

DUPLICATE

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT WE D

JUDGE ALAN B. HABER

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5 IMAGE ONLINE DESIGN, INC.,) No. SC 046 960
ETC.,)
6)
Plaintiff,)
7)
vs.)
8)
INTERNET ASSIGNED NUMBER)
9 AUTH, et al.,)
10 Defendants.)
_____)

11 TRANSCRIPT OF PROCEEDINGS

12 May 1, 1997

13
14 APPEARANCES:

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1 LOS ANGELES, CALIFORNIA; THURSDAY, MAY 1, 1997

2 DEPARTMENT WE D

JUDGE ALAN B. HABER

3 APPEARANCES:

4 Counsel for the Plaintiff, WILLIAM S. WALTER, Esq.

5 Counsel for the Defendants, DONALD A. DAUCHER, Esq.,

6 HARRIET S. POSNER, Esq., STUART LEVI, Esq.

7 THE COURT: Good morning. This is the matter of Image
8 Online versus Internet.

9 Can I have the appearances, please, and then I'll
10 deal with the pro hoc -- application.

11 MS. POSNER: Good morning, your Honor.

12 THE COURT: Good morning.

13 MS. POSNER: I'm Harriet Posner of Skadden Arps, and I
14 was going to move the application -- My partner, Stuart
15 Levi, from the New York office, who is seated to my right.

16 THE COURT: I take it there's no objection?

17 MR. WALTER: No objection.

18 THE COURT: All right. The --

19 MR. WALTER: Your Honor, William Walter on behalf of
20 the Plaintiffs.

21 THE COURT: Yes.

22 MR. DAUCHER: Your Honor, Donald Daucher appearing on
23 behalf of certain of the Defendants. Do you want me to name
24 the Defendants?

25 THE COURT: I think the record should be complete.

26 MR. DAUCHER: All right.

27 THE COURT: I know who you represent, and I'm aware of
28 who Ms. Posner and her associate, Mr. Levi represent. And

1 naturally, I know who Mr. Walter represents. But I think
2 the record ought to be complete.

3 MR. DAUCHER: I represent John Pastel (phonetic), Joyce
4 Reynolds, William Manning, Nahal Vol (phonetic) and the
5 Internet Assigned Numbers Authority.

6 THE COURT: All right.

7 MR. LEVI: We represent -- I'm Stuart Levi, and -- New
8 York office of Skadden Arps, and we represent the
9 International Ad Hoc committee, Donald M. Heath and the
10 Internet Society.

11 THE COURT: All right. I'll go ahead and sign the
12 order and be done with it. The application is granted.

13 MS. POSNER: Thank you.

14 MR. LEVI: Thank you, your Honor.

15 THE COURT: You're welcome. I apologize for not having
16 prepared -- I didn't have the time to prepare a written
17 tentative ruling, which is my normal customary practice.
18 And I have, since counsel were last here earlier this week,
19 I have, other than my ex parte hours where I'm back in
20 chambers, a good part of my time has been spent on the bench
21 in hearing. So, this has been somewhat of an ordeal for me
22 to make my way through -- it's not meant as a criticism, the
23 volume of paperwork that I have been provided. But I've
24 dutifully, I believe, read and considered the moving papers,
25 the initial opposition briefs, along with the supplemental
26 oppositions, which I received yesterday, in accordance with
27 the time frame that I set.

28 And also, late yesterday I received by fax Mr.

1 Walter's supplemental declaration. So, I've read
2 everything, some of the items more than once, principally
3 because I do consider myself somewhat technologically
4 challenged. And nevertheless, I have found the experience
5 to be really fascinating. It's not as if the Internet is a
6 strange phenomenon or concept for me, but I found myself
7 having to immerse myself in getting an understanding of how
8 the Internet operates. And I think I do have somewhat of an
9 understanding.

10 The record should reflect, so there's no mistake
11 about it, that this is the Plaintiff, Image Online's
12 application for a temporary restraining order and a request
13 to set the matter for an order to show cause re preliminary
14 injunction.

15 This is my tentative ruling, and I will afford an
16 opportunity to Mr. Walter to respond to the supplemental
17 oppositions that were filed yesterday afternoon before I
18 rule, to see if Mr. Walker has any matter or matters that he
19 would like to bring to my attention. I think fairness
20 requires that you have an opportunity to respond.

