McNeil is simply wrong in his reading of section 1125. The Court should reject his arguments and affirm the District Court's holding that McNeil's "Anti-

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[4] While McNeil focuses only on section 1125 of the ACPA, as a matter of law, there exists no other section of the ACPA that would afford McNeil any relief against ICANN. McNeil's Complaint makes a vague reference to McNeil's alleged right to "fair use" of the Stanley mark. McNeil never grounds this claim in any statute or legal right, however, nor does he raise any facts demonstrating such a right. This is unsurprising because "fair use" is a defense, not a right of action. *See Brother Records, Inc. v. Jardine*, 318 F.3d 900 (9th Cir. 2003) (outlining when a defendant may use either the classic or nominative fair use doctrine as a defense against a claim for trademark infringement). The District Court found McNeil's "fair use" argument vague and insufficient to put ICANN on notice of the harm being alleged. (ER 162 ("[McNeil's] vague allegations that ICANN is 'unfortunately confused about the interplay between the Anti-Cybersquatting Protection Act, federal trademark laws (including 'fair use' standards), and the First Amendment' . . . does not rise to the level of a legal injury." (citation omitted).) It is indeed impossible to decipher what, if any, trademark law protections McNeil seeks to invoke against ICANN other than those of 15 U.S.C. § 1125.

Cybersquatting Protection Act" claim "does not rise to the level of a legal injury." (ER 162.)

A. 15 U.S.C. § 1125 Expressly Grants Standing To Trademark Holders, Not Domain Name Holders.

Section 1125 explicitly grants a right to "the owner of a mark" to file an action against a person who "has a bad faith intent to profit from that mark" and "registers, traffics in, or uses a domain name that" is "identical or confusingly similar to that mark." 15 U.S.C. § 1125(d)(1)(A). McNeil is not the owner of the "stanley" mark, as required to invoke the protections of the statute. Rather, he is a disgruntled former "stanley" distributor who holds certain stanley-related domain names. (ER 155-56.)

Moreover, McNeil's attempt to seek "declaratory relief" under section 1125 must necessarily fail. On its face, section 1125 does not provide for any such relief. The relief section 1125 grants is "forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark." 15 U.S.C. § 1125(d)(1)(C).

For each of these independent reasons, McNeil may not assert his alleged cause of action under 15 U.S.C. § 1125 against ICANN.

(continued...)

[5] McNeil's assertion is clearly unfounded. (Opening Brief at 8.) As stated earlier, McNeil lacks standing to assert any such constitutional violations. *See* Argument § III, *supra*.

B. There Is No Basis From Which McNeil Can "Infer" 15 U.S.C. § 1125 Standing.

McNeil's alternative argument is that standing for McNeil should be "implied" into 15 U.S.C. § 1125. There are four factors to consider in determining whether a private cause of action may be implied in a statute that does not expressly provide one:

1. Is the plaintiff one of the class for whose "especial benefit" the statute was enacted; that is, does the statute create a federal right in favor of the plaintiff?

2. Is there any indication of legislative intent, explicit or implicit, either to create such a remedy or to deny one?

3. Is it consistent with the underlying purposes of the legislative scheme to imply such a remedy for the plaintiff?

4. Is the cause of action one traditionally relegated to state law, so that it would be inappropriate to infer a cause of action based solely on federal law?

Federation of African American Contractors v. City of Oakland, 96 F.3d 1204, 1210 (9th Cir. 1996) (*citing Cort v. Ash*, 422 U.S. 66, 78 (1975)).

McNeil's Opening Brief and Complaint fail to provide any basis for implying standing for a domain name holder under section 1125. McNeil does not cite a single case in which such a right has been implied for a domain name holder. Rather, the cases to which McNeil cites in his Opening Brief, in an attempt to expand section 1125's reach, are inapposite. (Opening Brief at 31.) Every case McNeil cites deals with a different statute and demonstrates that the congressional

purpose of that statute ***clearly*** allowed for the implied private right of action. *Herman & Maclean v. Huddleston*, 459 U.S. 375 (1983) (affirming an implied private right of action under § 10(b) of the Securities Exchange Act of 1934 notwithstanding the express remedy for misstatements and omissions in registration statements provided by § 11 of the 1933 Act because Congressional intent clearly provided for overlapping remedies); *Cannon v. University of Chicago*, 441 U.S. 677 (1979) (holding that a private right of action may be implied under Title IX because petitioner was clearly a member of the class, the history of Title IX did not indicate any intention to deny such right and in fact many members of Congress assumed such a right); *J.I. Case Co. v. Borak*, 377 U.S. 426 (1964) (granting a private right of action under § 27 of the Securities Exchange Act of 1934 in order to effectuate congressional purpose); *Textile Workers Union v. Lincoln Mills*, 353 U.S. 448, 455 (1957) (reasoning that § 301 of the Labor Management Relations Act of 1947 should be read as "more than jurisdictional" since "it became abundantly clear [from the legislative history] that the purpose of the section was to provide the necessary legal remedies").

No similar congressional intent to imply a private right of action can be found anywhere in the legislative history of section 1125. In fact, the legislative history of the Act indicates that its purpose is "to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it,

even in the absence of a likelihood of confusion." *See* H.R. Rep. No. 374, 104th Cong., 1st Sess. 3 (1995) U.S. Code Cong. & Admin. News 1029, 1030. This congressional purpose demonstrates that section 1125 was specifically designed to grant a right of action ***only*** to trademark holders. Because McNeil fails to provide any legal support for implying a right of action for domain name holders under section 1125 and the legislative history of the statute also fails to provide any support for the proposition, McNeil's section 1125 claim against ICANN was properly dismissed by the District Court.