21 But my tentative ruling is to deny the request for
22 the temporary restraining order and to take it one step
23 further, decline to set the matter for an order to show
24 cause re preliminary injunction.

25 And naturally, before I ultimately rule, if I
26 follow through on my tentative ruling, I will naturally
27 provide the findings that are necessary to so rule.

28 Mr. Walter, would you like to respond?

1 And let me just preface my further remarks by
2 saying that I have certain matters, declarations and
3 briefs I found myself having to review more than once. And
4 I have devoted a lot of time to this and I found it
5 interesting to do it and resent having to be under the
6 pressure cooker to be prepared. I found it fascinating .
7 But this is your opportunity to respond to any matters that
8 were raised in the supplemental oppositions I received from
9 both -- from all the Defendants yesterday afternoon.

10 MR. WALTER: Yes, your Honor. Let me indicate that
11 when I reviewed the opposition, the one thing that struck me
12 was on many of the critical points there was no reply
13 whatsoever.

14 And our primary concern, of course, here today is
15 with the possibility and the imminent danger of irreparable
16 injury.

17 One of the key points in establishing that
18 irreparable injury is the provisions within the memorandum
19 of understanding itself that gives to the International Ad
20 Hoc Committee power from this -- from the date that this
21 agreement entered into force forward into the future until
22 the core counsel of registers is established to create these
23 new top level domains.

24 And it's very, very clear from the agreement
25 itself, from section 9A that they had that power, that they
26 can, in fact, create these new top level domains virtually
27 imminently by entering them into the route server.

28 Donald Heath's declaration says some items to the

1 contrary. But I would indicate to the Court that it is not
2 competent, because it is not -- the declaration is not under
3 penalty of perjury under the laws of the State of
4 California, pursuant to 2015.5. And so, I think that that
5 declaration, at least for the purposes of this hearing, must
6 be disregarded.

7 Our other area of concern, of course, is the
8 statement made by Doctor Postel to the Wall Street Journal,
9 to the effect that once there are a lot of people using
10 these new names, everyone will have to play. And that, to
11 us, is an indication of the irreparable injury that is
12 pending. There is nothing in the opposing papers which
13 replies to the unprecedented nature of this potential
14 action, and unprecedented to the extent of damaging existing
15 users to the Internet who would, in effect, become invisible
16 to the Internet. These 3,700 registrations are really on
17 the line in that regard.

18 Doctor Postel supplied no declaration with regard
19 to the invisibility argument established by Mr. Steparoute
20 (phonetic), Mr. Ratowsky (phonetic), et cetera.

21 There is really no reply to the fact that
22 with -- that starting today there will be an acceptance of
23 applications for these new top level domains or -- pardon
24 me, people around the world will be preparing it. We have
25 about eight days until that actually starts. And for that
26 reason, there's simply no reply to that, whatsoever. So,
27 the danger is imminent.

28 We have argued that there is confusion in the

1 marketplace just by taking these applications. There is no
2 competent declaration to the contrary, to show that there
3 would not be confusion.

4 When we get to the question of the source of
5 IANA's authority, or the authority of the other parties,
6 what we find is that while IANA indicates that it receives
7 and operates under a government contract, that contract is
8 not produced anywhere. There's no authority. While the
9 responding papers indicate that we are confused on the issue
10 of authority, I would submit to the Court that that
11 confusion could have been remedied by citing the precise
12 authority.

13 What we do know, and what there is no response to
14 in these reply papers is that the Department of Defense,
15 which originally had the relationship with -- considers this
16 to be private litigation. The -- NASA, for example, also
17 says that the federal government has taken no position.

18 We have the cable from the secretary of state
19 indicating that there is no consensus or no authority for
20 these actions. So, we have a situation in which no one can
21 point to the authority for a group of four computer
22 scientists to control what is, in essence, the bottleneck
23 facility for access to the Internet.

24 Now, the reply papers indicate and are actually
25 contradictory, because they suggest that there is a rough
26 consensus for what the International Ad Hoc Committee is
27 doing. And yet, they state in the IANA supplemental points
28 and authorities that if the final report in the MOU are

1 found to enjoy consensus support in the community, they will
2 be embraced and become practiced. If they do not, then they
3 will not.

4 Now, the typical method of -- self-governance is
5 through the process of rough consensus. There is really
6 nothing in the declarations opposing our application to
7 indicate that there is, in fact, rough consensus with regard
8 to these different provisions that are within the MOU. And
9 we need to recall that the MOU, in it's most dire terms,
10 gives complete control over the entire access to the
11 commercial Internet through the process of amendment to
12 increase the number of registrations, gives complete control
13 to IANA and the Internet society, yet nowhere do we see that
14 there is any authority for that control. They have to
15 consent to any amendment.

16 There is nothing in the opposing papers that
17 demonstrates that dot web has not acquired a secondary
18 meaning. There is no denial, for example, of the hyperlink
19 from the IAHHCs web site directly to the dot web registry.
20 There's no denial that the customers of Image Online Design
21 would be damaged. There is no reply to clear California
22 case law in Hair vs. McGuire, which we cite on page 15, that
23 generic terms may be used to identify the business of a
24 particular person and thereby acquire a secondary meaning in
25 which even their subsequent use in a similar manner by
26 another person, which tends to deceive and confuse the
27 public will be enjoined.

28 We have provided declarations in behalf of one of

1 our customers, Mark Retan. And what he has indicated is
2 certainly the presence of that confusion.

3 There's also no denial in these papers of the rule
4 that has governed Internet self-governance, that the first
5 come first serve governs and applies. And even the
6 memorandum of understanding recognizes that rule as being
7 valid. It's only very selective in how it applies it
8 retroactively.

9 There's no indication in the reply papers that
10 there has been any precedent for this type of damage. It
11 just has never occurred in the Internet before.

12 There are many other specific items with regard to
13 the ownership of dot web, or the interest in dot web.

14 Now, one of the analogies that is made by the
15 International Ad Hoc Committee is that claiming to own dot
16 web is like owning an area code. That analogy, however, is
17 very, very misleading.

18 If Image Online Design owned an area code, then
19 everyone within that geographical area would have to get
20 their telephone number from Image Online Design. However,
21 operating a dot web registry does not require anyone to
22 register a domain name with them, a second level domain
23 name. There is no requirement. So, the -- comparing the
24 dot web registry to the ownership of an area code is not at
25 all correct. And the only support for that comes from a
26 declaration prepared by Mr. Metzger, which is a string of
27 quotations and opinions. Pardon me. Not really quotations.
28 Shall I just say "Opinions?"

1 Mr. Metzger's declaration has no foundational
2 facts to establish his education, his background or his
3 knowledge. And therefore, there is no foundation for all of
4 the many statements that are contained within his
5 declaration. And for that reason, we would ask the Court to
6 strike that declaration, as well, for the absence of any
7 qualification for the opinions stated.

8 There is a --

9 THE COURT: I shouldn't make a presumption from the
10 fact that he's a member of the IAHC? I should presume that
11 perhaps he's a plumber?

12 MR. WALTER: Well, but does he really have the
13 qualifications to make these particular statements?

14 And from the standpoint of -- particularly if the
15 Court is inclined not to grant the order to show cause, then
16 my concern is that you're doing so based upon a declaration
17 whose foundational content is questionable.

18 THE COURT: No. I think it really goes to the weight.
19 I think considering all the evidence I have as to the nature
20 from other evidence presented to me as to the nature of the
21 ad hoc committee, its function -- its connection to the
22 Internet and the uncontroverted claim that he is a member of
23 the committee, that a reasonable presumption is that he is
24 knowledgeable as to matters involving the Internet and is,
25 therefore, capable. Your argument really goes to the
26 weight. I'm not going to strike the declaration.

27 MR. WALTER: All right. There are different sections,
28 for example, in paragraph six, where he notes that the

1 National Science Foundation announced recently that it would
2 not renew its cooperative agreement with Network Solutions,
3 Inc.

4 But again, the statement is made, it is my
5 understanding, that NSFAs decision, at least in part, on the
6 support of the IAHCs efforts. I don't think that that is
7 competent, or is there a proper qualification --

8 THE COURT: I think you're right. I think that there
9 is a lack of personal knowledge on his part. It's his
10 belief.

11 MR. WALTER: He's also then speculating after that if
12 there were to be any delays in implementation of the IAHC
13 plan, it is quite conceivable, that's all he says, quite
14 conceivable, which is, I think, speculative, that a point
15 could be reached where the new dot com names are not
16 available, because either NSI -- the NSI cooperative
17 agreement has expired, or there is no meaningful number of
18 domain names that are available.