IV. The District Court Correctly Dismissed McNeil's Declaratory And Injunctive Relief Claims.

The District Court correctly found that "[d]eclaratory and injunctive relief do not provide causes of action in themselves." (ER 162 (*citing Audette v. International Longshoremen's and Warehousemen's Union*, 195 F.3d 1107, 1111 n.3 (9th Cir. 1999); *Shamsian v. Atlantic Richfield Co.*, 107 Cal. App 4th 967, 984 (2003)). Without a valid claim of legal injury, there is no cause of action upon which to request such relief. (*Id.*) Because (1) McNeil lacks standing to assert any of his alleged constitutional claims against ICANN; (2) McNeil has failed to state ***any*** facts to support a claim upon which relief could be granted against ICANN; and (3) McNeil has not asserted any valid trademark claim against ICANN, there is no legal controversy between McNeil and ICANN. Therefore, McNeil cannot state

a separate claim for declaratory or injunctive relief against ICANN. *McGraw-Edison Co. v. Preformed Line Products Co.*, 362 F.2d 339, 342 (9th Cir. 1966).

V. McNeil Is Barred On Appeal From Seeking Leave To Amend His Complaint Against ICANN.

McNeil never sought leave to amend his Complaint against ICANN in the District Court. Thus, McNeil may not now seek leave to amend in this Court. *State of Alaska v. United States*, 201 F.3d 1154, 1163 (9th Cir. 2000) ("Where a party never asked for permission [to amend], its argument that the 'district court should have permitted [amendment]' is without force.").

Assuming, *arguendo*, that McNeil may now seek leave to amend his Complaint against ICANN, dismissal for failure to state a claim without leave to amend is reviewed *de novo*. Such dismissal will be affirmed where it appears that the pleading cannot possibly be cured by alleging other facts. *Desaigoudar v. Meyercord*, 223 F.3d 1020, 1021 (9th Cir. 2000); *see In re Broderbund/Learning Co. Secur. Litig. v. Mattel, Inc.*, 294 F.3d 1201, 1203 (9th Cir. 2002). The Court may examine the correctness of the dismissal by looking at the factors used to assess the propriety of a motion for leave to amend: bad faith, undue delay, prejudice to the opposing party, futility of amendment, and whether the non-moving party previously amended the dismissed complaint. *Schmier v. United States Ct. of Appeals*, 279 F.3d 817, 824 (9th Cir. 2002).

McNeil complains that the District Court erred in not allowing him leave to amend his Complaint. (Opening Brief at 47.) With regard to ICANN, there are ***no*** additional facts McNeil suggests or could suggest that would create a legal controversy between McNeil and ICANN. Instead, the only proposed amendment McNeil has suggested in the record is an amended breach of contract claim against VeriSign. (Opening Brief at 17.) Therefore, the District Court properly dismissed McNeil's claims against ICANN without leave to amend, and this Court should affirm.

VI. Any Error On Behalf Of The District Court Is, At Most, Harmless Error And Affirmance Of The District Court's Order Is Warranted.

The District Court's Order can only be reversed for "prejudicial" error. 28 U.S.C. § 2111; Fed. R. Civ. P. 61; *see McDonough Power Equip., Inc. v. Greenwood*, 464 U.S. 548, 554 (1984). Harmless error must result in affirmance. The "prejudice" standard for civil cases on appeal states that the Court must affirm where it concludes that "'more probably than not [the result in the lower court was] untainted by the error'." *Abromson v. American Pac. Corp.*, 114 F.3d 898, 903 (9th Cir. 1997) (*quoting Haddad v. Lockheed Cal. Corp.*, 720 F.2d 1454, 1459 (9th Cir. 1983).) Moreover, the prejudicial effect of an error is determined in light of the ***entire record***. *Jones v. Aero/Chem Corp.*, 921 F.2d 875, 880 (9th Cir. 1990); *Cancellier v. Federated Dep't Stores*, 672 F.2d 1312, 1316 (9th Cir. 1982).

McNeil has failed to raise ***any*** issue on appeal that has resulted in an error by the District Court, let alone prejudicial error. As such, this Court should affirm the District Court's grant of ICANN's motion to dismiss McNeil's Complaint for lack of subject matter jurisdiction and for failure to state a claim.

CONCLUSION

For the foregoing reasons, the District Court correctly dismissed McNeil's claims against ICANN for lack of subject matter jurisdiction and failure to state a claim. Therefore, Appellee ICANN respectfully requests that this Court affirm the District Court's Order granting ICANN's motion to dismiss.

Dated: January 9, 2004

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

Pursuant to Fed. R. App. P. 32(a)(7)(C) and Ninth Circuit Rule 32-1, I certify that Appellee's brief is proportionately spaced, has a typeface of 14 points or more and contains 6,416 words.

Dated: January 9, 2004

Respectfully submitted,

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PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the aforesaid County, State of California; I am over the age of eighteen years and not a party to the within entitled action; my business address is: **555 West Fifth Street, Suite 4600, Los Angeles, California 90013-1025.**

On **January 9, 2004**, I served the foregoing: **ANSWERING BRIEF OF APPELLEE INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS (2 Copies Served On Each Party)** on the interested parties in this action by placing a true copy thereof, enclosed in a sealed envelope, addressed as follows:

SEE ATTACHED SERVICE LIST

[X] **BY MAIL:** I caused such envelope to be deposited in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

[ ] **BY FEDERAL EXPRESS:** I placed such envelope for deposit in the Federal Express drop slot for service by Federal Express. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with Federal Express on that same day at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if service is more than one day after date of deposit for express service in affidavit.

[ ] **STATE** I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

[X] **FEDERAL** I declare that I am employed within the office of a member of the bar of this Court at whose direction the service was made.

Executed on **January 9, 2004**, at Los Angeles, California.

Tonette M. Danowski

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