19 To say that dot web is generic and to look at, for
20 example, the declaration by Diane Ozaki, relative to the --

21 THE COURT: The number of uses of web?

22 MR. WALTER: Yes.

23 THE COURT: Yes. I saw that.

24 MR. WALTER: The critical point to keep in mind here is
25 that we're not talking about the use of web, we're talking
26 about the use of dot web.

27 THE COURT: Yes. Forgive me. I shouldn't have used
28 the term "web" so loosely. I should have said "dot web."

1 It will take me time.

2 MR. WALTER: No. Understood. And it's not -- And I'm
3 not referring to your Honor's comments. I'm referring
4 really to the declaration itself, which is not a search for
5 dot web at all, it's a search for web itself on the
6 Internet, which would include spider's webs, Charlotte's
7 webs, all types of different usages that have absolutely no
8 relationship or bearing to this case. It sounds like an
9 intriguing concept to call it -- to call "web" generic, but
10 we're talking about dot web. And in fact, you can't even do
11 a search on Lexus for dot web, because -- I tried yesterday,
12 because of the fact that the dot at the beginning of the
13 term is not searchable. If it's a dot in the middle of a
14 term where it's embedded, it is searchable. So, that
15 declaration tells the Court nothing about the use of dot
16 web.

17 We then have different references to Mr. Heath's
18 declaration. I think I've already addressed the
19 foundational question that we have regarding the adequacy of
20 that declaration.

21 One of the arguments that the IHC makes is that
22 the commerce clause, in effect, bars any preliminary
23 injunction in this case. And the primary case that they
24 rely upon is Partee vs. San Diego Chargers Football Company,
25 a 1983 decision at 34 Cal3d 378. And they cite that for the
26 purpose of arguing that the Cartwright Act did interfere
27 with interstate commerce, in terms of regulating
28 professional football.

1 There is, however, in footnote four at the end of
2 that opinion, a very clear statement that this opinion has a
3 limited scope. The Cartwright act remains vital. We do not
4 mean to suggest the multi-state activities of other
5 businesses may not be subject to state regulation upon due
6 consideration of the commerce clause. Our holding is
7 limited to the issue directly before us, the inapplicability
8 of the Cartwright Act to professional football.

9 The Cartwright Act since has been interpreted,
10 since Partee, by the way, as repeatedly holding that it is
11 not preempted by the Sherman Act. And the Amaril (phonetic)
12 case, 202 CalApp3d 137 is an example of that. So, I don't
13 believe that the commerce clause argument is a basis for the
14 Court to refrain from exercising jurisdiction.

15 Now, the International Ad Hoc Committee's points
16 and authorities on page five indicate that a contract cannot
17 be restrained of trade. And they cite the case of Kim vs.
18 Cervos Naks, Inc., the citation I believe to be incorrect
19 for the authority cited.

20 On page 1361 of that decision, the Court does not
21 say that an agreement cannot be restrained of trade.
22 Instead, it says the Cervo net agreement, of course, did
23 involve some restraint on trade because it prohibited others
24 from selling in the cafeteria. So, it does not stand for
25 the proposition that an agreement itself cannot be
26 restrained of trade. The Court goes on and says that was a
27 reasonable agreement.

28 There is also no reply at all, factually or

1 otherwise, that the taking of dot web does not constitute
2 unfair competition under section of the Business and
3 Professions Code 17200. There is simply -- That is
4 overlooked altogether.

5 This agreement itself ends up then being the
6 product of one trade association, if you will, the product
7 in conjunction with some international organizations who
8 apparently have no authority from the member states to do
9 what they have done. It ends up concentrating the power
10 of -- even the power to amend within the hands of a very,
11 very few people, rather than opening up the market and
12 letting the registrars determine if they can compete.

13 I would also suggest that the foreign reach of the
14 Cartwright Act is also well established, that just because
15 an activity is engaged in offshore does not limit the
16 applicability of the Cartwright Act. And the Amarel case
17 that I think I made reference to earlier, is clear in that
18 regard, because it dealt with the sale of rights to South
19 Korea. And the claim was that the act did not include that
20 kind of foreign dealing.

21 There is, I think, also nothing within the
22 declarations to counter the statements by Mr. Stefferoute
23 (phonetic), who is widely considered to be one of the
24 founding fathers, if you will, of E-mail, that a lottery
25 system itself will, by its very operation, exclude the most
26 qualified competitors. They're selected by chance. And so,
27 I certainly appreciate all of the Court's time and effort in
28 going through this matter, but it strikes me that at this

1 juncture there really is not sufficient competent evidence
2 to deny the order to show cause out of hand.

3 THE COURT: Well, I -- you used the term, "out of
4 hand." I gave what I consider to be an appropriate amount
5 of consideration to whether, in view of the fact that
6 I -- my tentative ruling is to deny the request for a TRO,
7 whether to set the matter for an order to show cause. This
8 case is unusual in many respects, not just in the
9 substantive respect, the content, but in terms of the
10 procedural posture.

11 When I first encountered this case at the ex parte
12 proceeding earlier this week, I hadn't really read the
13 papers, but I had some idea after our informal discussion in
14 chambers, of the nature of the relief sought, and did
15 something that is somewhat unusual for a temporary
16 restraining order application in several respects. One, I
17 allowed, rather than stand on ceremony, or of the Superior
18 Court rule, limiting to 15 pages, I indicated I would read
19 your 40 plus page brief. And this is -- I hope you don't
20 take it as a criticism, in reviewing the brief, when I
21 looked at the number of single spaced references, mostly to
22 the declarations that were contained -- that were attached
23 as -- in support of the application, by the way, which is a
24 violation of the Superior Court rules, you're not permitted
25 to single space references, you probably came up with 60 to
26 70 actual pages if I really -- I didn't have the interest or
27 the time in doing a proper calculation. But I assure you
28 that you got about 60 pages worth in your moving papers, not

1 to mention the multiple declarations and the cases that I
2 felt were appropriate that I read. That's what unusual
3 aspect to the consideration of whether to set the matter for
4 an OSC re preliminary injunction.

5 And secondly, this is a case where I have afforded
6 the Defendants the opportunity to file further supplemental
7 briefs. I believe that the matter is -- the issues are
8 joined. I gave consideration to whether I felt anything
9 more in the way of admissible competent evidence would be
10 provided. And those are certainly two of the considerations
11 in my coming to the conclusion that I didn't feel that it
12 would be appropriate to set it for an OSC re preliminary
13 injunction. I believe that it would be not an appropriate
14 necessary use of the Court's time just on those grounds
15 alone, not to mention the substantive reasons.

16 Would either of you like to respond to Mr.
17 Walter's remarks?

18 MR. DAUCHER: Your Honor, I don't have a direct
19 response to those remarks, no. But I do have one procedural
20 thing to raise.

21 THE COURT: Yes?

22 MR. DAUCHER: I'm hoping that we can make an
23 arrangement for this case to be dismissed after this
24 hearing. But assuming that's not true, there are rules that
25 we all play by when we do this. And I'm not even speaking
26 of the 41 pages. I thought it appropriate that we not have
27 Plaintiff go back and re-draft his papers to get down to 15,
28 whatever --

1 THE COURT: No. I agree. I thought it would not be
2 productive.

3 MR. DAUCHER: I thought Ms. Posner and I remember the
4 conversation in chambers the same way. And that is that
5 counsel asked, "Can I submit more papers?" The answer to
6 that was, "No," in chambers.

7 THE COURT: That's true.

8 MR. DAUCHER: The time was to allow the Defendants to
9 submit what we submitted. We filed those in accordance with
10 the time schedule and the rules.

11 At 3:53 yesterday afternoon, I got the
12 supplemental declaration of Mr. Walter.

13 Now, I'm not moving at this time that that be
14 stricken, or anything of the sort. But what I am suggesting
15 is that if this case goes on, which I certainly hope it
16 doesn't, that we've all got to start playing by what the
17 orders and the rules are here. Otherwise, we're going to
18 have a lot more problems downstream.

19 MR. LEVI: Your Honor, from our perspective, I'm happy
20 to address any of Mr. Walter's points that you feel you need
21 further elucidation on or argument on. If not, then I think
22 our papers and the arguments made therein speak for
23 themselves.

24 THE COURT: Well, there's only one thing that really
25 drew my attention, the question of whether or not there is a
26 protectable property interest in dot web. The analogy that
27 was -- that's been used has been to that of an area code. I
28 think I see why the analogy fails, though I'm not sure.

1 Maybe you can enlighten me.

2 MR. LEVI: Sure, your Honor. The idea behind the way
3 the Internet domain name system works is that the generic
4 top level domain names, dot com and the ones that are being
5 proposed are really nothing more than database listings,
6 directory listings, so that a user can find the site that he
7 or she is looking for. If individuals were to own those,
8 and there were to be no central control over those, then the
9 system -- the database system, the directory system would
10 fall apart.

11 There is a proprietary interest, arguably, in
12 domain names when you take them as their entire string, in
13 that --

14 THE COURT: You're talking about the second level?

15 MR. LEVI: The second level domain --

16 THE COURT: Yes.

17 MR. LEVI: -- in that, for example, we have our law
18 firm, "Skadden.com," and we'd argue that we own "Skadden."
19 We'd never argue that we own dot com, nor any other generic
20 top level domain name, nor is it really conceivable how any
21 one entity could exercise that sort of control on how the
22 system flows.

23 MR. DAUCHER: Your Honor --

24 THE COURT: Yes?

25 MR. DAUCHER: -- I might make one further response to
26 that question.

27 There is evidence in the record that it's the
28 understanding of the Internet community that there is no

1 protectable property interest in the top level domain names,
2 and that's found in Exhibit A to Mr. Postel's declaration,
3 his draft procedures under which their first application --
4 they claim their first application was submitted.

5 Now, at page 11 of that, under "trademarks," is
6 the following language. And this is in our papers, too, but
7 that language I think reflects the understanding of the
8 Internet community, reflects what Mr. Levi just said, which
9 is,

10 "Domain names are intended to be an
11 addressee mechanism and are not intended
12 to reflect trademarks, copyrights, or
13 other intellectual property rights."

14 I believe that's the understanding of the Internet
15 community. That's the answer.

16 THE COURT: Anything further? All right. I'm prepared
17 to rule.

18 One, I find that the Plaintiff, Image Online, has
19 not met its burden of proof to establish a reasonable
20 likelihood of prevailing on the merits of Image Online's
21 claims at the time of trial. Those claims are
22 really -- there are three different claims or categories of
23 claims. One is the breach of contract theory.

24 There's insufficient evidence presented to support
25 that there was an enforceable agreement that was entered
26 into between Plaintiff and the Defendants.

27 What's most interesting about the breach of
28 contract/estoppel claim is that the claim made is that there

1 was a contract entered into, or that the Defendant should be
2 estopped from denying that a contract was entered into with
3 an entity that the Plaintiff claims has no authority to act.
4 And in drawing that conclusion, I don't mean to oversimplify
5 and sound cute about the inconsistency, but there's a real
6 internal inconsistency in the breach of contract position
7 and again, the failure to establish the elements of a
8 contract.

9 The second category of claims really has to do
10 with the unfair competition. There we have the claim of
11 Image Online that they have a proprietary and protectable
12 interest in dot web.

13 I find the evidence insufficient to support either
14 factually, or as a matter of law, that the Plaintiff has
15 established that it has protectable proprietary interest in
16 the term -- or the word -- term "dot web," considering the
17 nature of the interweb and the usage of the term, vis a vis,
18 the interweb -- the Internet.

19 The third category has to do with the anti-
20 competition, the anti-trust theories. Here, I find that the
21 evidence provided by the Defendants supports the Defendant's
22 claim that the proposed memorandum of understanding -- I
23 don't know if it's a fait accompli at this point. I realize
24 the meaning is taking place now, or may be concluded, but at
25 least for my purposes is a proposed memorandum of
26 understanding. As I understand the memorandum of
27 understanding, the memorandum is promotive of competition.
28 And I would categorize it as pro competition. It's purpose

1 is certainly -- does not appear to be to stifle competition.
2 And even assuming that the elements of the combination have
3 been established, at least for the purposes of the temporary
4 restraining order application, any appropriate application
5 of the anti-trust rule of reason considering, as applied to
6 the Internet, suggests to me that there's certainly
7 justification for the combination acting as it is. And in
8 particular, it's very difficult for me to ignore the
9 evidence before me that those that are involved, at least
10 these Defendants, have no proprietary or profit motive in
11 their undertakings, whereas the Plaintiff has.

12 Furthermore, I find that the evidence is just not
13 sufficient to support the claim of the Plaintiff, that
14 either any of these Defendants, whether it be the IANA or
15 the Ad Hoc Committee, or the Internet Society are acting in
16 an anti-competitive manner.

17 There again, the anomaly we have here is that if
18 the Plaintiff had its way, it would be willing to enter into
19 an agreement with a combination that it believes is acting
20 to restrain trade.

21 I further find that if the Plaintiff does have
22 legal rights against any of these Defendants, that their
23 remedy, if any, is -- can be compensated in monetary
24 damages.

25 There's also been a failure on the Plaintiff to
26 establish irreparable harm justifying the imposition of
27 injunctive relief. Even assuming if I'm -- that my analysis
28 is incorrect that the Plaintiff does not have an adequate

1 legal remedy, that's to say monetary damages, what I have
2 done is -- what I'm obligated to do, and that is to weigh
3 the equities and consider the harm to the Plaintiff if
4 injunctive relief is not granted versus the harm to the
5 Defendants, and each and all of them, if injunctive relief
6 is granted. And when I refer to Defendants, "and each and
7 all of them," I'm referring, even though the Internet
8 itself -- I don't know how you could make the Internet
9 itself a Defendant, but I -- what I've considered in terms
10 of the damage to the Defendants, by extension, is the damage
11 to the Internet system. And I've weighed the respective
12 harms if I don't grant injunctive relief as the Plaintiff
13 requested, and the harm if I do.

14 And the disruption to the Internet -- to
15 the -- and the potential destabilization and disruption to
16 the Internet so far outweighs the potential harm that there
17 is harm to the Plaintiff, that frankly, I don't even think
18 it's a close call when I weigh the equities and find the
19 equities favor not granting injunctive relief.

20 And I must tell you, notwithstanding, Mr. Walter,
21 your argument in connection with the extent of the
22 interstate commerce clause and the ability of the Cartwright
23 Act, to act as a long arm of California law and extend
24 overseas, I do have, as I understand, the -- and it's not
25 that I came upon this myself, it's clearly in one of the
26 briefs, the reference to the -- to what appears to be
27 congressional policy, although not the force of law, but
28 that congress prefers that the Internet not be fettered with

1 the -- with governmental regulation, either by the federal
2 government or the state government.

3 I do have a great deal of concern about a
4 California trial court involving itself when considered with
5 all the other -- the global implications, the fact
6 that -- of the Internet, the fact that there is no, per se,
7 regulatory body, I concern myself when I gave consideration
8 to the matter of potential disruption of the Internet and
9 destabilization of the Internet to the question of whether
10 or not there ought to be enforcement of a state law in this
11 case, 17200 of the Business and Professions Code or, for
12 that matter, the Cartwright Act, to the activities of the
13 Internet. It certainly caused me to hesitate as to the
14 appropriateness, in view of what appears to be clear cut
15 congressional policy.

16 So, for all of those reasons, the temporary
17 restraining order is denied. And for the reasons that I've
18 indicated earlier, I don't feel it's appropriate to set this
19 matter for an order to show cause re preliminary injunction.
20 That should take care of it.

21 MS. POSNER: Thank you very much.

22 MR. DAUCHER: Thank you, your Honor.

23 THE COURT: I'd like one of the Defendants to give
24 notice, written notice of ruling.

25 MS. POSNER: I'll give notice, your Honor.

26 (Proceedings in the above-entitled matter were
27 concluded.)

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. WE D

HON. ALAN B. HABER, JUDGE

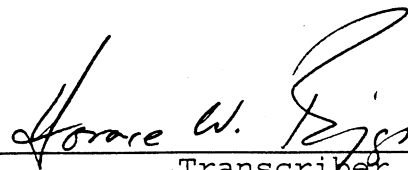
IMAGE ONLINE DESIGN, INC.,)
ETC.,)
Plaintiff,)
vs.)
INTERNET ASSIGNED NUMBER)
AUTHORITY, et al.,)
Defendants.)

No. SC 046 960

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

I, HORACE W. BRIGGS, a duly designated transcriber, do hereby declare and certify under penalty of perjury that I have caused to be transcribed the portion of tape 1 which was duly recorded in the Superior Court of the State of California, County of Los Angeles, Department WE D, on the 1st day of May, 1997, in the above-mentioned case, and that the foregoing 22 pages comprise a true and correct, accurate transcription of the aforementioned tape.

Dated this 9th day of May, 1997.



Transcriber